

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

ENTRY INTO A THEME PARK AGREEMENT 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

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 1 November 2023 (the “**Agreement**”) by a wholly owned subsidiary, Sim Leisure Escape Sdn. Bhd. (“**Sim Leisure Escape**”) with Bandar Malaysia Sdn. Bhd. (the “**Owner**”) in relation to the development, construction, operation and maintenance of an environmentally sustainable ESCAPE park (the “**Escape Park @KL Base**”) owned by Sim Leisure Escape (the “**Project**”) within the designated area at KL Base, Jalan Lapangan Terbang Lama, Kuala Lumpur Wilayah Persekutuan, Malaysia (“**KL Base**”). The Owner is the legal and beneficial proprietor of the land measuring approximately one hundred forty seven (147) acres held under H.S.(D) 49078, P.T. 1723, Mukim & District of Kuala Lumpur (the “**Land**”) wherein an identified area on the Land measuring approximately seventy five (75) acres is provided by the Owner and to be used for the Project (the “**Project Site**”).

The Land is part of the several parcels of land with a combined area measuring approximately four hundred (400) acres designated for leisure, recreational and adventure activities known as KL Base (“**KL Base**”) which serves as an interim initiative prior to the development of the mixed-use urban new city development project known as Bandar Malaysia.

I) INTRODUCTION

Pursuant to the Agreement, the Owner shall grant the right to use of and provide the Project Site to Sim Leisure Escape for the purpose of the Project and Sim Leisure Escape shall develop, construct, own, operate and manage the Escape Park @KL Base on the Project Site for an initial term of fifteen (15) years from the date of the Agreement (the “**Term**”) with an automatic extension for a further period of fifteen (15) years thereafter (the “**Renewal Term**”). The same terms and conditions as set out in the Agreement shall continue to apply throughout the Renewal Term unless the parties agree otherwise in writing.

Under the Agreement, the opening date of the Phase 1 Escape Park @KL Base (as defined below) is scheduled to be eighteen (18) months from the commencement of the construction work of the Escape Park @KL Base or such other date as may be agreed in writing between the parties (the “**Opening Date**”). The Escape Park @KL Base will comprise two main attraction facilities namely the Escape Adventure Park and Escape Themed Accommodation with planned seventy (70) games and activities and two hundred (200)-room themed accommodation (only for the guests) respectively and is to be developed over three (3) phases. The planned opening of the Escape Park @KL Base on the Opening Date entails phase 1 of the Escape Park @KL Base which involves the offering of Escape Adventure Park with thirty (30) games and activities, about three hundred (300) camp sites, chairlift and auxiliary facilities, and 50-room themed accommodation (the “**Phase 1 Escape Park @KL Base**”).

In connection with the construction work and operation of the Escape Park @KL Base, the Owner shall provide and grant Sim Leisure Escape the following:

- (i) a rent-free period as follows to occupy the Project Site for the commencement and completion of construction works:-
 - a) eighteen (18) months from the date of the Agreement (the “**Maximum Rent-Free Period**”); or
 - b) the period of days from the date of the Agreement until the Opening Date,whichever period is shorter.
- (ii) licence to access to the Project Site for the duration of the Agreement in a condition enabling Sim Leisure Escape and/or contractors to carry out the construction works, without any other occupiers to enable Sim Leisure Escape to fulfil its obligations under the Agreement provided always that in the event the Owner is not able to fulfil these conditions (i) and (ii), then the obligation on Sim Leisure Escape to commence the construction works shall be delayed and the Opening Date shall be extended pursuant to the terms of the Agreement and it shall not be liable for any damages for the delay.

Further, the Owner shall be responsible for the payment of all quit rents assessments or other outgoings imposed on and payable in respect of the Project Site, by any governmental authority while Sim Leisure Escape shall, at its own cost and expense, obtain all necessary Authorisation (defined below) in connection with the Project Site for the purposes of the construction works and the Owner uses its commercially reasonable efforts to assist Sim Leisure Escape in obtaining all Authorisation necessary. The Authorisation would relate to any consent and/or authorisation from any governmental authorities which are material for the commencement of the construction works and/or operation of the Theme Park.

In the event where the Owner is desirous of selling the Project Site to a third party (other than an affiliate of the Owner), the Owner shall endeavour on best-effort basis to include a clause in the sale and purchase agreement of the Project Site to require the third party purchaser to continue with the terms and conditions created in the Agreement.

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

- (i) planning, design, development, construction, landscaping, equipping, installation and completion of the Escape Park @KL Base;
- (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 Escape Park @KL Base; and
- (iv) to carry out all other activities incidental to the above activities.

With regard to point (i) above, Sim Leisure Escape has provided a general design concept of the Escape Park @KL Base for use in the Project which is to be funded and owned by Sim Leisure Escape.

II) BACKGROUND INFORMATION OF THE OWNER

The Owner is the master developer of Bandar Malaysia new city development which is a groundbreaking New City development that is poised to become Malaysia's future International Business Hub and a major international investment destination. With its seamless integration with the rest of Kuala Lumpur via 14 major highways, the Express Railway Link (ERL), KTM Komuter, and Mass Rapid Transit (MRT) line featuring 2 strategically positioned stations within the development, it is seamlessly integrated with the rest of Kuala Lumpur, ensuring optimal connectivity.

Spanning across 486 acres of land, this ambitious project is set to be fully developed over the next 50 years, focusing on unique value propositions that will shape the city's identity. One of the standout features of Bandar Malaysia is the proposed High-Speed Rail (HSR) terminus, which will revolutionize travel between Singapore and Kuala Lumpur, reducing the journey time to just 90 minutes. This game-changing connectivity will attract businesses and investors from around the world, solidifying Bandar Malaysia's position as a global business and investment destination.

III) BACKGROUND INFORMATION OF KL BASE

KL Base is a combined area measuring approximately four hundred (400) acres designated for leisure, recreational and adventure activities which serves as a temporary initiative during the ongoing advancement of the actual Bandar Malaysia new city development. Its strategic objective aim is to attract both domestic and international tourists to the site, thereby enhancing the vibrancy and appeal of the core Bandar Malaysia development.

In addition to its role as an interim development activator, KL Base is also set to become a new source of family entertainment activities for every stratum of Malaysian society, primarily within Klang Valley. Alongside the Escape Park @KL Base, other planned programs include the temporary development of a sports arena, a future combat and adventure park, an international arts and cultural exhibition center, a gastronomy food and beverage attraction, a shooting gallery, as well as a fun and festival zone that will become Kuala Lumpur's new hangout place.

The Owner and its directors and shareholder are not related to the Company, the Directors or controlling shareholders of the Company, and their respective associates.

IV) RATIONALE FOR THE ENTRY INTO THE AGREEMENT

The Project will enable the Group to:

- (i) grow its revenue stream through collaboration with the Owner to introduce, develop, own and operate its environmentally sustainable nature-inspired park under the Escape brand, in the largest mixed-use urban development of the country located in the city centre of Kuala Lumpur hence allow the Group to seize the growing business opportunities;
- (ii) further elevate the Group's status as the leading integrated operator of environmentally sustainable retro-eco theme parks based in Malaysia; and
- (iii) further expand the "ESCAPE" brand of theme parks in Malaysia.

The Board is of the view that the Project 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.

V) SALIENT TERMS OF THE AGREEMENT

(i) Condition precedent

The Agreement shall be conditional upon Sim Leisure Escape obtaining all necessary consent and/or authorisation from governmental authority which are material for the commencement of the construction works and/or operation of the Escape Park @KL Base, in relation to the Project.

If the condition is not fulfilled or waived before the expiry of the Maximum Rent-Free Period or such extended time as may be granted by the Owner, then for so long as the condition remains unsatisfied, the Owner and/or Sim Leisure Escape shall have the right to terminate the Agreement and the parties will no longer be bound by the terms of the Agreement. The Owner shall refund to Sim Leisure Escape the Advance Payment (as defined below) and Security Deposit (as defined below) free of interest and return all the documents submitted to Sim Leisure Escape.

(ii) Appointment of Contractor

Sim Leisure Escape shall construct and/or at its absolute discretion appoint any contractors to carry out the construction works for Escape Park @KL Base.

(iii) Completion of Construction Works

The construction of the Escape Park @KL Base shall take up to five (5) years comprising three (3) phases and the completion of the construction works shall occur when:

- (a) the construction of the Escape Park @KL Base and/or any part of the Escape Park @KL Base has been completed as confirmed by Sim Leisure Escape and certified by the architect; and
- (b) all authorisations (as applicable) in connection with the operation of the Escape Park @KL Base and/or part of the Escape Park @KL Base have been obtained, including all attractions, water and electricity installation, fire hydrants, sewerage and refuse disposal equipment.

Sim Leisure Escape shall be entitled to an extension on the scheduled Opening Date in the event of:

- (1) any delay by any governmental authority in issuing any authorisation provided that such delay in securing the approvals and/or satisfying the requirements of the government authority is not due to the lack of action from Sim Leisure Escape;
- (2) any act of prevention, default or breach of any of the terms of the Agreement by the Owner; or
- (3) a force majeure event,

on a day-to-day basis corresponding to the same amount of time on any of the aforementioned events.

(iv) Construction funding, deposits and working capital

Sim Leisure Escape shall finance and fund the construction works of the Escape Park @KL Base up to a maximum of RM150 million (the "**Maximum CAPEX Commitment**") over a construction period of five (5) years.

Sim Leisure Escape shall pay the Owner the sum of Ringgit Malaysia One Million (RM1,000,000) (the "**Advance Payment**") upon the signing of the Agreement whereby the Advance Payment will be offset against the Minimum Guarantee (as defined in paragraph (vi) below) or Owner's Payments (as defined in paragraph (vi) below) payable to the Owner.

Sim Leisure Escape shall also pay the Owner a refundable security deposit of Ringgit Malaysia Three Hundred Fifty Thousand (RM350,000) (the "**Security Deposit**") upon the signing of the Agreement.

The Security Deposit shall be refunded by the Owner to Sim Leisure Escape free of any interest within thirty (30) days from the expiration of the Term or Renewal Term or upon the sooner termination of the Agreement, failing which the Owner shall pay interest to Sim Leisure Escape on any deposits which are refundable by the Owner pursuant to the provisions of the Agreement. The rate of interest applicable shall be one per centum (1%) per month and shall accrue and be calculated on a daily basis.

(v) Revenue collection, operation, maintenance and repair and safety of the Escape Park @KL Base

During the Term, Sim Leisure Escape shall at its absolute discretion and authority operate, manage, and undertake the operational matters of the Escape Park @KL Base including setting the operating hours of the Escape Park @KL Base, closing any part of the park at any time for maintenance purposes, repair or replace any of the equipment/facilities or part thereof, to change or replace or close or terminate any of the activities, games or attraction or part thereof, issuing and amending all policies, rules and regulations and terms and conditions of the Escape Park @KL Base, to manage all aspect of its human resources functions in accordance with its policies and procedures and applicable laws and ensuring proper and adequate security at the park while maintaining proper and adequate security and safety related practices, protocol and measures.

Sim Leisure Escape shall be at liberty and have the right to set and vary the prices for all the gross revenue derived at the Escape Park @KL Base including to issue discount tickets or complimentary or free tickets whether for the purposes of advertising and for promotional activities or otherwise in respect of the Escape Park @KL Base.

All costs relating to the operations, management, maintenance and repairs of the equipment in Escape Park @KL Base shall be the responsibility of Sim Leisure Escape.

(vi) Major financial obligations of Sim Leisure Escape

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

- (a) maintain accounts, financial records and statements and allow the Owner or its 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 Escape;

- (b) 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 the Agreement;
- (c) 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 have been given access to the Escape Park @KL Base;
- (d) undertake the following financial obligations to the Owner as consideration for the rights granted by the Owner to Sim Leisure Escape under the Agreement:

For every operating year commencing from the Opening Date, Sim Leisure Escape shall pay to the Owner, the higher of:

- (i) five per cent (5%) of the gross revenue of operation of the Escape Park @KL Base; or
- (ii) the Minimum Guarantee.

(the “**Owner’s Payments**”)

The “**Minimum Guarantee**” means the sum of Ringgit Malaysia Three Million (RM3,000,000) inclusive of quit rent and assessment which shall be increased at a rate of five percent (5%) every three (3) years from the Opening Date.

- (e) pay a sum equivalent to 5% of the annual gross revenue of operation of the Escape Park @KL Base to a designated account maintained by Sim Leisure Escape (the “**Expansion Fund**”) for the period commencing the sixth (6th) year from the Opening Date, ending one (1) year prior to the expiry of the Term. The monthly Expansion Fund will be utilised to finance the cost of the expansion or capital improvements to the Escape Park @KL Base and/or other purposes Sim Leisure Escape deems fit and necessary.
- (vii) Events of Default

In the event Sim Leisure Escape (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 Sim Leisure Escape specifying the default and requiring Sim Leisure Escape to remedy such default within forty-five (45) days of the receipt of the default notice or any longer period determined by the Owner failing which, the Owner shall have the right to terminate the Agreement within sixty (60) days by giving written notice to that effect to Sim Leisure Escape.

In the event the Owner triggers any of the events of default specified under the Agreement, the Owner shall remedy such default within forty-five (45) days of the receipt of the default notice or any longer period determined by Sim Leisure Escape failing which, Sim Leisure Escape shall have the right to terminate the Agreement within sixty (60) days by giving written notice to that effect to the Owner.

VI) OTHER INFORMATION

The Project comprising three (3) phases, is targeted to be fully completed within five (5) years from the commencement of the construction work while the Group barring any unforeseen circumstances, anticipates the Phase 1 Escape Park @KL Base will open to public in the first half of 2025.

The Advance Payment and Security Deposit will be funded by the Group's internal resources while the Maximum CAPEX Commitment will be financed by the combination of internal resources of the Group, operation cash flow from the Escape Park @KL Base and/or borrowings from financial institutions.

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 2023. Nonetheless, the Group expects the Escape Park @KL Base to contribute positively to the performance of the Group in the future.

VII) INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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 Project or is related to the Owner.

VIII) SERVICE CONTRACTS

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

IX) 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 Project, 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.

X) 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 (3) months from the date of this announcement.

By order of the Board,

Dato' Sim Choo Kheng
Executive Chairman
1 November 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.

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