

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

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**ENTRY INTO A THEME PARK AGREEMENT IN RELATION TO THE PROJECT MANAGEMENT OF THE CONSTRUCTION AND THE OPERATION AND MAINTENANCE OF AN ESCAPE THEME PARK AT JALAN TANJUNG TUALANG BATU GAJAH, PERAK, MALAYSIA (“ESCAPE @TT5”)**

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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 the entry into a theme park agreement on [ ] (the “**Agreement**”) by a wholly owned subsidiary, Sim Leisure Rock Sdn. Bhd. (“**Sim Leisure Rock**”) with TT5 Park Sdn. Bhd. (“**TT5**”) and TT5’s wholly owned subsidiary, TT5 Theme Assets Sdn. Bhd. (the “**Owner**”) in relation to the project management of the construction and the operation and maintenance of an environmentally sustainable ESCAPE theme park at Jalan Tanjung Tualang Batu Gajah, Perak, Malaysia (the “**Theme Park**”) (the “**Project**”). TT5 is the registered lessee of the land measuring approximately One Hundred Twenty (120) acres to be used for the Project (the “**Project Land**”).

The Project Land is a portion of the leasehold land measuring approximately One Hundred Fourty Six (146) acres known as and with land title details of H.S.D. 248822 PT 16956 Mukim Tanjong Tualang, Daerah Kinta, Perak, owned and registered under the name of Menteri Besar Incorporated Perak (“**MB Inc**”) and leased to TT5 by MB Inc. The lease has been registered for a 45-year period from 28 September 2021 to 27 September 2066 at the relevant land office in Perak (the “**Lease**”).

TT5 shall sub-lease the Project Land to the Owner for a period of thirty (30) years commencing from the opening date of the Theme Park to the public (the “**Opening Date**”) (the “**Sub-lease Term**”) with an extension for another ten (10) years after the end of the Sub-lease Term (the “**Sub-lease**”) and the Owner shall be the registered sub-lessee of the Project Land.

## **INTRODUCTION**

Pursuant to the Agreement, the Owner shall construct and own the Theme Park and Sim Leisure Rock shall develop the Project and to operate, manage and maintain the Theme Park on behalf of the Owner for an initial term of thirty (30) years from the Opening Date (unless otherwise extended or terminated in accordance with the terms of the Agreement) (the “**Term**”), with an option to mutually extend the Term for a further period of ten (10) years.

Under the Agreement, the Opening Date is scheduled to be twelve (12) months from the commencement of the construction work of the Theme Park or such other date as may be extended pursuant to this Agreement or otherwise agreed in writing between the parties (acting reasonably).

The scope of work of Sim Leisure Rock for the Project consists of the following:

- (i) to provide project management service in respect of the planning, design, development, construction, landscaping, equipping, installation and completion of the Theme Park;

- (ii) to carry out the services, including theme park operations, operating or managing food and beverage outlets, accommodation and merchandising operations;
- (iii) to demand and collect the revenues generated from the Theme Park; and
- (iv) to carry out all other activities incidental to the above activities,

With regard to point (i) above, Sim Leisure Rock has provided a general design concept of the Theme Park for use in the Project.

## **BACKGROUND INFORMATION OF TT5**

TT5 is a company incorporated in Malaysia and its principal activity is to own, build and operate a tourism park.

TT5 and its director and shareholder are not related to the Company, the Directors or controlling shareholders of the Company, and their respective associates.

## **RATIONALE FOR THE ENTRY INTO THE AGREEMENT**

The Company decided to enter into the Agreement in order to:

- (i) grow the Group's revenue stream through collaborating with TT5 without straining the Group's balance sheet and allow the Group to seize the growing business opportunities;
- (ii) further elevate the Group's status as the leading developer and operator of retro-eco theme parks based in Malaysia; and
- (iii) expand the "ESCAPE" brand of theme parks in Malaysia.

Further, the Group will also be paid:

- (i) a fee for the design and coordination of the detailed/architectural design of the Theme Park by consultants/engineers and/or architects and any relevant taxes which shall not exceed the sum of RM360,000; and
- (ii) project management fee in the sum of RM65,000 per month for 12 months up to a maximum of RM780,000 for the provision of project management service.

## **SALIENT TERMS OF THE AGREEMENT**

- (i) Condition precedents

The Agreement shall be conditional upon the following conditions to be fulfilled within nine (9) months from the date of the Agreement (or such other date as may be mutually agreed in writing by the parties) (the "**Long Stop Date**"):

- (a) receipt by Sim Leisure Rock of the written approval from MB Inc for the sub-lease of the Project Land to the Owner and development of the Theme Park;

- (b) the Owner has obtained sufficient funding and financing of no less than RM15,000,000 to fully finance and fund the construction work and construction costs of the Maximum Capex (as defined in paragraph (iv) below) and provided a copy of the relevant executed financing documentation together with a confirmation from the Owner that all the conditions precedent to the financing documentation have been fulfilled or complied with;
- (c) receipt by TT5 and the Owner of the resolution(s) of the board of directors of Sim Leisure Rock approving the terms and execution by Sim Leisure Rock of this Agreement;
- (d) Sim Leisure Rock delivering the necessary plans and drawings that are mutually agreed by the parties (acting reasonably), which provides the indicative costs breakdowns and layouts in relation to the construction works and development of the Theme Park to the Owner;
- (e) Sim Leisure Rock delivering the duly executed corporate guarantee issued by the Company to the Owner; and
- (f) the parties agreeing in writing to the layout plan of the Project Land prepared by the land surveyor.

(ii) Appointment of Contractor

The Owner shall appoint Sim Leisure Consultants Sdn. Bhd. an affiliate company of the Company as the main contractor for the Project wherein a separate main contractor agreement shall be executed between the Owner and Sim Leisure Consultants Sdn. Bhd within sixty (60) days from the date of the Agreement.

(iii) Events of Default

In the event Sim Leisure Rock (without any fault on the part of the Owner) triggers any of the events of default specified under the Agreement, then the Owner shall be entitled to give written notice to the Sim Leisure Rock specifying the default, and requiring Sim Leisure Rock to remedy such default within sixty (60) days of the receipt of the default notice or any longer period determined by the Owner. If Sim Leisure Rock fails to remedy the relevant default, or the default is incapable of remedy, without prejudice to all other rights and remedies of the Owner and/or TT5, the Owner and/or TT5 shall have the right to terminate this Agreement within sixty (60) days by giving written notice to that effect to Sim Leisure Rock.

In the event the Owner and/or TT5 triggers any of the events of default specified under the Agreement, similar terms as stated above for Sim Leisure Rock will apply to the Owner and/or TT5.

(iv) Construction funding and working capital

The Owner, shall finance and fund the construction works of the Theme Park up to a maximum of RM15 million (the “**Maximum CAPEX**”) (the “**Maximum CAPEX Commitment**”). This Maximum CAPEX excludes the following:-

- (a) costs and expenses incurred in the stamping and registration of the sub-lease of the Project Land;
- (b) legal fees relating to the sub-lease of the Project Land;

- (c) costs and expenses incurred by the Owner and/or TT5 in obtaining all necessary authorisation in connection with the Project Land for the purposes of the construction works prior to commencement of construction works by Sim Leisure Rock and contractors; and
- (d) costs and expenses incurred in the eviction of squatters at the Project Land.

The Owner will, as part of the Maximum Capex Commitment, appoint and engage an architect approved by Sim Leisure Rock to certify the progress and the completion of the construction works. The cost of the appointed architect shall form part of the construction costs and Maximum CAPEX.

In the event that the construction costs exceed the Maximum Capex Commitment, the parties shall discuss and determine how the Maximum Capex Commitment was exceeded. Pursuant to such discussion, the Owner may (but is not obliged) to fund such construction costs in excess of the Maximum Capex Commitment. If the Owner decides not to fund such cost, Sim Leisure Rock shall (or shall cause the Company to) finance such construction costs in excess of the Maximum Capex Commitment by way of advance of fund to the Owner and such advance shall be treated as interest free advance to the Owner which shall be repaid on an equal yearly instalment due and payable on the anniversary date of the full settlement of the financing facilities obtained by the Owner and/or TT5 to finance and fund the Maximum CAPEX Commitment, over the Term.

All costs relating to the operations, management, maintenance and repairs of the equipment in Theme Park shall be the responsibility of Sim Leisure Rock, including the operating expenses incurred in the management and operation of the Theme Park.

Throughout the duration of the Term, all fees and costs related to the Project Land or arising from TT5 or the Owner's obligations under the Agreement, the Lease, the Sub-Lease, all rent pursuant to the Lease and Sub-lease and quit rent, rates, assessment, taxes, or other related outgoings (if any), assessed, charged or imposed by the relevant governmental authority relating to the Project Land shall be the responsibility of TT5 and the Owner.

(v) Major financial obligations of Sim Leisure Rock

Sim Leisure Rock shall at all times for the duration of this Agreement, perform including but not limited to, the following:

- (a) comply with and carry out the decisions of the project committee for the Project (where required);
- (b) use its commercially reasonable efforts to assist the Owner in obtaining all authorisation necessary to undertake the Project;
- (c) maintain accounts, financial records and statements and allow the Owner or their respective representatives, full and unconditional access to inspect the relevant records subject to at least fourteen (14) days prior written notice and provided that such inspection shall not interfere with the day-to-day operations and management of Sim Leisure Rock;
- (d) as soon as practicable upon becoming aware of the same, give the Owner notice in writing of all litigation or administrative or arbitration proceedings of any court,

judicial, administrative or governmental authority, arbitrator or other body affecting it or which is or are commenced and which will materially and adversely affect its ability to perform its obligations under this Agreement;

- (e) be responsible for paying all utility costs, taxes and other charges incurred in respect of the Theme Park;
- (f) in providing the services, use commercially reasonable endeavours to ensure the safety, health and welfare of all its employees, representatives of the Owner and the general public who are legally present in the Theme Park;
- (g) use its commercially reasonable endeavours to effect and maintain or cause to be effected and maintained insurances throughout the Term;
- (h) perform the following financial obligations to the Owner as consideration for the rights granted by the Owner to Sim Leisure Rock under the Agreement:

For the period commencing from the Opening Date to 31 December of the year in which the Opening Date occurs, Sim Leisure Rock shall pay to the Owner, the higher of:

- (i) ten per cent (10%) per annum of the construction cost that has been funded by the Owner for the Project and/or Theme Park (the "**Capex Cost**") on a pro-rated basis plus the share of admission fee by MB Inc of RM2.00 for every entrance ticket sold to the Malaysian and RM3.00 for every entrance ticket sold to the foreigner (Non-MyKad holder) (the "**MB Inc Levy**") per visitor per day for that period; or
- (ii) ten per cent (10%) of the revenues plus MB Inc Levy per visitor per day of each calendar month of operation of the Theme Park for that period;

For every operating year thereafter, on an annual basis, Sim Leisure Rock shall pay to the Owner the higher of:

- (i) ten per cent (10%) of the Capex Cost plus MB Inc Levy per visitor per day; or
- (ii) ten per cent (10%) of the revenues plus MB Inc Levy per visitor per day; and

For the final period which commences on January 1 and ends on the last date of the Term, Sim Leisure Rock shall pay to the Owner, the higher of:

- (i) ten per cent (10%) per annum of the Capex Cost on a pro-rated basis plus MB Inc Levy per visitor per day for that period; or
- (ii) ten per cent (10%) of the revenues plus MB Inc Levy per visitor per day of each calendar month of operation of the Theme Park for that period,

(the "**Owner Payments**").

- (i) provide no less than five hundred (500) 2-day passes or one thousand (1,000) 1-day passes of the Theme Park to the Owner on yearly basis;
- (j) pay a sum equivalent to 10% of the revenues of each calendar month of operation of the Theme Park to the Owner (the "**Monthly Expansion Fund**")

during the operating year and ending 5 years prior to the expiry of the Term or upon occurrence of an event of default, whichever is the earlier (the “**Expansion Fund Account**”). The money maintained in the Expansion Fund Account will be utilised to finance entirely the cost of the expansion or capital improvements to the Theme Park subject to the higher of the sum equivalent to 50% of the Monthly Expansion Fund or RM52,084 is to be set aside or deducted and deposited monthly up to the total amount of RM2,500,000 into a separate bank account maintained by the Owner (the “**Security Fund Account**”) as security fund to facilitate the compliance of the terms and repayment commitments of the financing facilities of the Owner and/or TT5.

The parties agreed that the Owner and TT5 shall be entitled to utilise the fund and money maintained in the Security Fund Account for the creation and setting up of sinking or security fund account pursuant to and in compliance with the terms of the financing facilities and for payment or servicing of repayment instalments and interest charges of the financing facilities for the construction work of the Theme Park.

The Monthly Expansion Fund shall be deemed as advances by Sim Leisure Rock to the Owner with interest at the rate of 2.8% per annum calculated on a daily basis on such advance (the “**TPO Advance**”). The TPO Advance shall be fully repaid and settled by the Owner within ten (10) years from the date the Monthly Expansion Fund is first made by Sim Leisure Rock by way of the issuance of cumulative redeemable preference shares in the Owner on yearly basis for the cumulative balance of the TPO Advance as at end of each operating year.

(vi) Corporate guarantee to be provided by the Company

The Company will issue a corporate guarantee to the Owner to guarantee the performance of Sim Leisure Rock’s obligations to pay the Owner Payments when Sim Leisure Rock defaults to pay the Owner’s Payment under the Agreement.

(vii) Non-compete

The parties to the Agreement agree that for so long as the Agreement is in force and for a period of three (3) years after the expiry/termination of the Agreement, none of the parties to the Agreement shall:

- (a) carry out any other theme park operation which is similar to the ESCAPE themed type of theme park or recreational park/facility within 100km radius unless with the prior written consent of the other party; and
- (b) whether directly or indirectly, solicit or entice away any of the employees or staffs or contractors or officers of the other parties or interfere or disrupt the relationship of the other party with any person with whom it has a business relationship.

## **OTHER INFORMATION**

The Agreement is not expected to have any material impact 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 2022.

Save for the Directors' interests arising by way of their shareholdings in the Company and/or directorships in the Group, as the case may be, none of the Directors, the controlling shareholders of the Company, and their respective associates, has any interest, direct or indirect, in the Agreement.

By order of the Board,

Sim Choo Kheng  
Executive Director and Chief Executive Officer  
11 May 2022

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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 Income at Raffles, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).

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