

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

**UPDATE ON THE PURCHASE OF NON-MOVABLE ASSETS, FITTINGS AND
FIXTURES OF THE KIDZANIA SINGAPORE FACILITY BY A WHOLLY OWNED
SUBSIDIARY OF THE COMPANY, KIDS EDUTAINMENT PTE. LTD.**

1.0 INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of Sim Leisure Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 9 June 2023 secured the agreement of Sentosa Development Corporation (“**SDC**”) to lease the premises situated at 31 Beach View #01-01/02 Singapore 098008 at which the discontinued Edutainment Centre KidZania Singapore is situated (“**KidZania Singapore Facility**”) pursuant to the conditional Asset Sale Agreement dated 23 December 2020 (“**ASA**”) entered into between the Company and Rakan Riang Pte. Ltd. (In Creditors Voluntary Liquidation) (“**Vendor**”) for the purchase of all non-movable assets, fittings and fixtures (“**KidZania Non-movable Assets**”) at the KidZania Singapore Facility at a cash purchase consideration of SGD110,000 (“**KidZania Assets Purchase**”). The KidZania Assets Purchase will be undertaken by the Company’s newly incorporated wholly owned subsidiary, Kids Edutainment Pte. Ltd. (“**KIDS**”).

The Vendor was the former exclusive licensee of the KidZania Concept for the territory of Singapore which was first opened to the public in 2016. The KidZania Singapore Facility was subsequently closed in 2020. Pursuant to a resolution of the Vendor and a resolution of its creditors made at the meeting of creditors of the Vendor held on 4 September 2020, the Vendor has been placed in creditors’ voluntary liquidation and Mr Lin Yueh Hung and Ms Oon Su Sun have been appointed the joint and several liquidators of the Vendors (“**Liquidators**”). The Vendor acting through the Liquidators have issued the limited tender for the KidZania Concept at the KidZania Singapore Facility.

The KidZania Assets Purchase is the result of the successful bidding of the limited tender for a KidZania Concept undertaken by the Liquidators and pursuant to the ASA, the KidZania Assets Purchase is conditional upon the fulfilment of the following conditions (collectively the “**Conditions**”):-

- i. each of KidZania S.A. de C.V. and KidZania de Mexico S.A. de C.V. having provided written consent for the KidZania Assets Purchase;
- ii. the Company successfully entering into a lease arrangement with SDC for the lease of the KidZania Singapore Facility. KIDS has executed the Letter of Acceptance on 9 June 2023 from SDC for the lease of the KidZania Singapore Facility (“**SDC Lease LOA**”) and both parties are currently in the process of formalising the lease agreement; and
- iii. the Company successfully entering into agreements with licensors of the KidZania brand, being KidZania S.A. de C.V. and KidZania de Mexico S.A. de C.V. to operate a KidZania theme park at the KidZania Singapore Facility, which is currently being finalised based on the consent granted by KidZania de Mexico S.A. de C.V. on 22 August 2022. KidZania de Mexico S.A. de C.V. has identified its new licensing unit, KZ Franchises, S.A. de C.V. (the “**KZ Franchises**”) for the licence agreement with KIDS for the purpose of operating the KidZania Concept at the KidZania Singapore Facility, exclusively within the territory of Singapore.

In connection with the KidZania Assets Purchase, the Company has approached KidZania de Mexico S.A. de C.V. and has on 22 August 2022, been granted the relevant permissions and written consent to use the KidZania intellectual property as well as any other proprietary elements in the KidZania Singapore Facility. The Company has also secured the exclusive license to operate the KidZania Concept for the territory of Singapore.

As at the date of this announcement, all Conditions set out in the ASA have been fulfilled by the Company. Through its subsidiary KIDS, the Company has completed the licence agreement with KZ Franchises and has entered into the SDC Lease LOA with SDC.

The SDC Lease LOA is with respect of the KidZania Singapore Facility with a built-up area of approximately 7,521.97 square meters and includes amongst others a primary term of five (5) years ("**Tenancy Term**") with an option to renew for a further five (5) year period. The rent payable is calculated on a fixed sum monthly base rent or an agreed percentage share of the monthly gross revenue of KidZania Singapore Facility whichever is higher for the Tenancy Term. The Tenancy Term is expected to commence on 1 February 2024.

KIDS shall take possession of the KidZania Singapore Facility on 31 July 2023 and is granted a fitting-out period of 6 months commencing from the 1 August 2023 ("**Fitting-out Period**") during which KIDS will undertake the fitting-out works of the facility. The projected capital expenditure for the Facility Revitalisation (defined below) is approximately SGD3,000,000 ("**Capital Expenditure**") (RM10,270,000 converted at the exchange rate of SGD29.20:RM100 on 8 June 2023 extracted from the published information by the Monetary Authority of Singapore at its website mas.gov.sg). The Capital Expenditure will comprise contributions from third-party sponsors participating in the KidZania Singapore Facility.

2.0 INFORMATION ON KIDS

KIDS was incorporated on 16 February 2023 in Singapore as a wholly owned subsidiary of the Company, with an issued and paid-up share capital of SGD1.00 represented by one (1) ordinary share in KIDS allotted at an issue price of SGD1.00 ("**KIDS Share**"). The intended principal activity of KIDS is to own and operate the KidZania educational and entertainment facility and undertake leisure business. Based on the latest unaudited management accounts of KIDS as at 31 March 2023, KIDS has a net liabilities or deficit in shareholders' equity of SGD2,128 due principally to the cost of incorporation and secretarial related expenses of KIDS.

3.0 RATIONALE FOR THE KIDZANIA ASSETS PURCHASE

The KidZania Assets Purchase coincides with the growth plan of the Group to capitalise on its established track record of marketing, operating and managing theme parks and to expand into new geographical locations. Further, it is an extension and advancement of the existing partnership for the educational and entertainment leisure business under the KidZania Concept and brand as the Group is presently, via its 80%-owned subsidiary Rakan Riang Sdn Bhd, the exclusive licensee to operate the KidZania Concept for the territory of Malaysia.

The KidZania Assets Purchase will enable the Group to take over, refurbish and revive the KidZania Singapore Facility ("**Facility Revitalisation**") to operate as a KidZania educational and entertainment concept incorporating the latest KidZania concept which includes amongst others: 1) the latest design, theming and role-play activities to improve the profitability, visitor experience and staff engagement; 2) introduction of a toddler exclusive area, adult food and beverages (F&B) interactive point-of-sales, adult events lounge and new establishments with professions of the future; 3) introduction of KidZania Academy - after school activities; and KidZania Night – family and adult nights.

The Facility Revitalisation is targeted to be fully completed within six (6) months from the time of obtaining vacant possession of the KidZania Singapore Facility. Barring any unforeseen circumstances, the Group anticipates re-opening the KidZania Singapore Facility in the first quarter of 2024.

The Board is of the view that the KidZania Assets Purchase is directly complementary to the existing business of the Group and is in the best interest of the Group. Further, it will enhance shareholders' value in the long term.

4.0 SOURCE OF FUNDS AND FINANCIAL EFFECTS

The KidZania Assets Purchase and subscription of KIDS Shares are funded by the Group's internal resources. The KidZania Assets Purchase and subscription of KIDS Shares are not expected to have any material effect on the consolidated net tangible assets per share and earnings per share of the Company and the Group for the current financial year ending 31 December 2023. Nonetheless, the Group expects the KidZania Singapore Facility's operation to contribute positively to the performance of the Group.

5.0 INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company and their respective associates, has any interest, direct or indirect, in the KidZania Assets Purchase and subscription of KIDS Shares, save for their interests arising by way of their shareholdings and/or directorships, as the case may be, in the Company or is related to the Vendor.

6.0 SERVICE CONTRACTS

No person is proposed to be appointed to the Board in connection with the KidZania Assets Purchase and no service contract in relation thereto is proposed to be entered into by the Company.

7.0 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the KidZania Assets Purchase, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

8.0 DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the ASA will be available for inspection during normal business hours at the registered office of the Company at 138 Robinson Road #26-03, Oxley Tower Singapore 068906, for a period of (3) months from the date of this announcement.

By order of the Board,

Dato' Sim Choo Kheng
Executive Chairman
12 June 2023

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

The contact person for the Sponsor is Ms Jennifer Tan, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.
