

REDEFINING THE RULES INSPIRING POSSIBILITIES

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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"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this Annual Report.

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.



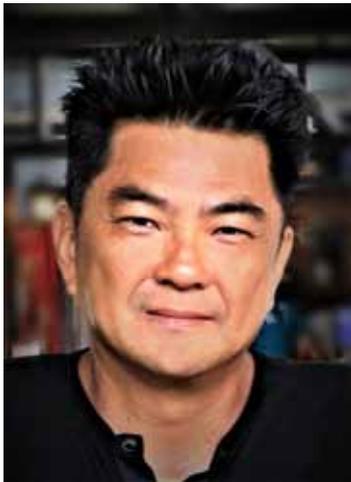
CORPORATE PROFILE



About Us

Sim Leisure Group Ltd. is a developer and operator of theme parks based in Penang, Malaysia. The Group is a retro-eco theme park developer and operator that provides affordable quality fun where everyone can play the games of yesteryear recreated for today. The Group presently operates the theme parks, ESCAPE Adventureplay and ESCAPE Waterplay, which are located adjacent to each other in Penang and cater to both local and foreign visitors and tourists. These theme parks aim to provide a memorable, entertaining and educational experience for all visitors.

CEO'S MESSAGE



DEAR SHAREHOLDERS

On behalf of the board of directors (the “**Board**”) and the management of the Company, I am pleased to present Sim Leisure Group Ltd.’s (“**Sim Leisure**” or the “**Company**” and, together with its subsidiaries, the “**Group**”) inaugural Annual Report for the financial year ended 31 December 2018 (“**FY2018**”). Once again breaking the norm, the Company was the first in its industry to debut on the Catalist board of the SGX-ST on 1 March 2019.

The successful listing of the Company on the SGX-ST is a proud moment for all of us. Our mission has always been to be a leading theme park developer and operator that provides affordable quality fun where everyone can play the games of yesteryear recreated for today. ESCAPE Adventureplay, our first in the ESCAPE series of theme parks that was launched in Penang in November 2012, has since developed a reputation as one of the leading theme parks in Malaysia. ESCAPE Adventureplay is an outdoor adventure theme park which contains eco-friendly features and design elements reminiscent of traditional villages and pastimes in Malaysia.

In November 2017, we were proud to open ESCAPE Waterplay, our second theme park adjacent to ESCAPE Adventureplay. ESCAPE Waterplay, Penang’s very first water park, features more than 20 rides and attractions with the same eco-friendly and traditional design elements as ESCAPE Adventureplay.

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

Performance Review

In FY2018, the Group’s revenue more than doubled with an increase of 119% to RM21.22 million, from approximately RM9.68 million in the previous financial year ended 31 December

2017, mainly attributable to an increase in the number of visitors and in ticket prices as a result of the commencement of operations of ESCAPE Waterplay in November 2017. Our theme parks welcomed approximately 112,000 visitors in 2017 and approximately 185,000 visitors in 2018, representing an annual increase of 65%. Our record performance is the direct result of our disruptive, innovative and cost-competitive business model. We are solely focused on creating affordable fun for our visitors and we consistently generate more smiles per hour for everyone who visits ESCAPE.

Future Plans

Launch of ESCAPE Gravityplay

ESCAPE Gravityplay, the third in the ESCAPE series of theme parks, is targeted to be launched by the first half of 2019. The attractions in ESCAPE Gravityplay are based on the use of gravity for riders to enjoy the exhilarating experience of speed and drifting through a natural forest environment via a 630m downhill karting track or a 450m dry tube ride. ESCAPE Gravityplay will also host the Guinness World Records’ Longest Water Slide in the world measuring about 1.05km long upon its completion. Visitors will be transported to the hilltop by a chairlift. We believe that this will be the first attraction of its type to be built in Malaysia. We plan to develop other attractions such as zip coasters at ESCAPE Gravityplay in the future.

Expansion into new geographical locations

Plans for the growth of our theme parks are currently underway, beginning with our expansion beyond Malaysia into the People’s Republic of China. On 1 September 2018, the Company entered into a non-binding memorandum of understanding with Fei County Wonder Stone Characteristic Town Development Co., Ltd to undertake the design and operation of an ESCAPE theme park in Linyi, Shandong Province. The ESCAPE theme park in Linyi intends to deliver a quantum leap in design innovation and creativity, and taps into a larger population with a high propensity to spend that is looking for new and interesting forms of recreation.

CEO'S MESSAGE

Evolution of ESCAPE products to indoor spaces

We have been approached by owners of shopping and commercial malls and other real estate developers to replicate the attractions at ESCAPE Adventureplay by developing and operating similar eco-adventure attractions, such as rope obstacles and zip lines, within such indoor spaces. We are evaluating such proposals, which could provide the opportunity to expand and evolve our business beyond the geographic location of our theme parks and extend the reach of some of the ESCAPE products in an indoor environment both in Malaysia as well as internationally. Such possibilities not only provide an alternative destination for visitors to experience ESCAPE during the wet season, but also serve as a platform to introduce ESCAPE to first-timers and entice them to visit our outdoor theme parks.

Prospects

We believe that the prospects for the Group's business remain positive, taking into consideration the following trends or factors: (i) increase in popularity of outdoor corporate and school teambuilding activities; (ii) increase in the number of visitors to Penang; and (iii) improvements to existing infrastructure in Penang.

Caring for the Community and Nature

We are committed to maintaining an environmentally sustainable way of conducting our business, from eco-friendly constructions that reduce our need for energy and transplanting trees that would otherwise have been cleared for development activities, to having proper processes for waste reduction and management.

In addition, we will keep on striving to be socially responsible and endeavour to cater to the well-being of our community. It is our continued pleasure to offer complimentary entry to our theme parks to senior citizens and persons with special needs or disabilities. We have also arranged with non-profit organisations such as orphanages or charity homes to provide complimentary entry to our theme parks to the beneficiaries of these organisations. We also donate to and support charitable causes within our local community such as the centre for disabled children.

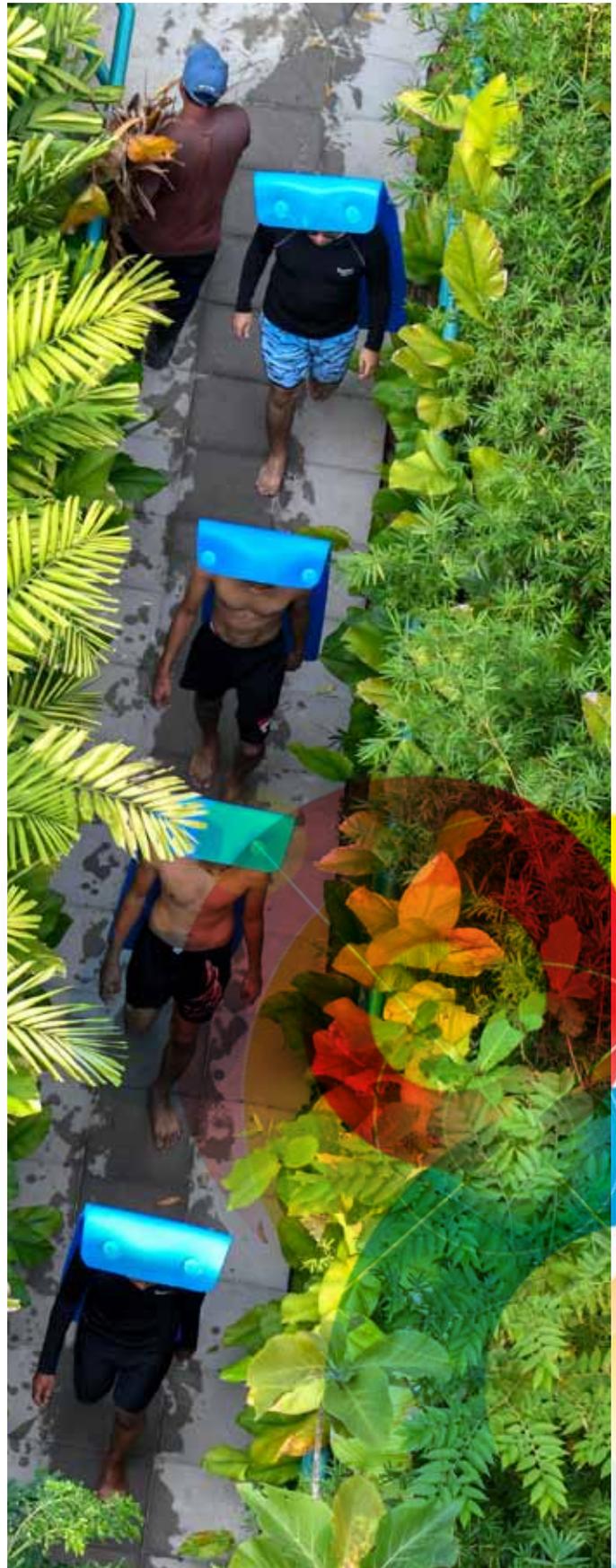
In Appreciation

On behalf of the Board, I would like to express my heartfelt gratitude to our team, for their creative talent and untiring diligence. My sincere thanks are also accorded to our shareholders, for putting their trust in us, as well as our business partners for their continued support. I would also like to thank my fellow Board members for their invaluable counsel. This incredible journey would not be possible without all of you.

Together, we will work towards soaring beyond expected limits and breaking new frontiers in the thrilling times ahead.

SIM CHOO KHENG

Founder, Executive Director and CEO



BOARD OF DIRECTORS



From left to right:

Yong Oi Ling; Wesley James Rae; Sim Choo Kheng; Silviya Georgieva Georgieva; Tay Eng Kiat Jackson; Chung Yew Pong

Sim Choo Kheng is our Executive Director and CEO. He is responsible for overseeing the overall business development and general management of our Group, and formulating our Group's strategic directions and expansion plans. His involvement in our Group started with him establishing Sim Leisure Escape Sdn Bhd ("SLE"), Sim Leisure Adventureplay Sdn Bhd ("SLA") and Sim Leisure Waterplay Sdn Bhd ("SLW") where he was appointed as the Executive Director and CEO to these entities in July 2010, November 2011 and March 2012 respectively. He became the Executive Director and CEO of the Company on 8 March 2018. He was accepted to the University College Dublin in 1987.

Sim Choo Kheng's past experience outside the Group includes his employment from March 1988 to July 1989 as a sales representative at North County Oil Inc, a company that distributes cooking oil to restaurants and food industries in Ireland. In February 1990, he worked as the personal assistant to the general manager of Butterfly House PG Sdn Bhd, a theme park operator in Malaysia, and was subsequently promoted to Park Manager in April 1991. Thereafter, he joined Sunway Lagoon Sdn Bhd in May 1992 where he worked as an Operations Manager responsible for daily operations management of the theme park at which he worked. In April 1993, he established Earthwin Emergency Resources Sdn Bhd, an emergency response consultancy where he conducted emergency response trainings. As the Director of Sim Leisure Consultants Sdn Bhd ("SLC") since April 1993, he is responsible for the leadership and long-term strategic management of SLC. In July 2013, he was appointed as the General Manager of Sim Leisure Gulf Contracting LLC ("SL Gulf").

Silviya Georgieva Georgieva is our Executive Director. She provides management direction for our Group, primarily in areas such as Human Resource, IT, and Finance, towards its current and long-term goals and objectives. She was appointed as the Executive Director of SLE, SLA and SLW in July 2011, November 2011 and March 2012 respectively. She obtained a Bachelor Degree in Business Administration from the Varna Free University in 2002 and a Masters Degree in Economics/Marketing in 2005.

Prior to joining the Group, Silviya Georgieva Georgieva worked as a food and beverage supervisor at Serena Golden Sands in 2003 before joining SLC as an ISO Quality Officer from March 2006 to August 2009. Thereafter, she worked as a restaurant manager at Gabrovo Sdn Bhd between September 2009 and November 2011. From December 2011 to December 2013, she worked as an administration manager at SLC where she was responsible for human resources and administrative management.

BOARD OF DIRECTORS

Wesley James Rae is our Non-Independent and Non-Executive Director. He is currently the Director of Operations of SL Gulf since May 2014. He is responsible for managing all aspects of the design, build and theming of leisure attractions undertaken by SL Gulf. He obtained a Bachelor of Engineering degree at Liverpool John Moores University in 2000.

Wesley James Rae was a site engineer from July 1998 to July 1999 and a senior engineer from July 2000 to October 2002 at Kier Construction Ltd where he was involved in civil engineering and building projects. From October 2002 to October 2003, he joined Kier Engineering Services Ltd as a design engineer. He worked as a site agent for Kier Construction Ltd from October 2003 to April 2004. From April 2004 to December 2006, he was a project manager in Hadsphaltic International Ltd responsible for construction projects in Cayman Islands. He was a project manager in Faithful and Gould Limited from January 2006 to December 2007, providing project management consultancy services for construction projects. From January 2008 to February 2009, he was a senior project manager for Sama EC Harris LLC and was responsible for the master planning and design of mixed use developments. He managed construction of waterparks as a project manager for Sim Leisure Consultants SPC from February 2009 to October 2010. He was appointed as the Director of Operations for Sim Leisure Emirates General Contracting LLC from October 2010 to May 2014 where he managed all aspects of the designing and building of leisure theming attractions.

Chung Yew Pong is our Independent Director. 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 is in the fintech industry. Cadence Venture Capital Sdn Bhd is in the business of venture capital management. 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, Financial Planning Association of Malaysia, a Fellow at CPA Australia, a Fellow at Chartered Institute of Management Accountants (United Kingdom) and a member of the ASEAN Chartered Professional Accountants.

Chung Yew Pong has more than 20 years of experience in various industries including audit, corporate banking, fund management, private equity and venture capital. He was with FOS Consulting Sdn Bhd from August 1999 to July 2004 where he assisted in the advisory of corporate exercises. From October 2004 to March 2008, he was a Vice President at Hadrons Capital Sdn Bhd, a fund management and private equity investment company. Between April 2008 and July 2015, he worked at Netrove Partners Sdn Bhd, a venture capital firm as its Partner before being appointed as the Chief Operations Officer of Propellar Crowdplus Sdn Bhd, an equity crowdfunding platform from August 2015 to April 2017. He was a director of MRuncit Commerce Sdn Bhd, a company in the fintech industry, from January 2018 to December 2018.

Tay Eng Kiat Jackson is our Chairman and Independent Director.

Mr Tay has more than 16 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.

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 is our Independent Director. 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 30 years of experience in the finance and stockbroking industry leading teams in various investment banks in sales and research.

Ms Yong started her career as a corporate journalist with Business Times Malaysia in March 1982 before joining Baring Securities (Singapore) Pte. Ltd. as an equities research analyst in January 1987. She worked as a senior equities research analyst in SG Warburg (Malaysia) Sdn. Bhd. from January 1991 to April 1994, and as an associate director of research at UBS Research (Malaysia) Sdn. Bhd. from May 1994 to December 1995. Thereafter, she joined CLSA (Malaysia) Sdn. Bhd. in institutional sales in January 1996 before being promoted to Head of Institutional Sales (Malaysia). In November 2004, she joined Macquarie Group (Malaysia) as its Head of Institutional Sales (Malaysia) before being appointed in August 2008 as the Head of Institutional Sales (Asia) of UOB Kay Hian Holdings Ltd. where she worked until November 2011. Between October 2013 and March 2017, she worked as the Regional Head of Institutional Equities in RHB Investment Bank Bhd. overseeing over 200 personnel in five countries including Singapore, Malaysia, Thailand, Indonesia and Hong Kong.

KEY MANAGEMENT



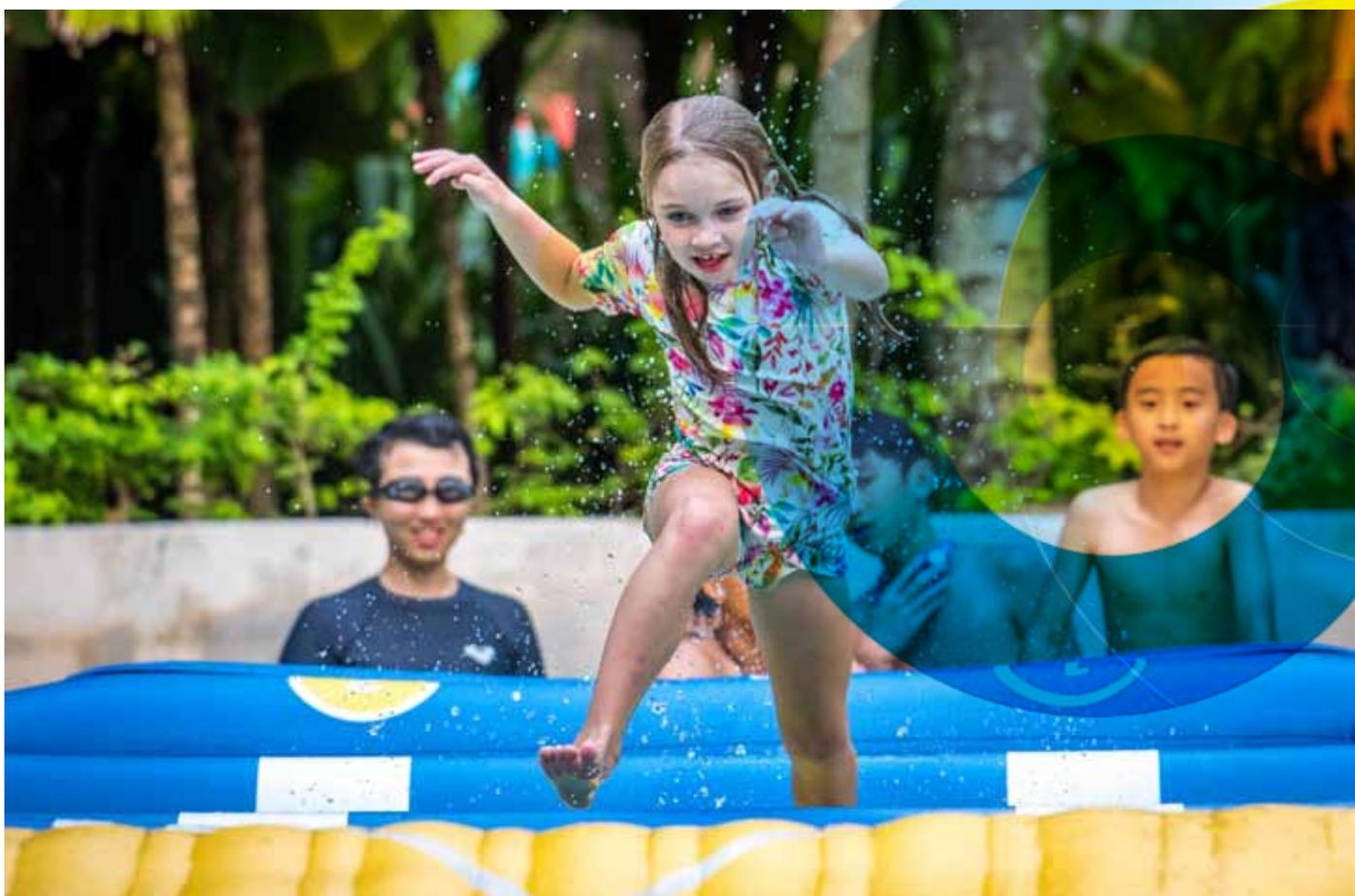
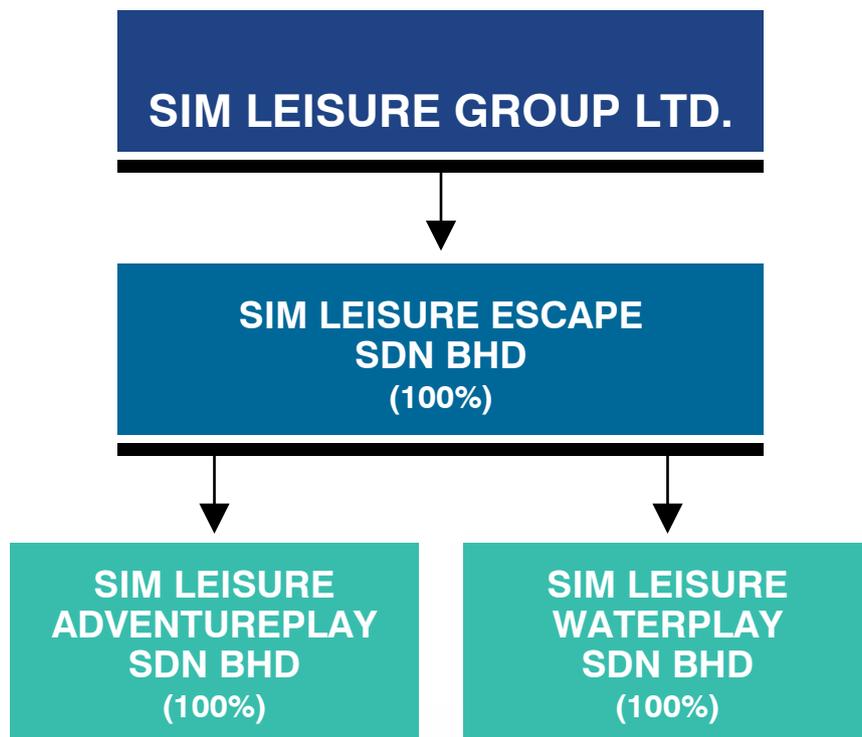
Aw Yeong Weng Kwong is our Chief Financial Officer. He is responsible for overseeing the financial and accounting functions of the Group including financial reporting, internal controls and taxation. He was awarded the Third Level Group Diploma in Accounting in 1995 by the London Chamber of Commerce and Industry. He is a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. He was appointed as Chief Financial Officer of SLA, SLW and SLE in July 2017 and of the Company in March 2018.

Aw Yeong Weng Kwong's past experience outside our Group includes his appointment as Group Senior Finance Manager of Texchem Polymer Malaysia Sdn Bhd in October 2015, where he was responsible for managing the group financial statements, financial reporting and costing. Prior to this, he worked as a finance manager at Dell Asia Pacific Sdn Bhd from June 2006 to September 2015 where he managed the global shared service team for accounts payables and freight accounting. Between March 2003 and May 2006, he worked as a senior accountant at Ann Joo Steel Berhad and his area of duties included costing and financial reporting. Prior to this, he worked as a senior auditor at Ahmad Abdullah & Goh from February 2000 to February 2003 where he performed external audits for various organisations including both private enterprises and government agencies.

Atfainizam Bin Abdullah is our Operations Manager. He is responsible for managing the day-to-day operations of our theme parks. He joined our Group in April 2013 as a Recreation Manager before being appointed as the Operations Manager of SLA in June 2015.

His past experience outside our Group includes his appointment as Recreation Manager at The Gurney Resort Hotel and Residences from July 2007 to April 2013 where he was responsible for the operations and management of activities and events. He worked as a Recreation Executive at Club Med Cherating Beach from September 2006 to July 2007 and at Shangri-La Rasa Sentosa Resort from February 2005 to September 2006. Prior to this, he worked at Shangri-La Golden Sands Resort as a Recreation Assistant from March 1997 to February 2005.

GROUP STRUCTURE



FINANCIAL REVIEW



Sim Leisure Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) was incorporated in the Republic of Singapore on 8 March 2018 as a private company limited by shares, under the name of “Sim Leisure Group Pte. Ltd.”. The Company was converted into a public limited company and the name of the Company was changed to “Sim Leisure Group Ltd.” in connection therewith on 24 December 2018.

The Group was formed pursuant to a restructuring exercise (the “**Restructuring Exercise**”) undertaken as part of its corporate re-organisation, which involved the rationalisation of its corporate and shareholding structure for the purposes of the Company’s listing on the Catalist board of the Singapore Exchange Securities Trading Limited (“**IPO**”). Pursuant to the IPO, the Company issued and allotted 26,400,000 new shares in the capital of the Company at S\$0.22 each, with a resultant post-IPO issued and paid-up share capital of 134,225,000 shares.

The financial results of the Group for the financial year ended 31 December 2018 (“**FY2018**”) and the comparative results of the Group for the financial year ended 31 December 2017 (“**FY2017**”) have been prepared on the assumption that the Group’s structure pursuant to the Restructuring Exercise had been in place since 1 January 2017.

REVIEW OF THE GROUP’S PERFORMANCE

Group revenue increased by 119% or RM11.54 million, from RM9.68 million in FY2017 to RM21.22 million in FY2018. This was mainly attributable to (i) revenue contribution from a full year of operation of the Group’s new theme park (ESCAPE Waterplay) in FY2018, as compared to approximately one month of operation in FY2017 with ESCAPE Waterplay’s opening in November 2017; (ii) the number of visitors to the theme parks increasing by approximately 65% to 185,000 in FY2018, and (iii) higher ticket price following the opening of the ESCAPE Waterpark.

Cost of sales increased by 72% or RM3.66 million, from RM5.06 million in FY2017 to RM8.72 million in FY2018. The increase was mainly due to additional costs incurred in running an additional new theme park (ESCAPE Waterplay) in FY2018, in line with the increase in revenue.

Gross profit increased by 170% or RM7.87 million, from RM4.63 million in FY2017 to RM12.50 million in FY2018, with gross profit margin improving from 48% in FY2017 to 59% in FY2018. The improvement was mainly due to greater economies of scale, in view of the fact that a majority of the cost of sales, such as depreciation and staff cost, are non-variable costs.

Other income increased by 115% or RM0.01 million, from RM0.01 million in FY2017 to RM0.02 million in FY2018, which related mainly to the write-off of aging suppliers.

FINANCIAL REVIEW



Administrative expenses remained relatively stable, with a small increase of 2% or RM0.07 million, from RM2.74 million in FY2017 to RM2.81 million in FY2018.

Finance costs increased by 722% or RM1.35 million, from RM0.19 million in FY2017 to RM1.54 million in FY2018. This was mainly due to the interest incurred on the outstanding redeemable convertible preference shares (“RCPS”) of RM1.54 million being expensed off in FY2018, whereas the interest incurred on the RCPS for FY2017 was capitalised up to November 2017 as part of project costs.

Profit before income tax

As a result of the above, profit before tax for the Group increased by 378% or RM6.46 million, from RM1.71 million in FY2017 to RM8.17 million in FY2018.

Profit for the year

Profit after tax for the Group increased by 370% or RM4.76 million, from RM1.29 million in FY2017 to RM6.05 million in FY2018.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Non-current assets

The Group's non-current assets, which comprised plant and equipment and deferred tax assets, increased by 9% or RM3.87 million, from RM44.88 million as at 31 December 2017 to RM48.75 million as at 31 December 2018. The increase was mainly due to construction-in-progress incurred for ESCAPE Gravityplay.

Current assets

The Group's current assets increased by 90% or RM2.86 million, from RM3.17 million as at 31 December 2017 to RM6.03 million as at 31 December 2018. This was mainly due to (i) the increase in prepayments of RM2.05 million mainly from prepaid listing expenses to be charged out in the financial year ending 31 December 2019; and (ii) the increase in cash and bank balances of RM0.88 million.

Equity

The Group's equity increased by 59% or RM12.67 million, from RM21.45 million as at 31 December 2017 to RM34.12 million as at 31 December 2018. The increase was due to the increase in retained earnings of RM6.05 million and issuance of new ordinary shares of RM30.11 million pursuant to the Restructuring Exercise during the year, partially set off by RM12.70 million to merger reserve and RM10.80 million as deemed distribution to the owners pursuant to the Restructuring Exercise during the year.

Non-current liabilities

The Group's non-current liabilities decreased by 87% or RM10.40 million, from RM12.00 million as at 31 December 2017 to RM1.60 million as at 31 December 2018. This was mainly due to the decrease in the non-current liability component of the RCPS of RM11.30 million being reclassified to current liability in FY2018 as the RCPS was due to be fully repaid by March 2019, partially offset by the increase in deferred tax liabilities of RM0.91 million.

FINANCIAL REVIEW

Current liabilities

The Group's current liabilities increased by 30% or RM4.45 million, from RM14.61 million as at 31 December 2017 to RM19.06 million as at 31 December 2018. This was mainly due to the increases in the current liability component of the RCPS by RM11.38 million and current income tax payable of RM0.72 million, partially offset by the decrease in trade and other payables of RM7.65 million in FY2018, mainly due to the capitalisation of director's advances of RM6.61 million and write back of retention payables of RM0.84 million. The RCPS was fully redeemed and any dividends accrued on the RCPS was fully repaid on 4 March 2019.

Working capital position

The Group recorded a negative working capital of RM13.03 million as at 31 December 2018. This was due to the current liability component of the RCPS of RM15.93 million in FY2018. The RCPS was fully redeemed and any dividends accrued on the RCPS was fully repaid on 4 March 2019. Excluding the current liability component of the RCPS of RM15.93 million, the Group would have recorded a positive working capital of RM2.90 million as at 31 December 2018.

REVIEW OF THE GROUP'S CASH FLOW

Operating activities: Net cash generated in FY2018 was RM9.43 million, due to operating cash flow before changes in working capital of RM12.15 million, changes in working capital of RM2.16 million and income tax paid of RM0.55 million. Changes in working capital were due to the (i) decrease in inventories of RM0.02 million; (ii) decrease in trade and other receivables of RM0.07 million; (iii) increase in prepayments of RM2.06 million mainly from prepaid listing expenses; and (iv) decrease in trade and other payables of RM0.20 million mainly from the write-off of retention payables.

Investing activities: Net cash used in FY2018 of RM7.04 million was mainly due to the purchase of plant and equipment in relation to the construction of ESCAPE Gravityplay of RM5.50 million and purchase of other plant and equipment.

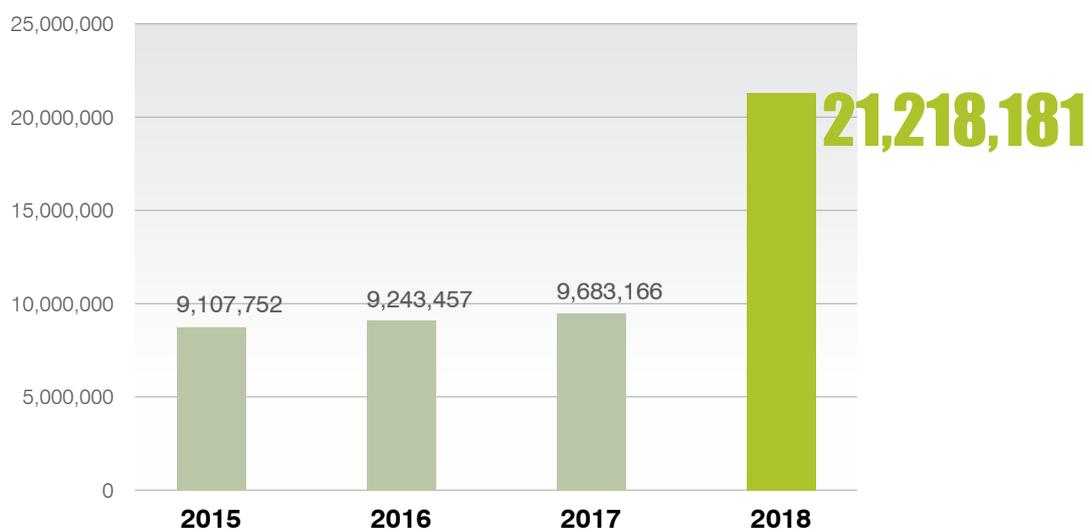
Financing activities: Net cash used in FY2018 of RM1.51 million was mainly related to the interest paid on the RCPS of RM1.46 million.

As a result of the above, net cash and bank balances increased by RM0.88 million, from RM0.82 million as at 31 December 2017 to RM1.70 million as at 31 December 2018.

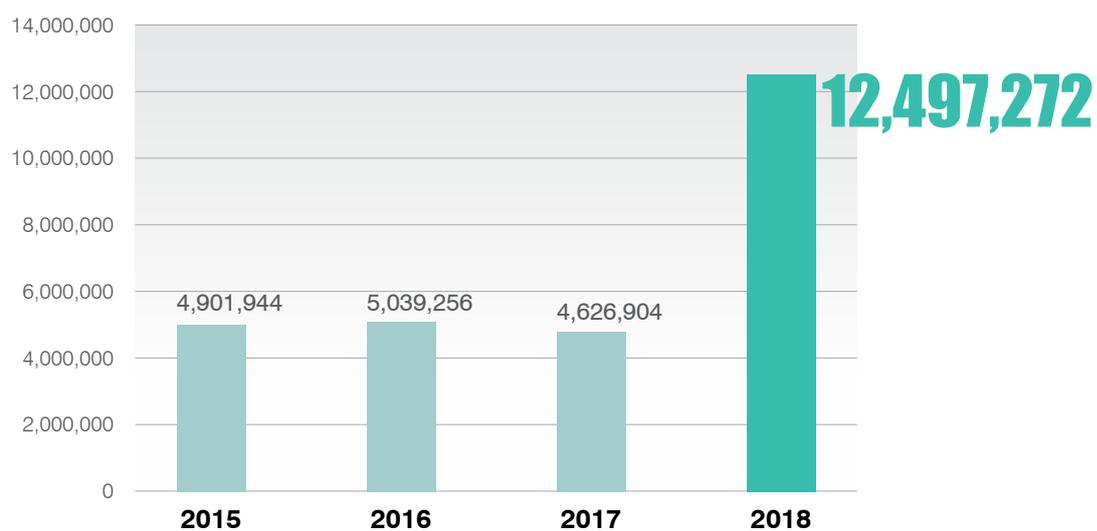


FINANCIAL HIGHLIGHTS

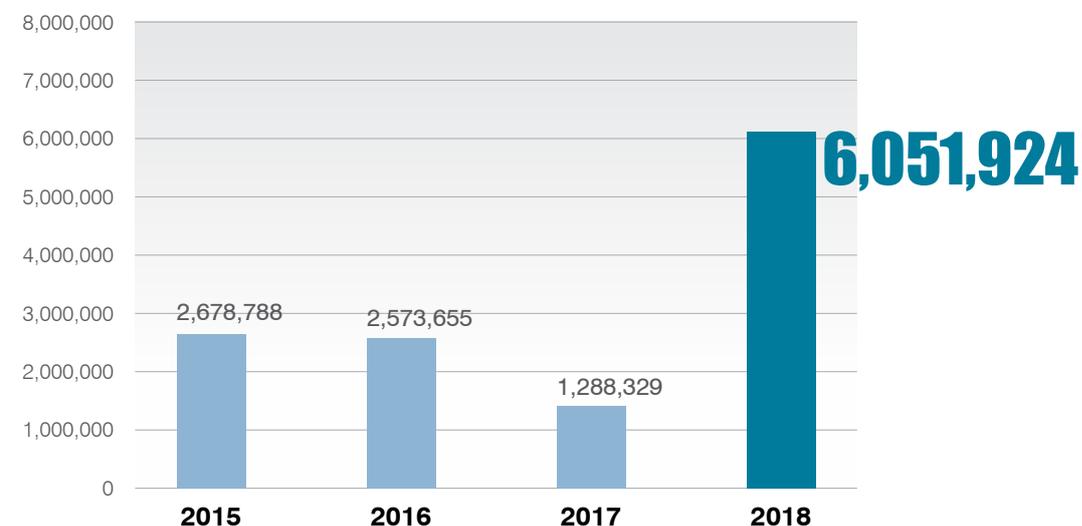
REVENUE (RM)



GROSS PROFIT (RM)



NET PROFIT (RM)



CORPORATE INFORMATION

Company Registration Number

201808096D

Board of Directors

Sim Choo Kheng

(Executive Director and CEO)

Silviya Georgieva Georgieva

(Executive Director)

Wesley James Rae

(Non-Executive Non-Independent Director)

Tay Eng Kiat Jackson

(Chairman and Independent Director)

Chung Yew Pong

(Independent Director)

Yong Oi Ling

(Independent Director)

Audit Committee

Tay Eng Kiat Jackson (Chairman)

Chung Yew Pong

Yong Oi Ling

Nominating Committee

Yong Oi Ling (Chairman)

Tay Eng Kiat Jackson

Chung Yew Pong

Rumeration Committee

Chung Yew Pong (Chairman)

Tay Eng Kiat Jackson

Yong Oi Ling

Company Secretary

Chua Kern (LLB (Hons))

Registered Office

138 Robinson Road
#26-03, Oxley Tower
Singapore 068906
Tel: (65) 6236 9346

Principal Place of Business

828 Jalan Teluk Bahang
11050 Penang, Malaysia

Share Registrar

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

Independent Auditor

BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Partner-in-charge: Leong Hon Mun Peter
(Appointed since the financial year ended 31 December 2018)

Principal Bankers

Public Bank Berhad

Sponsor

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



CORPORATE GOVERNANCE REPORT AND FINANCIAL REPORT

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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 guidelines as set out in the Code of Corporate Governance 2012 (the “**Code**”). This report describes the Group’s corporate governance practices for the financial year ended 31 December 2018 (“**FY2018**”) with specific reference to the principles of the Code 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 new Code of Corporate Governance 2018 was issued on 6 August 2018 (the “**Revised Code**”) and will take effect for annual reports covering financial years commencing from 1 January 2019. As such, the Revised Code will not affect the Group for FY2018. Nonetheless, the Company has adopted the principles as set out in the Revised Code pursuant to its listing on the Catalist board of the SGX-ST on 1 March 2019 (the “**Listing**”).

The Board is pleased to report that the Company has generally complied in all material aspects with the principles and guidelines set out in the Code. Where there are deviations from the Code, appropriate explanations have been provided and the Company will continue to assess its needs and implement appropriate measures accordingly.

1. BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

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 in the best interests of the Company. The Board has, without abdicating its responsibilities, delegated certain matters to three (3) main sub-committees, namely the Audit Committee (“**AC**”), Nominating Committee (“**NC**”) and Remuneration Committee (“**RC**”) (collectively, the “**Board Committees**”), which operate under clearly defined terms of reference. 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 Committees meetings to the Board. The composition and description of each Board Committee are set out in this report.

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 104(4) of the Company’s Constitution (the “**Constitution**”) allows a Board meeting to be conducted by way of tele-conference and video conference.

CORPORATE GOVERNANCE REPORT

As the Company was listed on 1 March 2019, there were no Board and Board Committee meetings held in 2018. The first Board meeting was held on 28 March 2019 to review and discuss, amongst others, the financial performance of the Group in FY2018 and the unaudited financial results announcement of the Group for FY2018. All Directors attended the first Board meeting. Each Board Committee also held its first meeting on 28 March 2019 at which full attendance by all the members was recorded.

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 SGXNet, including half-yearly and full year financial results announcements;
- (c) approval of operating budgets, annual and interim reports, financial statements, Directors' statements and annual reports;
- (d) share issuance, interim dividends and other returns to Shareholders;
- (e) authorisation of banking facilities and corporate guarantees;
- (f) approval of change in corporate business strategy and direction;
- (g) appointment/cessation, and remuneration packages of the Directors and key management executives;
- (h) any matters relating to the Company's AGM, Board and Board Committees; and
- (i) approval of material investment and divestment proposals, acquisitions and disposals, and funding requirements.

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. 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. 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 Tay Eng Kiat Jackson, our Directors do not have prior experience as directors of public-listed companies in Singapore. Whilst our Directors (other than Tay Eng Kiat Jackson) have no prior experience as directors of public listed companies in Singapore, in preparation for the Listing, all 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 the Directors (other than Tay Eng Kiat Jackson) will undertake 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.

All Directors are provided with regular updates on 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. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority which are relevant to the Group and/or Directors are circulated to the Board.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

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 Board Committee membership) of which are as follows:-

Name of Director	Designation	Board Committee Membership		
		AC	NC	RC
Sim Choo Kheng	Executive Director and Chief Executive Officer	–	–	–
Silviya Georgieva Georgieva	Executive Director	–	–	–
Wesley James Rae	Non-Executive and Non-Independent 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

As the Chairman of the Board is an Independent Director, the Company is in compliance with the requirements of the Code as half of the Board comprises Independent Directors. The independence of each Independent 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. 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. The Board considers an Independent Director as one who has no relationship with the Company, its related companies, its 10% Shareholders or officers that could interfere or be reasonably perceived to interfere with the exercise of the Directors' independent judgement of the Group's affairs. The NC has reviewed, determined and confirmed the independence of each Independent Director.

The key information of the Directors, including their academic and professional qualifications, shareholding interests in the Group, Board Committees served on, first appointment dates, last re-appointment dates, directorships or chairmanships both present and those held over the past three (3) years in other listed companies, and their principal commitments, are set out in the sections entitled "Board of Directors", "Directors' Statement" and "Additional Information on Directors Nominated for Re-election – Appendix 7F to the Catalist Rules" of this Annual Report. None of the Directors is related to one another, with the exception of Sim Choo Kheng and 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. The Board is of the view that with half of the Board being independent and the Chairman of the Board being an Independent Director, 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 and the industry in which the Group conducts its business.

There are no Independent Directors who has served on the Board beyond nine years from the date of his first appointment.

CORPORATE GOVERNANCE REPORT

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 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 Management in meeting agreed goals and objectives. The NC considers the Independent Directors to be of sufficient calibre and size and their views to be of sufficient weight such that no individual or small group of individuals dominates the Board's decision-making process.

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 co-ordinate informal meeting sessions for the Non-Executive Directors to meet on a need-to basis 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.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

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. There is a clear division of responsibilities, as set out in writing and agreed by the Board, between the leadership of the Board and the executives responsible for managing the Company's business. The Chairman, Tay Eng Kiat Jackson, an Independent and Non-Executive Director, and the CEO, Sim Choo Kheng, are not related to each other and do not have any business relationship between them. In line with the Code, a lead independent director need not be appointed.

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. In addition, the Chairman encourages constructive relations among the Directors and the Board's interaction with the Management, as well as facilitates effective contribution of 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 periodically 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: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises three Independent Directors, namely, Yong Oi Ling (Chairman of the NC), Chung Yew Pong and Tay Eng Kiat Jackson.

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 re-appointment 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 of and approval of any new employment of persons related to the Directors, the CEO or substantial shareholders and the proposed terms of their employment;
- (d) review the composition of the Board of Directors annually to ensure that the Board of Directors and the Board Committees complies with the Revised Code and the Catalist Rules;
- (e) implement 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 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.

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, 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 this regard, Sim Choo Kheng will have to retire and is nominated by the NC for re-appointment at the forthcoming AGM. In addition, the Company's Constitution also provides that new Directors appointed during the year, either to fill a vacancy or as an addition to the Board, are required to submit themselves for re-election at the next AGM of the Company. Accordingly, the NC has recommended and the Board has agreed that at the forthcoming AGM, Silviya Georgieva Georgieva, Tay Eng Kiat Jackson, Wesley James Rae, Chung Yew Pong and Yong Oi Ling will be retiring and are nominated for re-appointment. Pursuant to the above, all six Directors have offered themselves for re-election at the forthcoming AGM.

Please refer to the Notice of AGM for the resolutions put forth in relation to the respective re-elections of all Directors, as well as detailed information on each 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.

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

CORPORATE GOVERNANCE REPORT

The NC determines the independence of Directors annually in accordance with the guidelines set out in the Code and is of the opinion that the Board is able to exercise objective judgment on corporate affairs independently and that the Board's decision-making process is not dominated by any individual or small group of individuals. 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 and it is not necessary at this juncture to put a maximum limit on the number of listed company board representations. The Board has considered and is satisfied that each of them is able to and has adequately carried out his duties as a Director of the Company.

To maintain or enhance the balance and diversity of the Board, the NC will review the composition of the Board and the Board Committees annually to ensure that the Board has the appropriate mix of expertise and experience to enable the Management to benefit from a diverse perspective of issues that are brought before the Board. The NC is of the view that the current Board comprises persons who as a group provides an appropriate balance and diversity of skills, experience and knowledge to the Company, as well as provides a diversity of gender with one (1) female Director who is an Independent Director. The NC has reviewed the size and composition of the Board, and together with the Board, taking into account the scope and nature of the operations of the Group, is of the view that its current size and the composition of the Board and its Board Committees are appropriate to meet the Company's objectives and facilitates effective decision-making.

There is no alternate Director on the Board.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC will implement 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 will take into consideration, amongst others, board structure, corporate strategy and planning, risk management and internal control, performance measurement and compensation, succession planning, financial reporting, conduct of meetings and communication with Shareholders.

Although the Board's performance evaluation will 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.

As the Company was recently listed on 1 March 2019, it is currently in the process of developing the aforesaid board assessment questionnaire in time for the assessment to be performed in respect of the financial year ending 31 December 2019 ("FY2019"), taking into consideration the guidelines contained in the Revised Code. The questionnaire, when ready, will 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.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Detailed Board papers are prepared and circulated to the Directors before each Board meeting. The Board papers include sufficient information on financial, budgets, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at the Board 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.

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The Board receives half yearly 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. In addition, the Board also has separate and independent access to the Management and the Company Secretary, who are 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.

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises three (3) Independent Directors, namely Chung Yew Pong (Chairman of the RC), Tay Eng Kiat Jackson and Yong Oi Ling.

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) review and approve 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, review 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) approve performance targets for accessing the performance of each of the key management personnel and recommend the targets as well as employee specific remuneration packages for each of such key management personnel, for the endorsement by the Board.

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 own remuneration. The RC's recommendations are submitted for endorsement by the Board.

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.

CORPORATE GOVERNANCE REPORT

The RC will also review the Company's obligations under the service agreement entered into with the Executive Director 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 Director 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 Director/CEO (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. As the Company was recently listed on 1 March 2019, the RC will review remuneration packages or policies for the Executive Director/CEO and the key management personnel based on the performance of the Group at the end of FY2019.

In respect of FY2018, the RC met on 28 March 2019 to discuss, amongst others, the terms of reference above and Directors' fees.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

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

The Company has adopted an employee share option scheme known as the "Sim Leisure Employment Share Option Scheme" ("ESOS") and a performance share plan known as the "Sim Leisure Performance Share Plan" ("PSP") in conjunction with the Company's Listing. Executive and non-executive Directors and key management personnel are eligible to participate in the ESOS and the PSP in accordance with the respective rules.

The 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/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.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Sim Choo Kheng, the Executive Director and CEO of the Company, has a service agreement with the Company for an initial period of three (3) years with effect from 1 March 2019. For further information on the remuneration of Sim Choo Kheng, please refer to the section entitled "Service Agreement" in the Company's Offer Document dated 22 February 2019 in connection with the Listing ("Offer Document").

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Aggregate Directors' fees for the Independent Directors of (i) S\$130,000 for FY2019 (with payment to be made in arrears); and (ii) S\$32,500 for assistance rendered in connection with the Listing, have been recommended by the Board and will be tabled for approval by Shareholders at the forthcoming AGM. The Executive Directors do not receive Directors' fees.

A breakdown, showing the level and mix of each individual Director's remuneration for FY2018 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 Goergieva ⁽¹⁾	100	–	–	–	100
Wesley James Rae ⁽¹⁾	–	–	–	–	–
Tay Eng Kiat Jackson ⁽²⁾	–	–	–	–	–
Yong Oi Ling ⁽¹⁾	–	–	–	–	–
Chung Yew Pong ⁽¹⁾	–	–	–	–	–

A breakdown, showing the level and mix of the top key management personnel (who are not Directors or the CEO) for FY2018, is as follows:

Name of key management personnel ⁽³⁾	Salary (%)	Bonus and/or profit sharing (%)	Director's fee (%)	Allowances and other benefits (%)	Total (%)
Below S\$250,000					
Aw Yeong Weng Kwong	100	–	–	–	100
Afzainizam Bin Abdullah	93	7	–	–	100

Notes:

- (1) Appointed as a Director on 24 December 2018.
- (2) Appointed as a Director on 30 October 2018.
- (3) There are only two (2) key management personnel of the Group in FY2018.

The Code recommends that:–

- (a) the company should fully disclose the 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.

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.

Save for Sim Choo Kheng and Silviya Georgieva Goergieva, who are spouses, there is no employee of the Group who is an immediate family member of a Director or the CEO and was paid more than S\$50,000 during FY2018.

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All Directors and key management personnel are remunerated on an earned basis and there were no termination, retirement and post-employment benefits granted during FY2018.

As at the date of this report, no Options have been granted under the ESOS and no awards granted under the PSP.

3. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

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

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges that it is responsible for establishing, maintaining and reviewing the effectiveness of the Company's overall internal control framework. The Board also recognises that an 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 engaged for the purpose of the Listing, 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.

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For FY2018, the Board has also received assurance from the CEO and the Chief Financial Officer (“CFO”):-

- (a) 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) on the adequacy and the effectiveness of the Group’s risk management systems and internal control systems, including financial, operational, compliance and information technology controls.

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 and the CFO, 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 FY2018.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises three Independent Directors, namely Tay Eng Kiat Jackson (Chairman of the AC), Chung Yew Pong and 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 members of the AC possess the necessary accounting or related financial management qualifications, expertise and experience in discharging their duties.

No former partner or director of the Company’s existing auditing firm or auditing corporation, within a period of 12 months from the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation, is appointed to the AC.

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 Catalyst 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;

CORPORATE GOVERNANCE REPORT

- (h) review the key financial risk areas, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board of Directors;
- (i) review at least annually the adequacy and effectiveness of the risk management and internal controls systems, including financial, operational, compliance controls, information technology controls and risk management sections and discuss issues and concerns, if any, arising from the internal auditors;
- (j) review the scope and results of the internal audit procedures, and at least annually, the independence, adequacy and effectiveness of our internal audit function, and whether our internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience;
- (k) review and approve transactions falling within the scope of Chapter 10 of the Catalist Rules (if any);
- (l) review any interested person transactions and monitor the procedures established to regulate interested person transactions, and any deviations from the procedures will be subject to the AC's review and approval;
- (m) make recommendations to the Board of Directors on the proposals to shareholders on the appointment, reappointment and removal of the external auditor; and
- (n) undertake generally such other functions and duties as may be required by law or the Catalist Rules.

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 Management, at least once a year.

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.

The AC will assess the independence of the external auditors annually. The aggregate amount of fees paid/payable to external auditors of the Company (being BDO LLP) for FY2018 is RM673,500, of which RM94,500 is for audit services rendered for the audit of the financial statements for FY2018, and RM579,000 is for non-audit services rendered for being the reporting accountants for the Listing. The AC had reviewed all non-audit services provided by BDO LLP and is of the view that fees for non-audit services were incurred in relation to the Listing and were non-recurring in nature, and accordingly, would not affect the independence of BDO LLP, being the external auditors of the Company.

The AC recommends to the Board on the proposals to Shareholders on the appointment, re-appointment and removal of the external auditors and approval of the remuneration of the external auditors. After considering the adequacy of the resources and experience of the external auditors' firm and the audit engagement partner assigned to the audit, the 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, the AC has recommended to the Board the nomination and re-appointment of BDO LLP as the external auditors for the Company's audit obligations for FY2019, at the forthcoming AGM.

The Company confirms that Rule 712 and Rule 715 of the Catalist Rules in appointing the audit firms of the Group have been complied with. No former partner or director of the Company's existing audit firm is a member of the AC.

CORPORATE GOVERNANCE REPORT

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 matter impacting the financial statements was discussed with the Management and the external auditors, and was 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 the external auditor's evaluation of management's assessment of the application of SFRS(I) 15 and appropriateness of the Group's revenue recognition policies, understanding the controls surrounding the capturing and recording of revenue transactions and testing the revenue recorded by checking against the POS report and reconciliations with relevant supporting documents.</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 FY2018.</p>

Whistle blowing policy

The Company has implemented a Whistle Blowing Policy which provides the mechanism for which staff of the Company may in confidence, raise concerns about possible improprieties of financial reporting or other matters. 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. As the Company is listed on Catalist on 1 March 2019, whistle-blowing reports are not applicable for FY2018.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

In relation to the Listing, the Group had engaged KPMG Management & Risk Consulting Sdn Bhd ("KPMG") to conduct internal control reviews of the Group. The AC had reviewed KPMG's evaluation of the system of internal controls of the Group, and had evaluated the audit findings and the Management's responses to those findings, the effectiveness of material internal controls, including financial, operational, compliance and information technology controls and overall risk management of the Group for FY2018.

To ensure adequacy of the internal audit function, the AC will also meet on a regular basis to review this function. The Group is in the process of commissioning an external firm to perform internal audit on the Group for FY2019. 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 AC will review annually the independence, adequacy and effectiveness of the internal audit function. The AC will also approve the appointment, removal, evaluation and compensation of the internal audit function.

In respect of FY2018, the AC has reviewed the audit plans and the findings of the external auditors, which included reviews on the accounting and internal control system of the operating subsidiaries. The AC will ensure that the Management addresses the management letter points raised, if any, by the external auditors.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

CORPORATE GOVERNANCE REPORT

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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-yearly financial statements announcements containing a summary of the financial information and affairs of the Group for the period;
- (c) notices and explanatory memoranda for general meetings;
- (d) disclosures to the SGX-ST via SGXNet; and
- (e) press releases.

In addition, Shareholders are encouraged to attend the general meetings to ensure a high level of participation and accountability. The AGM is the principal forum for dialogue with Shareholders. The Company recognises the value of feedback from Shareholders. During the AGM, Shareholders are given ample time and opportunities to air their views and concerns. All the Directors will endeavour to attend the AGM and extraordinary general meetings, 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.

Matters which require Shareholders' approval were presented and proposed as a separate resolution. The Company practises having separate resolutions at general meetings for each distinct issue. Each item of special business in the notice of general meeting is accompanied by an explanatory note, where appropriate. Proxy form is also sent with the notice of general meeting to all Shareholders.

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 such general meetings. The external auditors 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.

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.

Shareholders who are not relevant intermediaries can vote in person or appoint not more than two (2) proxies (or in the case of Shareholders who are relevant intermediaries, more than two (2) proxies) to attend, speak and vote on their behalf at the general meetings. There is no provision in the Company's Constitution that limits the number of proxies for nominee companies.

The Company Secretary prepares minutes of the general meetings which include substantial and relevant comments or queries from Shareholders relating to the agendas of the meetings, and responses from the Board and the Management. These minutes are subsequently approved by the Board and are available on request to Shareholders during office hours at the registered office.

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.

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.

CORPORATE GOVERNANCE REPORT

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.

Dividend Policy

The Company currently does not have a fixed dividend policy with the exception of a minimum of 30 per cent of our net profit attributable to owners of the parent in respect of FY2019 and FY2020 as disclosed in the Offer Document for the Listing. As the Board deemed it more appropriate to conserve cash for the Group's business operations and growth, no dividend has been declared or recommended by the Board for FY2018.

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).

5. 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 On-going Interested Person Transactions". The aggregate value of the IPTs above S\$100,000 entered into during FY2018 were as follows:

Name of Interested Person / Description of Transactions	Aggregate value of all IPTs in FY2018 (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 FY2018 conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) RM'000
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Sim Leisure Consultants Sdn Bhd

– Progress billings for ESCAPE Waterplay and Gravityplay	7,750	–
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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 FY2018.

CORPORATE GOVERNANCE REPORT

6. MATERIAL CONTRACTS

Save as disclosed in the Offer Document for the Listing, 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 FY2018 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2017.

7. 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.

8. USE OF PROCEEDS

Pursuant to the Listing, the Company received total gross proceeds of approximately S\$5.81 million ("**Gross Proceeds**") from the issuance of 26,400,000 new shares in the capital of the Company. As at the date of this report, the Gross Proceeds had been fully utilised as follows:-

Use of Gross Proceeds	Amount Allocated (S\$'000)	Amount Utilised (S\$'000)	Amount Balance (S\$'000)
Redemption of redeemable convertible preference shares (details as set out in the Offer Document)	5,602	(5,602)	–
Listing expenses	206	(206)	–
Total	5,808	(5,808)	–

The above utilisation of the Gross Proceeds is in accordance with the intended use of the Gross Proceeds as set out in the Offer Document.

9. NON-SPONSORSHIP FEES

With reference to Rule 1204(21) of the Catalist Rules, non-sponsorship fees paid/payable to the Sponsor, ZICO Capital Pte. Ltd. for FY2018 amounted to approximately S\$0.33 million, in connection with the Listing.

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 Sim Choo Kheng, Silviya Georgieva Georgieva, Wesley James Rae, Tay Eng Kiat Jackson, Chung Yew Pong and Yong Oi Ling, being the Directors who are retiring in accordance with the Company's Constitution at the forthcoming AGM, is set out below:-

Name of Director	Sim Choo Kheng	Silviya Georgieva Georgieva	Wesley James Rae	Tay Eng Kiat Jackson	Chung Yew Pong	Yong Oi Ling
Date of first appointment	8 March 2018	24 December 2018	24 December 2018	30 October 2018	24 December 2018	24 December 2018
Date of last re-appointment (if applicable)	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
Age	54	40	42	42	46	59
Country of principal residence	Malaysia	Malaysia	United Arab Emirates	Singapore	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Sim Choo Kheng as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Sim Choo Kheng's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Silviya Georgieva Georgieva as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Silviya Georgieva's qualifications, skills, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.	The re-election of Wesley James Rae as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Wesley James Rae's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Tay Eng Kiat Jackson as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Tay Eng Kiat Jackson's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of 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 Chung Yew Pong's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of 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 Yong Oi Ling's qualifications, skills, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Sim Choo Kheng is responsible for overseeing the overall business development and general management of the Group, and formulating the Group's strategic directions and expansion plans.	Executive Silviya Georgieva Georgieva provides management direction for the Group, primarily in areas such as human resource, information technology, and finance, towards its current and long-term goals and objectives.	Non-Executive	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Executive Director and CEO	Executive Director	Non-Independent and Non-Executive Director	Chairman and Independent Director, Chairman of the AC, and a member of the NC and RC	Independent Director, Chairman of the RC, and a member of the AC and NC	Independent Director, Chairman of the NC, and a member of the AC and RC
Professional qualifications	NA	<ul style="list-style-type: none"> Bachelor of Business Administration Masters in Economics/ Marketing 	<ul style="list-style-type: none"> Bachelor of Engineering 	<ul style="list-style-type: none"> Bachelor of Accountancy Member of the Institute of Singapore Chartered Accountants 	<ul style="list-style-type: none"> Bachelor of Commerce Bachelor of Business (Hons) Member of the Malaysian Institute of Accountants, Financial Planning Association of Malaysia Fellow at CPA Australia Fellow at Chartered Institute of Management Accountants (United Kingdom) Member of the ASEAN Chartered Professional Accountants 	<ul style="list-style-type: none"> Licentiate Chartered Secretary, Chartered Secretaries Qualifying Scheme (CSQS)

CORPORATE GOVERNANCE REPORT

Name of Director	Sim Choo Kheng	Silviya Georgieva Georgieva	Wesley James Rae	Tay Eng Kiat Jackson	Chung Yew Pong	Yong Oi Ling
Working experience and occupation(s) during the past 10 years	<p>July 2010 - Current: Sim Leisure Escape Sdn Bhd and subsidiaries - Executive Director and CEO</p> <p>July 2013 - Current: Sim Leisure Gulf Contracting LLC - General Manager</p> <p>April 1993 - Current: Sim Leisure Consultants Sdn Bhd - Director</p>	<p>September 2009 - November 2011: Gabrovo Sdn Bhd - Restaurant Manager</p> <p>December 2011 - December 2013: Sim Leisure Consultants Sdn Bhd - Administrative Manager</p> <p>December 2013 - Current: Sim Leisure Escape Sdn Bhd and subsidiaries - Executive Director</p>	<p>February 2009 - October 2010: Sim Leisure Consultants LLC - Project Manager</p> <p>October 2010 - May 2014: Sim Leisure Emirates General Contracting LLC - Director of Operations</p> <p>May 2014 - Current: Sim Leisure Gulf Contracting LLC - Director of Operations</p>	<p>June 2009 - February 2015: Hafary Holdings Limited - Finance Manager to Financial Controller</p> <p>February 2015 - September 2015: Singhaiyi Group Limited - Chief Financial Officer</p> <p>September 2015 - Current: Hafary Holdings Limited - Chief Operating Officer</p>	<p>April 2008 - July 2015: Netrove Partners Sdn Bhd - Partner</p> <p>August 2015 - April 2017: Propellar Crowdplus Sdn Bhd - Chief Operations Officer</p> <p>January 2018 - December 2018: MRuncit Commerce Sdn Bhd - Director</p> <p>May 2017 - Current: Inicable Digital Asia Sdn Bhd - Executive Director</p> <p>October 2018 - Current: Cadence Venture Capital Sdn Bhd - Executive Director</p>	<p>August 2008 - November 2011: UOB Kay Hian Holdings Ltd - Head of Institutional Sales (Asia)</p> <p>October 2013 - March 2017: RHB Investment Bank Berhad -Regional Head of Institutional Equities</p> <p>November 2011 - Current: Liam Consultants Pte Ltd - Chief Trainer</p>
Shareholding interest in the listed issuer and its subsidiaries	104,606,230 shares in the Company	665,395 shares in the Company	227,000 shares in the Company	Nil	32,000 shares in the Company	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	<p>Sim Choo Kheng holds 104,606,230 shares in the Company.</p> <p>Sim Choo Kheng is the spouse of Silviya Georgieva Georgieva (Executive Director of the Company).</p> <p>Sim Choo Kheng sits on the boards of all the subsidiaries of the Company.</p>	<p>Silviya Georgieva Georgieva holds 665,395 shares in the Company.</p> <p>Silviya Georgieva Georgieva is the spouse of Sim Choo Kheng (Executive Director and CEO, as well as substantial shareholder of the Company).</p> <p>Silviya Georgieva Georgieva sits on the boards of all the subsidiaries of the Company.</p>	Wesley James Rae holds 227,000 shares in the Company.	No	Chung Yew Pong holds 32,000 shares in the Company.	No
Conflict of interest (including any competing business)	Please refer to the section entitled "Interested Person Transactions - Potential Conflicts of Interests" of the Offer Document in relation to the Listing.	Please refer to the section entitled "Interested Person Transactions - Potential Conflicts of Interests" of the Offer Document in relation to the Listing.	Nil	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	Yes	Yes	Yes
<p>Other Principal Commitments* Including Directorships#</p> <p>* "Principal Commitments" has the same meaning as defined in the Code.</p> <p># These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)</p>						

CORPORATE GOVERNANCE REPORT

Name of Director	Sim Choo Kheng	Silviya Georgieva Georgieva	Wesley James Rae	Tay Eng Kiat Jackson	Chung Yew Pong	Yong Oi Ling
Past (for the last 5 years)	Directorships: - Sim Leisure Pte. Ltd.	Nil	Nil	Directorships: - Park Mall Pte. Ltd. - Viet Ceramics International Joint Stock Company	Directorships: - Netrove Partners Sdn. Bhd. - Fifth Media Corporation - Rainmax Realty Sdn. Bhd. - Value Discovery Sdn. Bhd. - E.A.R. Services Sdn. Bhd. - MRuncit Commerce Sdn Bhd	Directorships: - Liam Consultants Sdn. Bhd. - Liam Consultants Pte. Ltd.
Present	Directorships: - Sim Leisure Adventureplay Sdn. Bhd. - Sim Leisure Escape Sdn. Bhd. - Sim Leisure Waterplay Sdn. Bhd. - Sim Leisure Consultants Sdn. Bhd. - Gabrovo Sdn. Bhd. - Sim Leisure Builders Sdn. Bhd. - Sim Leisure Design Sdn. Bhd - Nha Hang Viet Nam Sdn. Bhd.	Directorships: - 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.	Directorship: - Project Consult (Kent) Ltd	Directorships: - Hafary Pte Ltd - Wood Culture Pte. Ltd. - Hafary Centre Pte. Ltd. - Hafary Balestier Showroom Pte. Ltd. - Xquisit Pte. Ltd. - One Heart Investment Pte. Ltd. - OUE Lippo Healthcare Limited - Hafary W+S Pte. Ltd. - One Heart International Trading Private Ltd.	Directorships: - Incitable Digital Asia Sdn Bhd - Cadence Venture Capital Sdn Bhd	Nil

Name of Director	Sim Choo Kheng	Silviya Georgieva Georgieva	Wesley James Rae	Tay Eng Kiat Jackson	Chung Yew Pong	Yong Oi Ling
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	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	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	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	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Sim Choo Kheng	Silviya Georgieva Georgieva	Wesley James Rae	Tay Eng Kiat Jackson	Chung Yew Pong	Yong Oi Ling
(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	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	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	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	No	No	No
(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	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :— (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Sim Choo Kheng	Silviya Georgieva Georgieva	Wesley James Rae	Tay Eng Kiat Jackson	Chung Yew Pong	Yong Oi Ling
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.	No Pursuant to Practice Note 4D of the Catalyst Rules, Sim Choo Kheng has attended the following training programmes conducted by the Singapore Institute of Directors: LED 2-Board Dynamics LED 4-Stakeholder Engagement Sim Choo Kheng will attend the remaining training programmes as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalyst Rules by the end of the first year of the Company's listing on Catalyst.	No Pursuant to Practice Note 4D of the Catalyst Rules, Silviya Georgieva Georgieva has attended the following training programmes conducted by the Singapore Institute of Directors: LED 2-Board Dynamics LED 4-Stakeholder Engagement Silviya Georgieva will attend the remaining training programmes as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalyst Rules by the end of the first year of the Company's listing on Catalyst.	No Pursuant to Practice Note 4D of the Catalyst Rules, Wesley James Rae has attended the following training programmes conducted by the Singapore Institute of Directors: LED 2-Board Dynamics Wesley James Rae will attend the remaining training programmes as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalyst Rules by the end of the first year of the Company's listing on Catalyst.	Yes - OUE Lippo Healthcare Limited	No Pursuant to Practice Note 4D of the Catalyst Rules, Chung Yew Pong has attended the following training programmes conducted by the Singapore Institute of Directors: LED 3-Board Performance LED 8-Rumeneration Committee Essentials Chung Yew Pong will attend the remaining training programmes as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalyst Rules by the end of the first year of the Company's listing on Catalyst.	No Pursuant to Practice Note 4D of the Catalyst Rules, Yong Oi Ling has attended the following training programmes conducted by the Singapore Institute of Directors: LED 2-Board Dynamics LED 3-Board Performance LED 4-Stakeholder Engagement LED 8-Rumeneration Committee Essentials Yong Oi Ling will attend the remaining training programmes as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalyst Rules by the end of the first year of the Company's listing on Catalyst.
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.	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 2018 and the statement of financial position of the Company as at 31 December 2018.

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 2018, 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	(Appointed on 8 March 2018)
Tay Eng Kiat Jackson	(Appointed on 30 October 2018)
Chung Yew Pong	(Appointed on 24 December 2018)
Wesley James Rae	(Appointed on 24 December 2018)
Silviya Georgieva Georgieva	(Appointed on 24 December 2018)
Yong Oi Ling	(Appointed on 24 December 2018)

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, if later	At end of year	At beginning of year or date of appointment, if later	At end of year
The Company				
<i>Sim Leisure Group Ltd.</i>				
<i>(No. of ordinary shares)</i>				
Sim Choo Kheng	1,000	21,323,921	–	–
Silviya Georgieva Georgieva	133,079	133,079	–	–
Subsidiaries				
<i>Sim Leisure Escape Sdn. Bhd.</i>				
<i>(No. of ordinary shares)</i>				
Sim Choo Kheng	10,692,000	–	–	17,412,529
Silviya Georgieva Georgieva	108,000	–	–	–
<i>Sim Leisure Adventureplay Sdn. Bhd.</i>				
<i>(No. of ordinary shares)</i>				
Sim Choo Kheng	1	–	9,199,999	9,200,000
<i>Sim Leisure Waterplay Sdn. Bhd.</i>				
<i>(No. of ordinary shares)</i>				
Sim Choo Kheng	1	–	1,499,999	1,500,000

By virtue of Section 7 of the Act, Sim Choo Kheng is deemed to have an interest in all related corporations of the Company. 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 2019 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2018.

5. Share options

The Sim Leisure Employee Share Option Scheme ("ESOS") was adopted and approved at an extraordinary general meeting of the shareholders held on 24 December 2018. The ESOS is administered by the Remuneration Committee, comprising Chung Yew Pong, Tay Eng Kiat Jackson and Yong Oi Ling.

The aggregate number of shares over which the Remuneration Committee may grant options under the ESOS, when aggregated with the number of shares over which options or awards are granted under any other share option schemes or share plans of the Company, shall not exceed 15% of the total number of all issued shares (excluding shares held by the Company as treasury shares) from time to time.

DIRECTORS' STATEMENT

5. Share options (Continued)

The exercise price for each share in respect of which an option is exercisable shall be determined by the Remuneration Committee at its absolute discretion, and shall be fixed by the Remuneration Committee at (a) the market price or (b) set at a discount to a price the market price the quantum of such discount to be determined by the Remuneration Committee at its absolute discretion subject to a maximum discount of 20.0% of the market price in respect of that option.

The market price equals to the average of the last dealt prices for the ordinary shares on the SGX-ST for the 5 consecutive trading days immediately preceding the date on which the option is granted, as determined by the Remuneration Committee by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices.

Options granted with the exercise price set at market price shall only be exercisable after the first anniversary of the date of grant and expire on the tenth anniversary of such date of grant.

Options granted with the exercise price set at a discount to market price shall only be exercisable after the second anniversary of the date of grant and expire on the tenth anniversary of such date of grant.

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

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

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

6. Share awards

The Sim Leisure Performance Share Plan ("PSP") was adopted and approved at an extraordinary general meeting of the shareholders held on 24 December 2018. The PSP is administered by the Remuneration Committee, comprising Chung Yew Pong, Tay Eng Kiat Jackson and Yong Oi Ling.

The aggregate number of shares which may be issued or transferred pursuant to awards granted under the PSP, when aggregated with the aggregate number of shares over which options are granted under any other share option schemes of the Company, shall not exceed 15% of the total number of issued shares (excluding shares held by the Company as treasury shares) on the day immediately preceding such grant of awards. No performance shares have been granted pursuant to the PSP.

7. 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 Audit Committee 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;

DIRECTORS' STATEMENT

7. Audit committee (Continued)

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

- (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;
- (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 Audit Committee 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 Audit Committee 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 Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP for re-appointment as external auditor of the Company at the forthcoming AGM of the Company.

DIRECTORS' STATEMENT

8. Independent auditors

The independent auditors, BDO LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Sim Choo Kheng
Director

Silviya Georgieva Georgieva
Director

12 April 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SIM LEISURE GROUP LTD.

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 (the "Group"), as set out on pages 44 to 82, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, 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 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SIM LEISURE GROUP LTD.

Key Audit Matter	Audit Response
1 Revenue recognition	
<p>The Group has only one primary business segment, which 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 relies on the Point-of-Sales ("POS") system to capture revenue. Due to the manual processes involved in reconciling and transferring data from the POS system to the finance system, any systemic failure or processing error could lead to material inaccuracies in the recording of revenue.</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 manual process of recording revenue.</p> <hr/> <p>Refer to notes 2.12 and 16 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 the controls surrounding the capturing and recording of revenue transactions.• Tested the revenue recorded by checking against the POS reports and reconciliations with relevant supporting documents such third party merchant statements and bank statements, including cut-off procedures.

Other Information

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SIM LEISURE GROUP LTD.

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 unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SIM LEISURE GROUP LTD.

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company 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 Leong Hon Mun Peter.

BDO LLP

Public Accountants and
Chartered Accountants

Singapore
12 April 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		Group		Company	
	Note	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM	31 December 2018 RM
ASSETS					
Non-current assets					
Plant and equipment	4	48,677,020	44,883,391	31,411,539	–
Investment in subsidiaries	5	–	–	–	30,112,569
Deferred tax assets	6	69,700	–	–	–
		<u>48,746,720</u>	<u>44,883,391</u>	<u>31,411,539</u>	<u>30,112,569</u>
Current assets					
Inventories	7	115,726	140,425	21,195	–
Trade and other receivables	8	1,130,659	1,196,990	702,560	–
Prepayments	9	3,074,675	1,018,544	201,899	285,670
Cash and bank balances	10	1,704,437	818,738	2,844,448	3,000
		<u>6,025,497</u>	<u>3,174,697</u>	<u>3,770,102</u>	<u>288,670</u>
Total assets		<u>54,772,217</u>	<u>48,058,088</u>	<u>35,181,641</u>	<u>30,401,239</u>
EQUITY AND LIABILITIES					
Equity					
Share capital	11	30,115,569	10,800,000	10,800,000	30,115,569
Equity component of redeemable convertible preference shares	12	275,112	275,112	238,324	–
Merger reserve	13	(12,700,040)	–	–	–
Retained earnings/(Accumulated losses)		16,426,307	10,374,383	9,086,054	(107,433)
Total equity		<u>34,116,948</u>	<u>21,449,495</u>	<u>20,124,378</u>	<u>30,008,136</u>
Non-current liabilities					
Finance lease payables	14	29,257	46,089	–	–
Liability component of redeemable convertible preference shares	12	–	11,301,009	12,065,729	–
Deferred tax liabilities	6	1,569,434	656,277	561,000	–
		<u>1,598,691</u>	<u>12,003,375</u>	<u>12,626,729</u>	<u>–</u>
Current liabilities					
Trade and other payables	15	2,243,045	9,894,146	2,298,834	393,103
Finance lease payables	14	50,473	44,166	–	–
Liability component of redeemable convertible preference shares	12	15,928,192	4,552,490	–	–
Current income tax payable		834,868	114,416	131,700	–
		<u>19,056,578</u>	<u>14,605,218</u>	<u>2,430,534</u>	<u>393,103</u>
Total liabilities		<u>20,655,269</u>	<u>26,608,593</u>	<u>15,057,263</u>	<u>393,103</u>
Total equity and liabilities		<u>54,772,217</u>	<u>48,058,088</u>	<u>35,181,641</u>	<u>30,401,239</u>

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	2017 RM
Revenue	16	21,218,181	9,683,166
Cost of sales		<u>(8,720,909)</u>	<u>(5,056,262)</u>
Gross profit		12,497,272	4,626,904
Other item of income			
Other income		20,560	9,565
Other items of expense			
Administrative expenses		(2,805,696)	(2,740,274)
Finance costs	17	<u>(1,543,064)</u>	<u>(187,742)</u>
Profit before income tax	18	8,169,072	1,708,453
Income tax expense	19	<u>(2,117,148)</u>	<u>(420,124)</u>
Profit for the financial year, representing total comprehensive income for the financial year		<u>6,051,924</u>	<u>1,288,329</u>
Profit and total comprehensive income attributable to owners of the parent		<u>6,051,924</u>	<u>1,288,329</u>
Earnings per share			
– Basic and diluted (in cents)	20	<u>5.64</u>	<u>1.20</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share capital RM	Equity component of redeemable convertible preference shares RM	Merger reserve RM	Retained earnings RM	Total equity RM
Balance at 1 January 2018		10,800,000	275,112	–	10,374,383	21,449,495
Profit for the financial year, representing total comprehensive income for the financial year		–	–	–	6,051,924	6,051,924
Contribution by owners						
Issuance of subscriber's shares at date of incorporation of the Company	11	3,000	–	–	–	3,000
Issuance of ordinary shares pursuant to the capitalisation of advances from a Director	11	6,612,529	–	–	–	6,612,529
Deemed distribution to owners pursuant to the Restructuring Exercise	11	(17,412,529)	–	–	–	(17,412,529)
Issuance of ordinary shares pursuant to the Restructuring Exercise	11	30,112,569	–	(12,700,040)	–	17,412,529
Total transactions with owners		19,315,569	–	(12,700,040)	–	6,615,529
Balance at 31 December 2018		30,115,569	275,112	(12,700,040)	16,426,307	34,116,948
Balance at 1 January 2017		10,800,000	238,324	–	9,086,054	20,124,378
Profit for the financial year, representing total comprehensive income for the financial year		–	–	–	1,288,329	1,288,329
Contribution by owners						
Equity component of redeemable convertible preference shares		–	36,788	–	–	36,788
Total transactions with owners		–	36,788	–	–	36,788
Balance at 31 December 2017		10,800,000	275,112	–	10,374,383	21,449,495

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	2017 RM
Operating activities			
Profit before income tax		8,169,072	1,708,453
Adjustments for:			
Depreciation of plant and equipment		2,438,522	1,244,503
Gain on disposal of plant and equipment		(88)	–
Interest expense		1,543,064	187,742
Operating cash flows before working capital changes		12,150,570	3,140,698
Working capital changes:			
Inventories		24,699	(119,230)
Trade and other receivables		66,331	(494,430)
Prepayments		(2,056,131)	(816,645)
Trade and other payables		(197,629)	2,138,194
Cash generated from operations		9,987,840	3,848,587
Income tax paid		(553,239)	(353,748)
Net cash from operating activities		9,434,601	3,494,839
Investing activities			
Purchase of plant and equipment		(7,051,576)	(13,376,726)
Proceeds from disposal of plant and equipment		12,600	66,654
Net cash used in investing activities		(7,038,976)	(13,310,072)
Financing activities			
Proceeds from issuance of ordinary shares		3,000	–
Proceeds from issuance of redeemable convertible preference shares (Note A)		–	4,105,232
Interest paid on redeemable convertible preference shares (Note A)		(1,462,532)	(1,722,967)
Repayment of finance lease obligations (Note A)		(44,525)	(42,323)
Interest paid		(5,869)	(7,537)
Advances from a director of the Company		–	5,457,118
Net cash (used in)/from financing activities		(1,509,926)	7,789,523
Net change in cash and bank balances		885,699	(2,025,710)
Cash and bank balances at beginning of financial year		818,738	2,844,448
Cash and bank balances at end of financial year	10	1,704,437	818,738

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Note A: Reconciliation of liabilities arising from financing activities

	← Non-cash changes →				2018 RM
	2017 RM	Cash flows RM	Additions of plant and equipment under finance leases RM	Accretion of interest RM	
Redeemable convertible preference shares	15,853,499	(1,462,532)	–	1,537,225	15,928,192
Finance lease payables	90,255	(44,525)	34,000	–	79,730
	15,943,754	(1,507,057)	34,000	1,537,225	16,007,922

	← Non-cash changes →				2017 RM	
	2016 RM	Cash flows RM	Additions of plant and equipment under finance leases RM	Equity component of redeemable convertible preference shares RM		Accretion of interest RM
Redeemable convertible preference shares	12,065,729	2,382,265	–	(48,405)	1,453,910	15,853,499
Finance lease payables	–	(42,323)	132,578	–	–	90,255
	12,065,729	2,339,942	132,578	(48,405)	1,453,910	15,943,754

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

1. General

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 5 to the financial statements.

The ultimate controlling party of the Company is Sim Choo Kheng, who is a director of the Company.

The statement of financial position of the Company as at 31 December 2018 and the consolidated financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2018 were authorised for issue in accordance with a Directors’ resolution dated 12 April 2019.

1.2 Restructuring exercise

A restructuring exercise (the “Restructuring Exercise”) was carried out as part of group restructuring prior to the listing on Catalist Board of SGX-ST which resulted in the Company becoming the holding company of the Group. The following steps were taken in the Restructuring Exercise:

(i) Acquisition by Sim Leisure Escape Sdn. Bhd. (“SLE”) from Sim Choo Kheng of 1 share in Sim Leisure Adventureplay Sdn. Bhd. (“SLA”) and 1 share in Sim Leisure Waterplay Sdn. Bhd. (“SLW”)

SLE held all of the shares in SLA and SLW except for 1 share that was held by Sim Choo Kheng in each of SLA and SLW. On 24 December 2018, SLE acquired all the shareholding interests of Sim Choo Kheng respectively in both SLA and SLW for a nominal cash consideration of RM1.00 each. Following the acquisition, SLA and SLW became wholly-owned subsidiaries of SLE.

(ii) Acquisition of SLE by the Company

On 24 December 2018, the Company acquired all the shareholding interests of Sim Choo Kheng and Silviya Georgieva Georgieva in SLE for an aggregate consideration of RM30,112,569. The consideration was determined on a willing buyer-willing seller basis, taking into account the net asset value of SLE and its subsidiaries (namely, SLA and SLW) as at 30 June 2018 of RM23,500,040 and the capitalisation of advances by Sim Choo Kheng of RM6,612,529. The consideration was satisfied by the allotment and issue of 21,322,921 and 133,079 new ordinary shares to Sim Choo Kheng and Silviya Georgieva Georgieva, respectively. Upon completion of the aforesaid acquisition, SLE became a wholly-owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The restructuring exercise involved acquisitions of companies, as referred to in Note 1.2(ii) to the financial statements, which are under common control. These companies have been included in the consolidated financial statements of the Group in a manner similar to the “pooling-of-interest” method. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidary relationship was not established until after 24 December 2018.

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.

These financial statements are the Group and the Company’s first financial statements prepared in accordance with SFRS(I). The Group has previously prepared its financial statements in accordance with Financial Reporting Standards in Singapore (“FRS”). As required by SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*, the Group has consistently applied the same accounting policies in its opening statement of financial position at 1 January 2017 and throughout all financial years presented, as if these policies had always been in effect subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. The transition to SFRS(I) does not have a material impact on the financial statements of the Group.

The Group has applied the short term exemption on adoption of SFRS(I) 9 *Financial Instruments* in preparing their first set of financial statements. As a result, the financial instruments included in the comparatives have been accounted for in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* on the disclosure requirements in relation to SFRS(I) 9.

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

The preparation of financial statements in compliance with SFRS(I) 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.

Going concern assumption

As at 31 December 2018, the Group’s current liabilities have exceeded its current assets by RM13,031,081. The management is of the opinion that the use of going concern basis to prepare the Group’s financial statements is appropriate and that there are no material uncertainties related to these conditions that may cast significant doubt on the Group’s ability to continue as a going concern, based on a detailed review of cash flow forecast for the financial year ending 31 December 2019 and with the utilisation of proceeds from the Company’s initial public offering, in settling the redeemable convertible preference shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I) and SFRS(I) INT issued but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I) and SFRS(I) INT that are relevant to the Group were issued but not yet effective, and have not been adopted early in these financial statements:

		Effective date (annual periods beginning on or after)
SFRS(I) 16	: <i>Leases</i>	1 January 2019
SFRS(I) INT 23	: <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
SFRS(I) 1-1 and 1-8	: <i>Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material</i>	1 January 2020

Consequential amendments were also made to various standards as a result of these new or revised standards.

Except as disclosed below, management anticipates that the adoption of the above SFRS(I) and SFRS(I) INT in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

SFRS(I) 16 Leases

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases* and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16. SFRS(I) 16 also requires enhanced disclosures by both lessees and lessors.

The Group has performed an assessment on the adoption of SFRS(I) 16 based on currently available information as well as recognition exemptions under SFRS(I) 16. The Group expects to capitalise its operating leases on land and a motor vehicle on the statement of financial position by recognising a 'right-of-use' assets of RM5,330,972 and their corresponding lease liabilities for the present value of future lease payments of RM5,330,972. This assessment may be subject to changes from the ongoing analysis until the finalisation of transition entries.

The Group plans to adopt the standard in the financial year beginning on 1 January 2019 using the modified retrospective method in accordance with the transitional provisions, and therefore will only recognise leases on statement of financial position as at 1 January 2019. The Group will include the required additional disclosures in its financial statements for the financial year ending 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.2 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.

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(1) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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.

2.3 Plant and equipment

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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.3 Plant and equipment (Continued)

Subsequent expenditure relating to the 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 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 and machinery	10 to 20
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

Construction-in-progress represents items of 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 financial year-end 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 plant and equipment.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

2.4 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 that has been recognised in profit or loss.

2.5 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.5 Impairment of non-financial assets (Continued)

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 unless it reverses a previous revaluation credited to other comprehensive income, in which case it is charged to other comprehensive income up to the amount of any previous revaluation loss.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell 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 to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable willing parties less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment losses recognised in profit or loss in prior periods is treated as a revaluation increase. 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.

2.6 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.

2.7 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. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

Financial assets (Continued)

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.

Impairment provisions for receivables from related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

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 and cash and bank balances in the statement of financial position.

Derecognition of financial assets

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

Accounting policy for financial assets prior to 1 January 2018

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose of which the assets were acquired. The management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the reporting period, where allowed and appropriate.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within "trade and other receivables" and "cash and bank balances" on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

Accounting policy for financial assets prior to 1 January 2018 (Continued)

Recognition and derecognition

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

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount and the net sale proceeds is recognised in profit or loss.

Initial and subsequent measurement

Financial assets are initially recognised at fair value plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment loss, if any.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period to the net carrying amount of the financial instrument. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

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

Borrowings 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 statement of financial position.

Recognition and derecognition

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

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

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

Equity instruments

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

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

2.8 Cash and bank balances

Cash and bank balances comprise cash on hand, cash and other deposits with banks. Cash and bank balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.9 Redeemable convertible preference shares ("RCPS")

RCPS are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

2.10 Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value where changes in fair value are recognised in profit or loss.

2.11 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.

2.12 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 when the tickets are sold or team building events take place.

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, net of discounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.13 Leases

When the Group is the lessee of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

When the Group is the lessee of finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised as plant and equipment of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. Summary of significant accounting policies (Continued)

2.16 Income tax (Continued)

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.

2.18 Foreign currency transactions and translation

Items included in the individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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.

3.1 Critical judgements made in applying the entity's accounting policies

In the process of applying the Group's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

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

(i) Depreciation of plant and equipment

The plant and equipment are depreciated on a straight-line method over their estimated useful lives. The management estimates the useful lives of plant and equipment to be within 5 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation could be revised. The carrying amount of plant and equipment as at 31 December 2018 was RM48,677,020 (31 December 2017: RM44,883,391, 1 January 2017: RM31,411,539).

(ii) Income taxes

Significant judgement is involved in determining the Group's provision for income taxes. The Group recognises expected assets and liabilities for tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the financial year when such determination is made.

The carrying amounts of deferred tax assets, deferred tax liabilities and current income tax payable as at 31 December 2018 were RM69,700 (31 December 2017: Nil, 1 January 2017: Nil), RM1,569,434 (31 December 2017: RM656,277, 1 January 2017: 561,000) and RM834,868 (31 December 2017: RM114,416, 1 January 2017: RM131,700) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. Plant and equipment

	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
2018						
Cost						
Balance at 1.1.2018	46,001,399	863,477	1,849,746	381,332	406,885	49,502,839
Additions	1,103,261	101,154	288,399	96,409	5,496,353	7,085,576
Disposals	–	–	–	(34,124)	–	(34,124)
Write-offs	(840,913)	–	–	–	–	(840,913)
Reclassification	314,525	–	–	–	(314,525)	–
Balance at 31.12.2018	46,578,272	964,631	2,138,145	443,617	5,588,713	55,713,378
Accumulated depreciation						
Balance at 1.1.2018	3,493,402	374,755	565,055	186,236	–	4,619,448
Depreciation for the financial year	1,968,440	119,115	274,703	76,264	–	2,438,522
Disposals	–	–	–	(21,612)	–	(21,612)
Balance at 31.12.2018	5,461,842	493,870	839,758	240,888	–	7,036,358
Carrying amounts						
Balance at 1.1.2018	42,507,997	488,722	1,284,691	195,096	406,885	44,883,391
Balance at 31.12.2018	41,116,430	470,761	1,298,387	202,729	5,588,713	48,677,020
2017						
Cost						
Balance at 1.1.2017	16,330,505	707,056	1,393,341	473,004	15,910,698	34,814,604
Additions	1,459,662	156,421	211,635	2,000	12,953,291	14,783,009
Disposals	(1,102)	–	–	(93,672)	–	(94,774)
Reclassification	28,212,334	–	244,770	–	(28,457,104)	–
Balance at 31.12.2017	46,001,399	863,477	1,849,746	381,332	406,885	49,502,839
Accumulated depreciation						
Balance at 1.1.2017	2,655,456	265,171	346,422	136,016	–	3,403,065
Depreciation for the financial year	837,964	109,584	218,633	78,322	–	1,244,503
Disposals	(18)	–	–	(28,102)	–	(28,120)
Balance at 31.12.2017	3,493,402	374,755	565,055	186,236	–	4,619,448
Carrying amounts						
Balance at 1.1.2017	13,675,049	441,885	1,046,919	336,988	15,910,698	31,411,539
Balance at 31.12.2017	42,507,997	488,722	1,284,691	195,096	406,885	44,883,391

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. Plant and equipment (Continued)

During the financial year ended 31 December 2018, plant and equipment amounting to RM840,913 were written off as a result of the waiver of retention sums payable for park equipment and construction costs.

As at 31 December 2018, the carrying amount of the Group's plant and equipment which were acquired under finance lease arrangements was RM151,407 (31 December 2017: RM150,896, 1 January 2017: Nil).

Borrowing costs of RM1,273,705 which arose on the financing specifically entered into for the construction of the water theme park were capitalised by the Group during the financial year ended 31 December 2017.

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

	Group	
	2018	2017
	RM	RM
Additions to plant and equipment	7,085,576	14,783,009
Capitalisation of borrowing costs	–	(1,273,705)
Acquired under finance lease arrangements	(34,000)	(132,578)
Cash payments to purchase plant and equipment	7,051,576	13,376,726

5. Investments in subsidiaries

	Company 31 December 2018 RM
Unquoted equity shares, at cost	30,112,569

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 31 December 2018 %
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Held by the Company

Sim Leisure Escape Sdn. Bhd. ⁽¹⁾ (Malaysia)	Investment holding and development of theme parks	100
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Held by Sim Leisure Escape Sdn. Bhd.

Sim Leisure Adventureplay Sdn. Bhd. ⁽¹⁾ (Malaysia)	Development and operation of theme parks	100
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Sim Leisure Waterplay Sdn. Bhd. ⁽¹⁾ (Malaysia)	Development and operation of theme parks	100
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⁽¹⁾ Audited by BDO PLT, Malaysia, a member firm of BDO International.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. Deferred tax (assets)/liabilities

	Group		
	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM
Balance at beginning of financial year	656,277	561,000	470,000
Charged to profit or loss	843,457	83,660	15,740
Recognised in equity	–	11,617	75,260
Balance at end of financial year	1,499,734	656,277	561,000
Presented as:			
Deferred tax assets	(69,700)	–	–
Deferred tax liabilities	1,569,434	656,277	561,000
	1,499,734	656,277	561,000

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

	Group		
	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM
<u>Deferred tax assets</u>			
Tax losses	(69,700)	–	–
<u>Deferred tax liabilities</u>			
Accelerated tax depreciation	1,552,200	609,500	561,000
Redeemable convertible preference shares	17,234	46,777	–
	1,499,734	656,277	561,000

Subject to the agreement by relevant taxation authorities, as at 31 December 2018, the Group has unutilised tax losses of approximately RM1,130,000 (31 December 2017: RM794,000, 1 January 2017: RM36,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately RM290,000 (31 December 2017: Nil, 1 January 2017: Nil) of such losses. No deferred tax asset has been recognised in respect of the remaining RM840,000 (31 December 2017: RM794,000, 1 January 2017: RM36,000) due to the unpredictability of profit streams.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. Inventories

	Group		
	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM
Inventories of			
– trading goods	25,823	46,925	21,195
– consumables	89,903	93,500	–
	115,726	140,425	21,195

The cost of inventories recognised as expense and included in “cost of sales” line item amounted to RM1,951,509 (2017: RM889,752).

8. Trade and other receivables

	Group		
	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM
Trade receivables			
– third parties	635,415	432,918	552,636
Non-trade receivables			
– related parties	–	225,767	17,395
Goods and services tax recoverable, net	104,059	157,020	108,024
Deposits	391,185	381,285	24,505
	1,130,659	1,196,990	702,560

Trade receivables are unsecured, non-interest bearing and generally on 30 days’ credit terms. The non-trade amounts due from related parties are unsecured, non-interest bearing and repayable on demand.

The Group does not hold any collateral as security.

Trade and other receivables are denominated in the following currencies:

	Group		
	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM
Ringgit Malaysia	1,108,207	1,196,990	702,560
United Arab Emirates Dirham	22,452	–	–
	1,130,659	1,196,990	702,560

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. Prepayments

	31 December 2018 RM	Group 31 December 2017 RM	1 January 2017 RM	Company 31 December 2018 RM
Prepaid other operating expenses	184,425	341,452	79,254	35,393
Prepaid insurance	36,887	40,136	31,758	–
Prepaid rental	106,364	106,364	90,887	–
Prepaid placement and listing expenses	2,746,999	530,592	–	250,277
	<u>3,074,675</u>	<u>1,018,544</u>	<u>201,899</u>	<u>285,670</u>

10. Cash and bank balances

Cash and bank balances are denominated in the following currencies:

	31 December 2018 RM	Group 31 December 2017 RM	1 January 2017 RM	Company 31 December 2018 RM
Ringgit Malaysia	1,701,437	818,738	2,844,448	–
Singapore Dollar	3,000	–	–	3,000
	<u>1,704,437</u>	<u>818,738</u>	<u>2,844,448</u>	<u>3,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. Share capital

	31 December 2018		Group 31 December 2017		1 January 2017	
	Number of ordinary shares	RM	Number of ordinary shares	RM	Number of ordinary shares	RM
Issued and fully-paid:						
Balance* at beginning of financial year	10,800,000	10,800,000	10,800,000	10,800,000	10,800,000	10,800,000
Issuance of subscriber's shares at date of incorporation of the Company	1,000	3,000	–	–	–	–
Issuance of ordinary shares pursuant to the capitalisation of advances from a Director	6,612,529	6,612,529	–	–	–	–
Deemed distribution to owners pursuant to the Restructuring Exercise (Note 1.2)	(17,412,529)	(17,412,529)	–	–	–	–
Issuance of ordinary shares pursuant to the Restructuring Exercise (Note 1.2)	21,456,000	30,112,569	–	–	–	–
Balance* at end of financial year	21,457,000	30,115,569	10,800,000	10,800,000	10,800,000	10,800,000

* For the Group's comparative figures in the financial years ended 31 December 2017 and 1 January 2017, the share capital of the Group represents the aggregated value of the issued and fully paid-up share capital of Sim Leisure Escape Sdn. Bhd. ("SLE") as the Company was only incorporated on 8 March 2018.

On 30 September 2018, advances of RM6,612,529 owing to a Director was converted into 6,612,529 new and fully-paid up ordinary shares in SLE at an issue price of RM1.00 each.

On 18 February 2019, the shareholders of the Company approved the sub-division of the existing issued ordinary shares into 107,285,000 ordinary shares in the issued capital of the Company.

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.

	Company 31 December 2018	
	Number of ordinary shares	RM
Issued and fully-paid:		
Balance at date of incorporation	1,000	3,000
Issuance of ordinary shares pursuant to the Restructuring Exercise	21,456,000	30,112,569
Balance at end of financial period	21,457,000	30,115,569

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. Redeemable convertible preference shares

On 28 March 2016, Sim Leisure Escape Sdn. Bhd. ("SLE"), Sim Choo Kheng and Silviya Georgieva Georgieva ("Existing Shareholders") entered into an investment agreement ("Agreement") with a subscriber ("Subscriber"), to issue 2,000,000 redeemable convertible preference shares ("RCPS") at RM8 per share, for an aggregate issue price of RM16,000,000. As at 31 December 2018, the 2,000,000 RCPS were issued and fully paid.

The salient features of the Agreement are as follows:

- (i) Subject to Clause (iii) below, the maturity date shall fall on the last day of the period of 5 years from the date of first issuance of the RCPS.
- (ii) The Subscriber shall be entitled to preferential cumulative dividends at the rate of 8% per annum or borrowing rate of CIMB Bank Berhad + 5% per annum, whichever is higher, commencing from the first year of operations and shall be payable half-yearly. Issuance of shares shall be based on the amount of each drawdown. No dividend shall be declared by any company of the Group to ordinary shareholders so long as the capital and/or debt and interest of the shares held by the Subscriber have not been repaid or redeemed in full.
- (iii) SLE agrees that the Subscriber shall have the sole and absolute discretion to require SLE to redeem the RCPS or part thereof on the maturity date by repayment of the amount paid for the RCPS or part thereof at the redemption price of RCPS fixed at RM8.00 per RCPS to the Subscriber. The par value for the preference share is RM8.00 per RCPS.
- (iv) The RCPS shall be redeemed in the following manner:
 - a) At least 50% of the net profit of SLE shall be utilised to redeem the RCPS annually. Redemption of the RCPS shall be based on 50% of the net profit of SLE or the scheduled timeline in Clause (iv)(b) below, whichever is earlier.
 - b) Subject to Clause (iv)(a) above, a sufficient number of RCPS at an aggregate value of RM5 million be redeemed on or before 31 December 2018; a further number of the RCPS at a value of RM5 million be redeemed on or before 31 December 2019; and a final number of shares at a value of RM6 million be redeemed on or before 31 December 2020.
 - c) The RCPS may be redeemed earlier if so requested by Mr Sim Choo Kheng or by mutual agreement of the Existing Shareholders and Subscriber.
- (v) In the event that SLE fails to redeem the RCPS, in accordance with Clause (iii) above, the Subscriber shall have the right to convert the RCPS into fully paid ordinary shares of RM1.00 each in SLE at the conversion rate of 1 ordinary share of RM1.00 for every RM1.00 paid on RCPS, including Subscriber's compounded holding cost of ten (10%) per annum, such premiums payable upon redemption, interest, dividends and tax related thereon as may be due and owing by SLE to the Subscriber provided always that the conversion rate shall be adjusted for any new ordinary shares prior to conversion.
- (vi) The Subscriber shall have the same rights as ordinary shareholders of SLE as regards receiving notices, reports and audited accounts, and attending general meetings of the SLE.
- (vii) The Subscriber shall have the right to vote at all general meetings of SLE under the following circumstances:
 - a) on proposal to reduce capital;
 - b) on proposal to wind up SLE;
 - c) on proposal for the disposal of the whole of SLE's property, business and undertaking;
 - d) on a proposal that affects the rights attached to the RCPS;
 - e) when the dividend or part of the dividend on RCPS is in arrears for more than 6 months; and
 - f) during the winding up of SLE.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. Redeemable convertible preference shares (Continued)

The carrying amount of the liability component of the RCPS at the reporting date is derived as follows:

	Group		
	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM
Nominal value of RCPS issued	16,000,000	16,000,000	11,894,768
Equity component	(361,989)	(361,989)	(313,584)
Liability component on initial recognition	15,638,011	15,638,011	11,581,184
Add: Accumulated amortisation of discount			
– Opening balance	215,488	484,545	–
– Accretion of interest during the financial year	1,537,225	1,453,910	484,545
– Interest paid during the financial year	(1,462,532)	(1,722,967)	–
– Closing balance	290,181	215,488	484,545
Liability component at end of financial year	15,928,192	15,853,499	12,065,729

Presented in the consolidated statement of financial position as:

	Group		
	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM
Current	15,928,192	4,552,490	–
Non-current	–	11,301,009	12,065,729
	15,928,192	15,853,499	12,065,729

The interest charged for the financial years ended 31 December 2018 and 31 December 2017 were calculated by applying an effective interest rate of 9.26% to 9.83% to the liability component since the RCPS were issued.

As at 31 December 2017 and 1 January 2017, the carrying amounts of the Group's non-current liability portion of the RCPS approximate their respective fair values as their effective interest rates approximate market rates.

In anticipation of settling all outstanding RCPS and dividends accrued subsequent to the reporting period, the Group has decided to classify the RCPS as current liabilities as at 31 December 2018 (Note 26).

Equity component of RCPS

This represents the residual amount of RCPS after deducting the fair value of the liability component. This amount is presented net of transaction costs and deferred tax liability arising from the RCPS.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. Merger reserve

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

14. Finance lease payables

	Group		
	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM
Minimum lease payment due			
– Not later than a year	55,896	49,860	–
– Between one and five years	24,144	49,860	–
– Later than 5 years	11,504	–	–
	91,544	99,720	–
Less: Interest charges	(11,814)	(9,465)	–
	79,730	90,255	–
Presented in the consolidated statement of financial position as:			
Non-current	29,257	46,089	–
Current	50,473	44,166	–
	79,730	90,255	–

The finance lease terms are between 3 and 7 years (2017: 3 years) and are subject to fixed interest rates ranging from 3.44% to 4.27% (2017: 4.27%) per annum.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Group's obligations under finance 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.

As at the end of the reporting period, the carrying amounts of the Group's finance lease payables approximate their fair values.

The finance lease payables are denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. Trade and other payables

	31 December 2018 RM	Group 31 December 2017 RM	1 January 2017 RM	Company 31 December 2018 RM
Trade payables				
– third parties	278,424	285,394	345,314	–
Other payables				
– third parties	1,061,264	1,037,313	48,706	–
– related parties	290,550	585,649	838,008	–
– subsidiaries	–	–	–	302,137
– a director of the Company	–	5,966,118	509,000	–
	1,351,814	7,589,080	1,395,714	302,137
Deferred income	63,376	–	4,407	–
Interest payable on redeemable convertible preference shares	66,323	66,323	–	–
Accrued operating expenses	483,108	1,953,349	553,399	90,966
	2,243,045	9,894,146	2,298,834	393,103

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

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

Trade and other payables are denominated in the following currencies:

	31 December 2018 RM	Group 31 December 2017 RM	1 January 2017 RM	Company 31 December 2018 RM
Ringgit Malaysia	1,851,696	9,689,470	2,298,834	–
United States Dollar	2,418	68,638	–	–
Singapore Dollar	306,678	85,281	–	362,263
United Arab Emirates Dirham	82,253	49,870	–	–
Chinese Renminbi	–	887	–	30,840
	2,243,045	9,894,146	2,298,834	393,103

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. Revenue

Disaggregation of revenue

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

	Group	
	2018	2017
	RM	RM
<hr/>		
<u>Type of goods or services</u>		
Admission fees to theme parks	18,106,869	8,068,194
Sale of food, beverages and merchandise	2,772,131	1,432,470
Services rendered	339,181	182,502
	<hr/>	<hr/>
	21,218,181	9,683,166

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

17. Finance costs

	Group	
	2018	2017
	RM	RM
<hr/>		
Interest expense		
– finances leases	5,839	7,537
– redeemable convertible preference shares	1,537,225	180,205
	<hr/>	<hr/>
	1,543,064	187,742

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. 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 charges:

	Group	
	2018	2017
	RM	RM
Cost of sales		
Depreciation of plant and equipment	2,280,760	991,394
Cost of materials	1,951,509	889,572
Utilities expenses	407,988	172,284
Repair and maintenance expenses	483,262	406,699
Insurance for visitors	221,597	151,727
Operating lease expenses		
– land	136,424	132,126
– equipment	51,070	16,771
Employee benefit expenses		
– salaries, bonus and other benefits	2,144,291	1,712,735
– social security contributions	26,833	16,165
– defined contribution plans	231,920	133,533
Administrative expenses		
Audit fees paid/payable to auditors:		
– Auditors of the Company	94,500	–
– Other auditors	56,000	44,000
Non-audit fees paid/payable to auditors:		
– Other auditors	16,000	–
Depreciation of plant and equipment	157,762	253,109
Operating lease expenses		
– land	104,545	68,185
– office equipment	14,741	4,432
– motor vehicle	–	800
– staff accommodation	36,400	15,200
Travelling and vehicle expenses	195,582	47,861
Marketing and promotion expenses	374,085	356,409
Security expenses	18,444	266,236
Utilities expenses	54,841	42,580
Payment portal and credit card fees	291,472	129,038
Repair and maintenance expenses	8,474	4,028
Legal and professional fees	389,344	528,368
Directors' remuneration		
– directors' fee	–	168,000
– salaries, bonus and other benefits	306,000	84,000
– social security contributions	923	79
– defined contribution plans	23,400	4,800
Employee benefit expenses		
– salaries, bonus and other benefits	564,876	190,624
– social security contributions	5,827	1,823
– defined contribution plans	54,273	9,667

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19. Income tax expense

	Group	
	2018 RM	2017 RM
Current income tax		
– current financial year	1,303,200	338,700
– overprovision in prior financial years	(29,509)	(2,236)
	1,273,691	336,464
Deferred income tax		
– current financial year	826,957	174,560
-- under/(over) provision in prior financial years	16,500	(90,900)
	843,457	83,660
Total income tax expense recognised in profit or loss	2,117,148	420,124

Reconciliation of effective income tax rate

	2018 RM	2017 RM
Profit before income tax	8,169,072	1,708,453
Tax at the domestic tax rates applicable to profit in the countries where the Group operates	1,968,400	410,029
Tax effect in respect of:		
Non-allowable expenses	397,800	214,077
Income not subject to tax	(1,000)	–
Tax exemption under pioneer status	(216,700)	(475,700)
Deferred tax assets not recognised	76,300	329,694
Utilisation of deferred tax assets not recognised previously	(65,100)	–
Deferred tax on redeemable convertible preference shares	(29,543)	35,160
Overprovision of current income tax in prior financial years	(29,509)	(2,236)
Under/(Over) provision of deferred income tax in prior financial years	16,500	(90,900)
Taxation for the financial year	2,117,148	420,124

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. Earnings per share

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

	Group	
	2018	2017
	RM	RM
Profit for the financial year attributable to owners of the parent	6,051,924	1,288,329
Weighted-average number of ordinary shares in issue during the financial year	107,285,000	107,280,000

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.

Diluted earnings per share is the same as the basic earnings per share because the potential ordinary shares to be converted are anti-dilutive as the effect of the shares conversion would increase the earnings per share.

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. The 21,457,000 (2017: 21,456,000) shares in the Company were sub-divided into 107,285,000 (2017: 107,280,000) ordinary shares, which changed the number of ordinary shares outstanding without a corresponding change in resources.

21. Significant related party transactions

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

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

	Group	
	2018	2017
	RM	RM
With related parties		
Rental charged by a related party	4,000	6,000
Repair and maintenance charged by a related party	–	334,245
Construction costs charged by a related party	8,624,085	8,043,771
Plant and equipment transferred to a related party	–	65,570
Staff secondment costs charged to a related party	121,531	239,662
Staff meals charged by a related party	17,589	19,948
Advance to a related party	508,000	–
Payment on behalf of related parties	382,441	257,067
Payment on behalf by related parties	607,317	303,833
Waiver of retention sum payable to a related party	400,000	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. Significant related party transactions (Continued)

	Group	
	2018	2017
	RM	RM
With a director of the Company		
Capital contribution through conversion of novated debts in a subsidiary	6,612,529	–
Advance from a director	646,422	5,457,118

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 were as follows:

	Group	
	2018	2017
	RM	RM
Short-term employee benefits	574,620	236,667
Post-employment benefits	61,090	16,317
Directors' fee	–	168,000
	<u>635,710</u>	<u>420,984</u>
Comprised amounts paid to:		
Directors of the Company	330,323	256,879
Other key management personnel	305,387	164,105
	<u>635,710</u>	<u>420,984</u>

The outstanding balances as at the end of the reporting period with related parties are disclosed in Notes 8 and 15 to the financial statements and are unsecured, interest-free, repayable on demand and are to be settled in cash, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. Operating lease commitments

The Group as lessee

The Group leases freehold land under non-cancellable operating leases. The operating lease commitment is based on existing rental rates. The lease term is 30 years with an option to renew for another 30 years.

As at the end of the reporting period, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities were as follows:

	31 December 2018 RM	Group 31 December 2017 RM	1 January 2017 RM
Within one financial year	306,667	306,666	276,666
After one financial year but within five financial years	1,286,667	1,238,667	1,226,667
After five financial years	7,903,253	8,257,920	8,576,587
	<u>9,496,587</u>	<u>9,803,253</u>	<u>10,079,920</u>

23. Capital commitments

As at 31 December 2018, the Group had capital commitments on the acquisition of plant and equipment amounting to RM5,610,864 (31 December 2017: RM1,541,925, and 1 January 2017: RM4,729,370).

24. Segment information

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

The Group has 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.

Geographical information

The Group's revenue and assets are mainly derived from Malaysia, accordingly, no geographical segment information is presented during these financial years.

Major customers

Revenue is mainly derived from customers, which is 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 2018 and 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. 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.

25.1 Credit risks

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

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

The Group's major classes of financial assets are trade and other receivables and cash and bank balances.

Trade receivables

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

	Group		
	31 December 2018 RM	31 December 2017 RM	1 January 2017 RM
Online payment portals and credit card issuers	364,339	220,710	37,444
Travel agencies	258,751	190,796	515,192
Others	12,325	21,412	–
	<u>635,415</u>	<u>432,918</u>	<u>552,636</u>

As at 31 December 2018, 31 December 2017 and 1 January 2017, approximately 88%, 91% and 93% of the Group's trade receivables from third parties were due from 3, 3 and 2 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.

There is no loss allowance arising from the outstanding trade receivable balances as the expected credit loss is not material.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

25.1 Credit risks (Continued)

As at the end of the reporting period, the age analysis of trade receivables past due but not impaired is as follows:

	31 December 2018 RM	Group 31 December 2017 RM	1 January 2017 RM
Neither past due nor impaired	529,444	432,823	419,786
Past due less than 1 month	248	–	132,850
Past due 1 to 2 months	7,007	–	–
Past due 2 to 3 months	611	–	–
Past due over 3 months	98,105	95	–
	<u>635,415</u>	<u>432,918</u>	<u>552,636</u>

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

Cash and bank balances

The Group held cash and bank balances of RM1,704,437 as at 31 December 2018 (31 December 2017: RM818,738, 1 January 2017: RM2,844,448). The cash and bank balances 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 the reporting date, the Group did not expect any credit losses from non-performance by the counterparties.

25.2 Liquidity risks

Liquidity risks refer to the risks in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

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 2018

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

25.2 Liquidity risks (Continued)

Contractual maturity analysis

	Effective interest rate %	Within one financial year RM	After one financial year but within five financial years RM	Total RM
Group				
31 December 2018				
Trade and other payables (excluding deferred income)	–	2,179,669	–	2,179,669
Redeemable convertible preference shares	9.26% to 9.83%	16,181,712	–	16,181,712
Finance lease payables	3.44% to 4.27%	55,896	35,648	91,544
		<u>18,417,277</u>	<u>35,648</u>	<u>18,452,925</u>
31 December 2017				
Trade and other payables	–	9,894,146	–	9,894,146
Redeemable convertible preference shares	9.26% to 9.83%	6,424,000	12,513,000	18,937,000
Finance lease payables	4.27%	49,860	49,860	99,720
		<u>16,368,006</u>	<u>12,562,860</u>	<u>28,930,866</u>
1 January 2017				
Trade and other payables (excluding deferred income)	–	2,294,427	–	2,294,427
Redeemable convertible preference shares	9.26% to 9.83%	1,498,371	13,735,671	15,234,042
		<u>3,792,798</u>	<u>13,735,671</u>	<u>17,528,469</u>
Company				
31 December 2018				
Trade and other payables	–	393,103	–	393,103

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

25.3 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 Group is in compliance with externally imposed capital requirements for the financial years ended 31 December 2018 and 31 December 2017.

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 2018 and 31 December 2017.

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, liability component of redeemable convertible preference shares and finance lease payables less cash and bank balances. Total equity comprises of share capital plus reserves.

	Group		
	31 December 2018	31 December 2017	1 January 2017
	RM	RM	RM
Trade and other payables	2,243,045	9,894,146	2,298,834
Liability component of redeemable convertible preference shares	15,928,192	15,853,499	12,065,729
Finance lease payables	79,730	90,255	–
Less: Cash and bank balances	(1,704,437)	(818,738)	(2,844,448)
Net debt	16,546,530	25,019,162	11,520,115
Total equity	34,116,948	21,449,495	20,124,378
Total capital	50,663,478	46,468,657	31,644,493
Gearing ratio (%)	32.7%	53.8%	36.4%

25.4 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 redeemable convertible preference shares and finance lease payables are disclosed in Notes 12 and 14 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

25.5 Categories of financial instruments

	31 December 2018 RM	Group 31 December 2017 RM	1 January 2017 RM	Company 31 December 2018 RM
Financial assets				
Financial assets at amortised costs (2017: Loans and receivables)				
– Trade and other receivables (excluding goods and services tax recoverable)	1,026,600	1,039,970	594,536	–
– Cash and bank balances	1,704,437	818,738	2,844,448	3,000
	<u>2,731,037</u>	<u>1,858,708</u>	<u>3,438,984</u>	<u>3,000</u>
Financial liabilities				
Other financial liabilities, at amortised cost				
– Trade and other payables (excluding deferred income)	2,179,669	9,894,146	2,294,427	393,103
– Finance lease payables	79,730	90,255	–	–
– Redeemable convertible preference shares	15,928,192	15,853,499	12,065,729	–
	<u>18,187,591</u>	<u>25,837,900</u>	<u>14,360,156</u>	<u>393,103</u>

26. Events subsequent to the reporting period

On 1 March 2019, 134,225,000 ordinary shares of the Company were admitted to the official list of SGX Catalist.

On 4 March 2019, all outstanding redeemable convertible preference shares (“RCPS”) including all dividends accrued, amounting to RM16,328,438, on the outstanding RCPS had been fully repaid by the Company on behalf of a subsidiary of the Group, Sim Leisure Escape Sdn. Bhd. (“SLE”). Consequently, SLE had issued, and the Company had subscribed for, 16,328,438 new and fully paid-up ordinary shares in SLE as the settlement of the consideration. SLE remained a wholly-owned subsidiary of the Company.

On 14 March 2019, a subsidiary of the Group, Sim Leisure Adventureplay Sdn. Bhd., has accepted a letter of offer from RHB Bank Berhad for a four year term loan of S\$2,000,000.

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2019

ISSUED AND FULLY PAID-UP SHARE CAPITAL	:	S\$15,825,762
NUMBER OF ISSUED SHARES	:	134,225,000
NUMBER OF TREASURY SHARES HELD	:	NIL
NUMBER OF SUBSIDIARY HOLDINGS HELD	:	NIL
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE PER ORDINARY SHARE (EXCLUDING TREASURY SHARES)

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	
		%		%
1 – 99	0	0.00	0	0.00
100 – 1,000	6	8.22	5,100	0.00
1,001 – 10,000	36	49.31	206,400	0.15
10,001 – 1,000,000	24	32.88	3,432,395	2.56
1,000,001 and above	7	9.59	130,581,105	97.29
TOTAL	73	100.00	134,225,000	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	104,606,230	77.93	–	–

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information available to the Company as at 18 March 2019 and to the best knowledge of the Directors of the Company, approximately 19.03% 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 18 MARCH 2019

TOP TWENTY SHAREHOLDERS AS AT 18 MARCH 2019

NAME OF SHAREHOLDERS	NO. OF SHARES	%
SIM CHOO KHENG	104,606,230	77.93
RHB SECURITIES SINGAPORE PTE LTD	11,292,000	8.41
DBSN SERVICES PTE LTD	4,545,000	3.39
UOB KAY HIAN PTE LTD	3,609,500	2.69
NOMURA SINGAPORE LIMITED	3,000,000	2.24
YEOH SENG HOOI	2,013,375	1.50
DBS NOMINEES PTE LTD	1,515,000	1.13
SILVIYA GEORGIEVA GEORGIEVA	665,395	0.50
ZICO CAPITAL PTE. LTD.	540,000	0.40
SIM GOAY HEOH	500,000	0.37
NG HAN MENG	200,000	0.15
STRATEGIC ADVISORY AND CAPITAL PTE LTD	200,000	0.15
WANG SHING HORNG	200,000	0.15
CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	120,000	0.09
ANG PENG HWA	100,000	0.07
LOH TEE YANG	100,000	0.07
NG SOON KAI	100,000	0.07
SIM GOAY HOON	100,000	0.07
TANG CHUN MENG	100,000	0.07
ANG KAY TIONG	90,000	0.07
	<hr/>	
	133,596,500	99.52

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**AGM**”) of SIM LEISURE GROUP LTD. (the “**Company**”) will be held at 4 Robinson Road #04-01, The House of Eden, Singapore 048543 on Tuesday, 30 April 2019 at 10.00 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 and the Group for the financial year ended 31 December 2018 (“**FY2018**”) 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 Tay Eng Kiat Jackson (Regulation 108) **(Resolution 2)**

Mr Sim Choo Kheng (Regulation 102) **(Resolution 3)**

Ms Silviya Georgieva Georgieva (Regulation 108) **(Resolution 4)**

Mr Wesley James Rae (Regulation 108) **(Resolution 5)**

Mr Chung Yew Pong (Regulation 108) **(Resolution 6)**

Ms Yong Oi Ling (Regulation 108) **(Resolution 7)**

[See Explanatory Note (i)]
3. To approve the payment of Directors’ fees of S\$32,500 for the assistance rendered by the Directors to the Company in connection with the initial public offering of the Company on the Catalist board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). **(Resolution 8)**
4. To approve the payment of Directors’ fees of S\$130,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears. **(Resolution 9)**
5. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 10)**
6. To transact any other ordinary business which may be properly transacted at an AGM.

AS SPECIAL BUSINESS

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

7. Authority to allot and issue shares in the capital of the Company **(Resolution 11)**

“That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), the Constitution and the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”), the Directors be and are hereby authorised to:

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

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 outstanding at the time this Resolution is passed;
- (b) (where applicable) new Shares arising from the exercise of share options or vesting of awards outstanding or subsisting at the time this Resolution is passed, provided that the share options or awards were granted in compliance with the Catalist Rules; and
- (c) any subsequent bonus issue, consolidation or sub-division of Shares;

- (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 of the Company 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)]

NOTICE OF ANNUAL GENERAL MEETING

8. Authority to grant options and to allot and issue Shares under the Sim Leisure Employee Share Option Scheme **(Resolution 12)**

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

[See Explanatory Note (iii)]

9. Authority to grant awards and to allot and issue Shares under the Sim Leisure Performance Share Plan **(Resolution 13)**

“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, 15 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Mr Tay Eng Kiat Jackson will, upon re-election as a Director, remain as the Chairman and Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and the Remuneration Committee of the Company. The Board of Directors of the Company (the “**Board**”) considers Mr Tay Eng Kiat Jackson to be independent pursuant to Rule 704(7) of the Catalist Rules. There is no relationship (including immediate familial relationship) between Mr Tay Eng Kiat Jackson and the other Director(s), the Company or its 10% shareholders.

Mr Sim Choo Kheng will, upon re-election as a Director, remain as an Executive Director and Chief Executive Officer of the Company. Mr Sim Choo Kheng is the husband of the Executive Director of the Company, Ms Silviya Georgieva Georgieva, who has a total interest of 0.50% (direct) of the issued share capital of the Company as at 18 March 2019. Mr Sim Choo Kheng has a total interest of 77.93% (direct) of the issued share capital of the Company as at 18 March 2019. Save as disclosed herein and in the Company’s annual report 2018, there is no relationship (including immediate familial relationship) between Mr Sim Choo Kheng and the other Director(s), the Company or its 10% shareholders.

Ms Silviya Georgieva Georgieva will, upon re-election as a Director, remain as an Executive Director of the Company. Ms Silviya Georgieva Georgieva is the wife of the Executive Director and Chief Executive Officer of the Company, Mr Sim Choo Kheng, who has a total interest of 77.93% (direct) of the issued share capital of the Company as at 18 March 2019. Ms Silviya Georgieva Georgieva has a total interest of 0.50% (direct) of the issued share capital of the Company as at 18 March 2019. Save as disclosed herein and in the Company’s annual report 2018, there is no relationship (including immediate familial relationship) between Ms Silviya Georgieva Georgieva and the other Director(s), the Company or its 10% shareholders.

Mr Wesley James Rae will, upon re-election as a Director, remain as a Non-Independent Non-Executive Director of the Company. Mr Wesley James Rae has a total interest of 0.17% (direct) of the issued share capital of the Company as at 18 March 2019. Save as disclosed herein and in the Company’s annual report 2018, there is no relationship (including immediate familial relationship) between Mr Wesley James Rae and the other Director(s), the Company or its 10% shareholders.

Mr Chung Yew Pong will, upon re-election as a Director, remain as an Independent Director, Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee of the Company. The Board considers Mr Chung Yew Pong to be independent pursuant to Rule 704(7) of the Catalist Rules. Mr Chung Yew Pong has a total interest of 0.02% (direct) of the issued share capital of the Company as at 18 March 2019. Save as disclosed herein and in the Company’s annual report 2018, there is no relationship (including immediate familial relationships) between Mr Chung Yew Pong and the other Director(s), the Company or its 10% shareholders.

Ms Yong Oi Ling will, upon re-election as a Director, remain as an Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee of the Company. The Board considers Ms Yong Oi Ling to be independent pursuant to Rule 704(7) of the Catalist Rules. There is no relationship (including immediate familial relationships) between Ms Yong Oi Ling and the other Director(s), the Company or its 10% shareholders.

Detailed information 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 2018, in the sections entitled “Board of Directors”, “Corporate Governance Report” and “Directors’ Statement”.

- (ii) The Ordinary Resolution 11 proposed in item 7 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), of which up to fifty per centum (50%) may be issued other than on a *pro rata* basis to shareholders of the Company.
- (iii) The Ordinary Resolutions 12 and 13 proposed in items 8 and 9 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) from time to time.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Except for a member of the Company who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act Chapter 50 (the “**Act**”), a member of the Company is entitled to appoint no more than two (2) proxies to attend, speak and vote at the AGM of the Company on his/her/its behalf. Where a member of the Company appoints more than one (1) proxy, the proportion of his/her/its concerned shareholding to be represented by each proxy shall be specified in the proxy form. A proxy need not be a member of the Company.
2. Pursuant to Section 181(1C) of the Companies Act, a member of the Company who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such number. Where such member appoints more than two (2) proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the proxy form.

“Relevant Intermediary” means:

- a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or
 - c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. If a proxy or proxies is/are to be appointed, the instrument appointing a proxy or proxies must be deposited 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, not less than 72 hours before the time appointed for holding the AGM of the Company.
 4. The instrument appointing a proxy or proxies must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies 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 may be treated as invalid.
 5. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy or proxies, failing which the instrument 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 AGM of the Company, in accordance with Section 179 of the Companies Act.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy:

By attending the AGM of the Company and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and/or representatives appointed for the AGM of the Company and/or any adjournment thereof and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of the Company and/or any adjournment thereof, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where a member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*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**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this notice.*

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

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

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

PROXY FORM

(Please see notes overleaf before completing this form)

IMPORTANT

1. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investors") may attend and cast his/her vote(s) at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.
2. This proxy form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Please read the notes to this proxy form.

PERSONAL DATA PRIVACY

By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 April 2019.

*I/We _____ (Name) _____ (NRIC/Passport No./Co. Reg. No.)

of _____ (Address)

being a *member/members of SIM LEISURE GROUP LTD. (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%

Address

*and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%

Address

or failing the person (or failing either or both of the persons referred to above) the Chairman of the annual general meeting of the Company (the "AGM"), as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM to be held at 4 Robinson Road #04-01, The House of Eden, Singapore 048543 on Tuesday, 30 April 2019 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against 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 *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

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", please tick (✓) within the appropriate box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant Resolutions, please indicate the number of Shares in the boxes provided as appropriate.

No.	Resolutions relating to:	By way of poll	
		For	Against
AS ORDINARY BUSINESS			
1.	Adoption of the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2018 together with the Auditor's Report thereon		
2.	Re-election of Mr Tay Eng Kiat Jackson as a Director of the Company		
3.	Re-election of Mr Sim Choo Kheng as a Director of the Company		
4.	Re-election of Ms Silviya Georgieva Georgieva as a Director of the Company		
5.	Re-election of Mr Wesley James Rae as a Director of the Company		
6.	Re-election of Mr Chung Yew Pong as a Director of the Company		
7.	Re-election of Ms Yong Oi Ling as a Director of the Company		
8.	Approval of the payment of Directors' fees of S\$32,500 for the assistance rendered by the Directors to the Company in connection with the initial public offering of the Company on the Catalist board of the Singapore Exchange Securities Trading Limited		
9.	Approval of the payment of Directors' fees of S\$130,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears		
10.	Re-appointment of Messrs BDO LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration		
AS SPECIAL BUSINESS			
11.	Authority to allot and issue shares in the capital of the Company		
12.	Authority to grant options and to allot and issue shares in the capital of the Company under the Sim Leisure Employee Share Option Scheme		
13.	Authority to 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 _____ 2019

Signature(s) of Member(s) or,
Common Seal of Corporate Member
* Delete as appropriate

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

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 a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. Except for a member of the Company who is a Relevant Intermediary as defined in Section 181(6) of the Companies Act (Cap. 50) of Singapore ("**Companies Act**"), a member of the Company shall be entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. A proxy need not be a member of the Company.
3. A member of the Company who is a Relevant Intermediary (as defined in Section 181(6) of the Companies Act) and who is entitled to attend, speak and vote at the AGM may appoint more than two (2) proxies to attend, speak and vote on his/her/its behalf but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member (which number and class of Shares shall be specified). In such event, the Relevant Intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
4. Relevant Intermediary means:
 - a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or
 - c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Where a member of the Company appoints more than one (1) proxy, the member shall specify the proportion of his/her/its Shares to be represented by each such proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100% of the shareholdings of his/her appointer and the proxy whose name appears after shall be deemed to be appointed in the alternate.
6. Completion and return of this proxy form shall not preclude a member of the Company from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this proxy form to the AGM.
7. This proxy form must be deposited 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, not less than 72 hours before the time appointed for holding the AGM (or at any adjournment thereof).
8.
 - (i) This proxy form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing.
 - (ii) 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.
 - (iii) 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 may be treated as invalid.
9. A corporation which is a member 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, 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.
10. An investor who holds Shares under the Supplementary Retirement Scheme ("**SRS Investors**") may attend and cast his/her vote(s) at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending 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 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 15 April 2019.



SIM LEISURE GROUP LTD.

138 Robinson Road #26-03
Oxley Tower
Singapore 068906