

TERMINATION OF THE THEME PARK AGREEMENT DATED 1 NOVEMBER 2023 IN RELATION TO THE DEVELOPMENT, CONSTRUCTION, OPERATION, MANAGEMENT AND MAINTENANCE OF AN ESCAPE THEME PARK OWNED BY A WHOLLY OWNED SUBSIDIARY AT JALAN LAPANGAN TERBANG LAMA, KUALA LUMPUR WILAYAH PERSEKUTUAN, MALAYSIA, BY BANDAR MALAYSIA SDN. BHD.

For this announcement, where applicable and unless otherwise stated/specified, all definitions and terms used in this announcement shall have the same meaning as defined in the previous announcement dated 1 November 2023 and 2 February 2024.

1.0 INTRODUCTION

1.1 The Board of Sim Leisure Group Ltd. refers to:-

- a) the Company's announcement dated 1 November 2023 in relation to the entry into the Agreement by Sim Leisure Escape with the Owner in relation to the development, construction, operation and maintenance of an environmentally sustainable ESCAPE park owned by Sim Leisure Escape within the designated area at KL Base, Jalan Lapangan Terbang Lama, Kuala Lumpur Wilayah Persekutuan, Malaysia; and
- b) the further announcement made on 2 February 2024, announcing that Sim Leisure Escape has on 29 January 2024 entered a TPA SA with the Owner to amend and revise certain terms of the TPA

(collectively known as the "**Announcements**").

1.2 Further to the Announcements, the Board wishes to announce that Sim Leisure Escape has on 16 December 2024 received a Notice of Termination for the Agreement from the Owner ("**Owner's Termination Notice**") which was issued pursuant to Clause 16.2 (b) of the Agreement ("**Termination**").

2.0 PREMATURE TERMINATION AND CONSEQUENCES OF TERMINATION CLAUSE PURSUANT TO THE AGREEMENT

2.1 Pursuant to the Clause 16.2 (b) of the Agreement, if the Agreement is terminated prematurely by the Owner (save for the purpose of the development of a project of national interest on the Project Site) or due to a default of the Owner:-

- (i) any right and license granted to the Owner in respect of intellectual property rights under Clause 13 of the Agreement shall be terminated;
- (ii) the Owner shall refund the Security Deposit of Ringgit Malaysia Three Hundred Fifty Thousand (RM350,000) to Sim Leisure Escape within thirty (30) days from the date of termination;
- (iii) Sim Leisure Escape shall:
 - (A) cease all operations on the construction works or provision of the theme park operation services (as the case may be);
 - (B) vacate and remove from the Project Site within ninety (90) days from the termination date all of its workmen, employees, servants, agents, contractors and sub-contractors;
 - (C) terminate any third party contracts entered into by Sim Leisure Escape in relation to the Agreement; and

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- (D) the Owner shall not directly or indirectly use or allow any third party to use any part of the ideas or concepts contributed by Sim Leisure Escape or any part of the design, documents, plans or drawings submitted/prepared by Sim Leisure Escape including the conceptual/initial design delivered by Sim Leisure Escape.
- (iv) if the Agreement is terminated during the Term of the Agreement, the Owner shall pay to Sim Leisure Escape all capital expenditures ("**Capex**") invested by Sim Leisure Escape including the Maximum CAPEX Commitment less the cumulative profits after taxation up until the date of termination; and
- (v) if the Agreement is terminated during the Renewal Term of the Agreement, the Owner shall pay to Sim Leisure Escape all the Owner's Payments collected by the Owner from Sim Leisure Escape from the Opening Date up until the date of termination, or a sum calculating at a rate of Ringgit Malaysia Ten Million (RM10,000,000) only per annum multiplied by the unexpired years/period or remainder of the Renewal Term from the date of termination, whichever is the lesser.

2.2 In addition to the Security Deposit mentioned in 2.1 (ii) above, Sim Leisure Escape has paid to the Owner the Advance Payment upon the signing of the Agreement whereby the Advance Payment will be offset against the Minimum Guarantee or Owner's Payments payable to the Owner. As the theme park operation has yet to commence, the Owner shall also be obligated to refund or repay the Advance Payment of Ringgit Malaysia One Million (RM1,000,000) to Sim Leisure Escape following the termination of the Agreement by the Owner.

3.0 COMPENSATION PAYABLE BY OWNER AND OTHER INFORMATION

3.1 In accordance with the Owner's Termination Notice, the Owner requires Sim Leisure Escape to do the following in accordance to Clause 16.2 (b) of the Agreement:-

- (i) Deliver vacant possession of the Project Site within ninety (90) days from the date of the Owner's Termination Notice;
- (ii) Cease all operations, works and/or services relating to the Agreement including but not limited to the construction works; and
- (iii) Terminate any third-party contracts entered by Sim Leisure Escape in relation to the Agreement (if any).

The Owner will refund to Sim Leisure Escape the Security Deposit within thirty (30) days from the date of the Owner's Termination Notice.

Furthermore, and subject to Sim Leisure Escape providing to the Owner all the necessary and reasonable information, particulars and proof for the Owner's verification, the Owner will also pay Sim Leisure Escape the Capex that Sim Leisure Escape have reasonably incurred for the Project pursuant to Clause 16.2 (b) (iv) of the Agreement. Sim Leisure Escape is required to provide all necessary information, particulars, and proof to substantiate such Capex incurred within thirty (30) days from the date of the Owner's Termination Notice.

Without prejudice to the above in relation to the Owner's Termination Notice, the Owner is open to consider a shorter period for the delivery of vacant possession above and for parties to meet on a without prejudice basis to discuss the compensation payable arising from the termination of the Agreement.

3.2 The Company is consulting with its legal counsels to ensure all rights under the Agreement are preserved including but not limited to the compensation entitlement due to the Owner's premature termination of the Agreement and the necessary legal aspects and steps.

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- 3.3 While the Company will keep shareholders updated through specific announcements to the Exchange, as well as in our half and full year interim financial statements announcements, on any material new developments related to the Termination as and when they arise, it will ensure that all information shared does not compromise our legal strategy.
- 3.4 There will be no revenue and bottom-line contributions from the anticipated Escape Park @KL Base to the future performance of the Group. The Termination 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 2024. Nonetheless, the Group expects to recognise the effects of the Termination in the financial year ending 31 December 2025, which are subject to the final sum of the compensation entitlement and potential legal claims (if any).
- 3.5 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 Termination.

4.0 DOCUMENTS FOR INSPECTION

A copy of the Owner's Termination Notice will be made available for inspection during normal business hours at the registered office of the Company at 138 Robinson Road, #26-03, Oxley Tower, Singapore 068906 during normal business hours on any weekday (public holidays excepted) for a period of three (3) months from the date of this announcement.

Any shareholder who wishes to inspect the foregoing document should contact the Company at the email address investorrelations@simleisuregroup.com at least three (3) business days in advance to make a prior appointment to inspect the document. The Company will arrange a date on which each shareholder may come for inspection of the document accordingly. Shareholders will need to identify themselves by stating his/her/its full name as it appears on his/her/its Central Depository/Central Provident Fund/Supplementary Retirement Scheme ("CDP/CPF/SRS" respectively) share records, contact number and National Registration Identity Card number/Passport number/Unique Entity Number and state the manner in which he/she/it holds his/her/its shares in the Company (e.g. via CDP, CPF or SRS).

5.0 SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Termination. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

By order of the Board,

Dato' Sim Choo Kheng
Executive Chairman
19 December 2024

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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 Mr Shervyn Essex, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.
