

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

**CONTENT LICENCE AGREEMENT TO COMMERCIALISE, ROLL-OUT AND OPERATE
HAVENXR LOCATION BASED VIRTUAL REALITY CENTRES FOR TECHNOLOGICALLY
ADVANCED IMMERSIVE ENTERTAINMENT EXPERIENCE BY A WHOLLY OWNED
SUBSIDIARY OF THE COMPANY, THE FUTURE IS HERE 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 a newly incorporated wholly-owned subsidiary, The Future Is Here Pte. Ltd. (“**TFIH**”) has on 28 July 2023 entered into a Content Licence Agreement with HavenXR Holdings Pty Ltd (“**HavenXR**” or “**Licensor**”) (“**Agreement**”) that allows and enables the Group to undertake a commercial roll-out of the location-based virtual reality centres (“**LBVR**”) and mobile LBVR concept of HavenXR (collectively known as “**HavenXR Centres**”) which offer technologically advanced digital reality immersive entertainment experiences to the public throughout the South-East Asia region (excluding Timor-Leste), People’s Republic of China, Sri Lanka and Taiwan (“**Territory**”) (“**HavenXR Commercialisation**”). This entails the Group at its own cost, to progressively build, fit-out, own and operate the HavenXR Centres for the purpose of retailing immersive entertainment experiences through the exploitation of the cinematic content (“**VR Content**”) and all related materials using the virtual reality/augmented reality technology platform of HavenXR (“**HavenXR Technology**”), all of which are currently developed and maintained by the Licensor. All related materials for the HavenXR Technology and VR Content provided by the Licensor and TFIH are collectively referred to as “**Ancillary Materials**”.

HavenXR is a private limited company incorporated in Australia that specialises in location based digital reality immersive experience content and virtual reality/augmented reality technology. The Licensor is the developer and owner of the HavenXR Technology and all related intellectual properties. The Licensor is involved in the development and production of the VR Content to be used together with the HavenXR Technology to provide immersive entertainment experiences.

Pursuant to the Agreement, HavenXR grants TFIH an irrevocable exclusive licence to exploit the VR Content and Ancillary Materials at HavenXR Centres using the HavenXR Technology throughout the Territory (“**Licence**”) for a primary term of ten (10) years from when the date the first ticket for the immersive entertainment experience provided through the first HavenXR Centre is sold (“**Opening Date**”) with an option to renew for a further term of ten (10) years commencing on the day after the expiry of the primary term (“**Term**”). It includes the right to communicate the VR Content and Ancillary Materials to the public and otherwise use and exploit the VR Content and Ancillary Materials as reasonably necessary for the purpose of retailing immersive entertainment experiences (“**Immersive Experience**”) at HavenXR Centres. TFIH will also licence all the VR Content produced by HavenXR through separate film licence agreements for exploitation at the HavenXR Centres offering Immersive Experience in the Territory during the Term (“**Film Licence**”) and has entered into a separate HavenXR Centres Licence Agreement for the purpose of rolling out HavenXR Centres throughout the Territory (“**Centres Licence Agreement**”), all of which form part of the Agreement.

The parties through the Centres Licence Agreement, have agreed that TFIH shall open at least one (1) HavenXR Centre in each such country of the Territory within five (5) years from the Opening Date to maintain the exclusive licence to operate HavenXR Centres in such country.

For the purpose of HavenXR Commercialisation, the first cinematic film or VR Content is to be developed and produced by HavenXR for TFIH at a production price of RM2,200,000 (“**VR Content-1**”), borne by TFIH. The VR Content-1 is estimated to be completed within a ten (10)-month period from the date of the commencement of the technical specification documentation

for the VR Content-1. In consideration of TFIH having paid for the film production price for the development and production of VR Content-1, the parties agree that HavenXR shall grant TFIH the exclusive distribution right to freely utilize and commercially exploit the VR Content-1 and the Ancillary Materials within the Territory during the Term of the Film Licence agreement.

Commercial arrangement for the Licence, Film Licence and Centres Licence

Pursuant to the Agreement, TFIH shall pay HavenXR royalties (“**Royalties**”) which comprise HavenXR Centre and HavenXR Technology fee and Content fee, principally calculated on an agreed percentage (%) share of all payments and other revenue received by or on behalf of TFIH arising from all sources related to the operation of the HavenXR Centres and exploitation of VR Content (“**Gross Revenue**”).

The Content fee is payable for the use and exploitation of each VR Content owned by HavenXR (“**Content Fee**”) during the Term. As the distribution right to freely utilize and commercially exploit VR Content-1 will be owned by TFIH, there is no Content Fee payable by TFIH and each HavenXR Centre will attract a lower Royalties rate for the exploitation of VR Content-1 for the purpose of retailing the Immersive Experience. If HavenXR communicates to the public or performs the VR Content-1 in public outside of the Territory (“**Ex-territory Exploitation**”), HavenXR will credit TFIH an agreed fixed percentage of the monies received by HavenXR from such Ex-territory Exploitation of the VR Content-1.

The parties have further agreed that instead of paying upfront for the production of the second cinematic film, TFIH is entitled to a lower percentage (%) share of the Gross Revenue for the Content Fee of the second cinematic film with a payment of one-off lump sum upfront content fee of RM1,300,000 (“**Upfront Content Fee**”) to provide flexibility and facilitate recovery of investment outlay for HavenXR Centres during the initial two-year period in operation.

The third and subsequent VR contents shall be based wholly on a shared revenue basis. Hence, the percentage share of Gross Revenue for the Content Fee for the exploitation of both the first and second VR Content will be lower than the normalised percentage share of Gross Revenue payable by TFIH to HavenXR for the third or subsequent VR Contents at the HavenXR Centres.

The parties agrees that the revenue share basis and arrangement may be renegotiated in good faith between the parties at any time and any such changes must be agreed in writing.

The Agreement is not a conditional agreement and TFIH is required to pay a refundable security deposit for the licensing of the second VR Content of RM1,300,000 within 14 days upon execution of the Agreement. This security deposit shall be utilised and applied towards payment of the Upfront Content Fee upon completion of the production of the Second Film by HavenXR.

Roll-out plan for the first HavenXR Centre

The Group expects to work on sourcing and identifying suitable locations during the third quarter of 2023 and a further six-month period to completely build and fit-out the LBVR centre in accordance with the Licensor’s specifications which coincides with the production period of the VR Content-1 undertaken concurrently by the Licensor. The centre will undergo a trial period of the cinematic immersive entertainment experience utilising the HavenXR Technology prior to a complete retailing of the Immersive Experience to the public. The projected capital expenditure for the first HavenXR Centre in Malaysia is approximately RM3.5 million and it is to be funded by the Group’s internal resources.

Barring any unforeseen circumstances, the Group anticipates offering the Immersive Experience to the public in the second half of 2024.

2.0 INFORMATION ON TFIH

TFIH was incorporated on 21 July 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 TFIH allotted at an issue price of SGD1.00 (“**TFIH Share**”) for the purpose of undertaking

the HavenXR Commercialisation. The intended principal activity of TFIH is to own and operate the HavenXR Centres and exploit the VR Content using the HavenXR Technology, for the purposes of retailing immersive entertainment experiences, and to undertake the digital reality immersive entertainment experiences and leisure business of the Group.

Based on the latest unaudited management accounts of TFIH as at 28 July 2023, TFIH has a net liabilities or deficit in shareholders' equity of SGD2,000 due principally to the cost of incorporation and secretarial related expenses of TFIH.

3.0 INFORMATION ON HAVENXR

HavenXR was incorporated on 17 December 2019 as a private limited company in Australia, with an issued and paid-up share capital of AUD10.00 represented by ten (10) ordinary shares in HavenXR issued at an issue price of AUD1.00 each ("**HavenXR Share**"). The principal activities of HavenXR are extended reality content and technology production and research. It specialises in location based digital reality immersive experience content and virtual reality/augmented reality technology.

4.0 RATIONALE FOR THE HAVENXR COMMERCIALISATION

The HavenXR Commercialisation 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 its indoor theme park and attractions by introducing high-quality technologically advanced cinematic immersive entertainment experiences using the HavenXR's virtual reality/augmented reality technology platform.

Further, it is an opportunity for the Group to become the exclusive master licensee to commercially roll-out this advanced product which offers a whole new cinematic immersive entertainment experience for the Territory which comprises the most important and principal markets for the themed attraction, leisure and entertainment sector.

The Board is of the view that the HavenXR Commercialisation 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.

5.0 SOURCE OF FUNDS AND FINANCIAL EFFECTS

The HavenXR Commercialisation and subscription of TFIH Share are funded by the Group's internal resources. The HavenXR Commercialisation and subscription of TFIH Share 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 its HavenXR Centres' operation to contribute positively to the performance of the Group.

6.0 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 HavenXR Commercialisation and subscription of TFIH Share, 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 Licensor.

7.0 SERVICE CONTRACTS

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

8.0 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 HavenXR Commercialisation, 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.

9.0 DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement 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 three (3) months from the date of this announcement.

By order of the Board,

Dato' Sim Choo Kheng
Executive Chairman
28 July 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.
