MEDIA PRIMA BERHAD ("MPB" OR THE "COMPANY")

PROPOSED DISPOSAL BY THE NEW STRAITS TIMES PROPERTIES SDN. BHD. ("NST PROPERTIES" OR THE "VENDOR"), A WHOLLY-OWNED SUBSIDIARY OF THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD, WHICH IN TURN IS A 98.17% DIRECTLY OWNED SUBSIDIARY OF MPB OF A PIECE OF LEASEHOLD INDUSTRIAL LAND HELD UNDER H.S.(D) 116410, PT 237, BANDAR SULTAN SULAIMAN, DAERAH KLANG, NEGERI SELANGOR MEASURING APPROXIMATELY 23,370 SQUARE METRES TO ALAM FLORA ENVIRONMENTAL SOLUTIONS SDN. BHD. ("AFES" OR THE "PURCHASER"), FOR A TOTAL DISPOSAL CONSIDERATION OF RM25,000,000.00 TO BE SATISFIED VIA CASH

("PROPOSED DISPOSAL")

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1. INTRODUCTION

The Board of Directors of MPB ("**Board**"), wishes to announce that The New Straits Times Properties Sdn. Bhd. (Registration No.: 197801002806 (39801-A))("**NST Properties**" or the "**Vendor**"), a wholly-owned subsidiary of The New Straits Times Press (Malaysia) Berhad, (Registration No: 196101000449 (4485-H)) which in turn is a 98.17% directly owned subsidiary of MPB, had on 15 July 2021 entered into a conditional sale and purchase agreement ("**SPA**") with Alam Flora Environmental Solutions Sdn. Bhd. (*formerly known as DRB-HICOM Environmental Services Sdn. Bhd*.) (Registration No. 201101010651 (938781-W)), a wholly owned subsidiary of Alam Flora Sdn. Bhd. (Registration No.: 199501038511 (367713-X)) ("**AFES**" or the "**Purchaser**"), for the proposed disposal of one (1) parcel of leasehold industrial land held under H.S.(D) 116410, PT 237, Bandar Sultan Sulaiman, Daerah Klang, Negeri Selangor measuring approximately 23,370 square metres and bearing postal address Lot 33, Lebuh Sultan Mohamed 1, Jalan Lebuh 1, Kawasan Perindustrian Bandar Sultan Sulaiman, 42000 Port Klang, Selangor Darul Ehsan ("**Land**") together with two (2) single storey detached warehouses identified as Block A and Block B erected thereon ("**Warehouse**") (Land and Warehouse is collectively known as "**Subject Property**") registered under NST Properties to AFES for a total disposal consideration of RM25,000,000.00 ("**Disposal Consideration**") to be satisfied in the manner set out in **Section 2.5** of this Announcement.

The Proposed Disposal is deemed a related party transaction under Paragraph 10.08 of the Main Market Listing Requirements ("**Listing Requirement**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and interests of directors, major shareholders and/or persons connected with them are disclosed in Section 8 of this announcement.

Further details on the Proposed Disposal are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED DISPOSAL

On 15 July 2021, the terms and conditions of the Proposed Disposal have been mutually agreed upon between NST Properties and AFES through the execution of the SPA, in which NST Properties agreed to sell and the Purchaser agreed to purchase the Subject Property for RM25,000,000.00 to be satisfied via Cash, the details of which are set out in **Section 2.5** of this Announcement.

2.1. Information on the Subject Property

The Subject Property is located within Kawasan Perindustrian Bandar Sultan Sulaiman, Port Klang, Selangor Darul Ehsan, an established industrial area in Port Klang which is developed by the Selangor State Development ("**PKNS**") and it is located about 12 kilometres due east of the Klang town centre. Shah Alam and Kuala Lumpur city centres are located about 20 kilometres and 50 kilometres due north-east of the Subject Property respectively.

Sited to the west and south of the Kawasan Perindustrian Bandar Sultan Sulaiman are North Port and Kawasan Perindustrian Selat Kelang Utara respectively. South Port and West Port are located about 9 kilometres and 28 kilometres due south-east and south-west of the Subject Property respectively. Sited to the south-eastern side of Kawasan Perindustrian Bandar Sultan Sulaiman is the residential area of Bandar Sultan Sulaiman, comprising terraced and flatted residential development as well as terraced shops.

Prominent industrial premises in the immediate vicinity of the Subject Property include amongst others the premises of Asia Litharge Sdn. Bhd., Sime Darby Oils, Container Connections, FM Global Logistics, Diamet Klang (Malaysia) Sdn. Bhd. and ITS Testing Services (M) Sdn. Bhd. Located to the west of the Subject Property is a terraced factory development known as Taman IKS PKNS Bandar Sultan Sulaiman whilst located to the north of the Subject Property is a detached factory development known as Perdana Industrial Park.

As at 15 July 2021, being the latest practicable date of this Announcement ("**LPD**"), the following building structures are erected on the Subject Property ("**Existing Structures**"):-

(a) a single storey detached warehouse building ("**Warehouse Block A**");
(b) a single storey detached warehouse building ("**Warehouse Block B**");
(c) miscellaneous structures consisting the following:
    a. Sprinkler Pump Room;
    b. Guard House;
    c. Toilet Building; and
    d. TNB Substation.

Set out below are the details of Subject Property:-

Registered Proprietor	The New Straits Times Properties Sdn. Bhd. (Registration No.: 197801002806 (39801-A))
Title No	H.S.(D) 116410
Lot No	PT 237
Postal Address	Lot 33, Lebuh Sultan Mohamed 1, Jalan Lebuh 1, Kawasan Perindustrian Bandar Sultan Sulaiman, 42000 Port Klang, Selangor Darul Ehsan
Remaining Leasehold Tenure	Leasehold of 84 years
Land area	Measuring approximately 23,370 square metres
Category of land use	Industry (*Perusahaan*)
Existing use	Warehouse
Net book value	RM11,658,000.00 as at 31 December 2020
Market Value	RM25,000,000.00 as assessed by Jones Lang Wootton ("**JLW**") as set out in their Valuation Report dated 6th November 2019
Original cost of investment	RM13,300,000.00
Date of Acquisition	1 July 2006
Encumbrances	(i) The Property is presently subject to a charge by

	NST Properties to RHB Bank Berhad (Company No: 6171-M) ("**Chargee**") vide charge Presentation No. **24686/2021** created 25 March 2021 ("**Charge**"). The Charge was created in favour of the Chargee as security for the repayment of banking facilities made available by the Chargee to MPB. (ii) MPB has obtained an approval in principle from the Chargee dated 5 November 2020 to consent to the sale and purchase of the Property subject to the terms and conditions contained therein.

The Proposed Disposal entails the sale by NST Properties to AFES for the Disposal Consideration of RM25,000,000.00, on an "as-is-where-is" basis including fixtures and fittings necessary for the core operation of the Subject Property subject to Rectification Works (as hereinafter defined in **Section 3.2(a)** of this Announcement).

2.2. Information on Vendor

NST Properties was incorporated in Malaysia on 5 June 1978 as a private limited company. It is a wholly–owned subsidiary of The New Straits Times Press (Malaysia) Berhad which in turn is a 98.17% subsidiary of MPB. Its principal place of business is located at Balai Berita, Anjung Riong, No. 31 Jalan Riong, Bangsar, 59100 Kuala Lumpur. It is principally involved in property management services.

2.3 Information on the Purchaser

(i) Incorporation and business activity

AFES was incorporated in Malaysia on 1 April 2011 as a private limited company. Its registered address is at Level 12, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur. It is principally involved in the provision of integrated solid waste management services, recycling and integrated management services.

(ii) Share capital and substantial shareholder

As at the date hereof, AFES has an issued and paid-up share capital of RM30,000,000 comprising 7,500,000 shares. Alam Flora is principally involved in the provision of integrated solid waste, collection and public cleansing management services.

AFES is a wholly-owned subsidiary of Alam Flora which in turn is 97.37% owned by Tunas Pancar Sdn. Bhd. ("**Tunas Pancar**"). Tunas Pancar is wholly-owned by Malakoff Corporation Berhad.

(iii) Directors

As at the LPD, the directors and shareholders of the Purchaser are as follows:

Director	**Nationality**
Dato' Haji Mohd Zain Bin Hassan	Malaysian
Mohd Nazersham Bin Mansor	Malaysian
Anwar Syahrin Bin Abdul Ajib	Malaysian
Shareholder and percentage of shareholding	Alam Flora Sdn. Bhd. (Company Registration No.: 199501038511(367713-X)) (100%)

(iv) Subsidiary or associate companies

As at the LPD, the Purchaser does not have any subsidiary company and/or associate company.

2.4 Basis and justification of arriving at the Disposal Consideration

2.4.1. The Disposal Consideration was arrived at on a willing-buyer and willing-seller basis after taking into consideration the market value of the Subject Property as

appraised by **JLW**, the independent registered valuer appointed by NST Properties of RM25,000,000.00.

2.4.2. Based on the valuation as appraised by JLW, the Subject Property was valued as a piece of industrial land with the Existing Structures at RM25,000,000.00 using the Comparison Method.

2.4.3 The Proposed Disposal will give rise to a gain to the MPB Group.

2.4.4 The Board of MPB is of the view that the Disposal Consideration is justifiable and reasonable after taking into account the market value of the Subject Property and that the Disposal Consideration was arrived at on a "willing buyer willing seller" basis.

2.5 Mode of Settlement for the Disposal Consideration

The Disposal Consideration will be satisfied via a cash consideration of RM25,000,000.00 ("**Cash Consideration**").

The breakdown of the settlement of the Cash Consideration is as follows:-

Payment Terms	Timing	Amount (RM'000)
Deposit consist of:-		
(a) Earnest Deposit	● Within 7 days from the date of the SPA	500
(b) Retention Sum	● Within 14 Business Days from the date the SPA become unconditional *1	750
(c) Balance Deposit	● Within 14 Business Days from the date the SPA become unconditional *2	1,250

Balance Cash Consideration	• Within 90 days from the Unconditional Date	22,500
Disposal Consideration		**25,000**

Notes:

*[*1]* *the Retention Sum will be paid to the Vendor's solicitor as stakeholder within 14 Business Days from the Unconditional Date, and the Purchaser's solicitor shall within 45 days from the date of the SPA, pays the Retention Sum to the Inland Revenue Board in accordance with Section 21(b) of the RPGT Act.*

*[*2]* *means within 14 Business Days from the Unconditional Date (the date on which the conditions precedent of the SPA is satisfied or fulfilled).*

3. SALIENT TERMS OF THE AGREEMENT

The words and abbreviations used throughout this section of the Announcement shall have the same meaning as defined in the Agreement unless the context otherwise requires or defined herein.

3.1 Sale and Purchase of the Subject Property

3.1.1 NST Properties has agreed to sell and the Purchaser has agreed to purchase upon the terms and subject to the conditions contained in the SPA.

3.1.2 As of the date of the SPA, the following are erected on the subject Property:-

(a) a single storey detached factory warehouse premise ("**Warehouse Block A**");
(b) a single storey detached factory warehouse premise ("**Warehouse Block B**");
(c) miscellaneous structures consisting of guardhouse, Tenaga Nasional Berhad ("**TNB**") Substation, pump room and utility room, sprinkler water tank; and
(d) any other improvements.

3.1.3 NST Properties and AFES expressly agreed that the Disposal Consideration should be RM25,000,000.00.

3.2 Conditions Precedent ("CPs")

The Parties of the SPA hereby expressly agree that the SPA shall be conditional upon the following approvals (collectively, "**Approvals**" and each, an "**Approval**") being obtained by AFES and/or NST Properties at its own costs and expenses on or before expiry of the Conditional Period or Extended Conditional Period, as the case may be:-

(a) the agreed repair and/remedial actions on the Subject Property shall be borne by NST Properties at its own costs and expense ("**Rectification Works**");

(b) the EPU Approval having been obtained by the AFES at its own costs and expense;

(c) the State Authority Approval (for Transfer) from the State Authority having been obtained by the NST Properties at its own costs and expense;

(d) where applicable, the State Authority Approval (for Charge) from the State Authority been obtained by the AFES at its own costs and expense; and

(e) the Environmental Impact Assessment (EIA) Approval for the Subject Property to be designated for the development of Integrated Eco-Recovery Complex ("**IERC**"), a comprehensive integrated facility with full-fledged services for ultimate recovery of scheduled waste upon the terms and conditions imposed by the Department of Environment ("**DOE**") been obtained by the AFES at its own costs and expense.

The CPs are to be fulfilled within **Three Hundred and Sixty Five (365) Days** with an

automatic extension of **ninety (90)** days or such days that parties mutually agree from the date of the SPA, or such other date as the parties may agree in writing.

3.3 Original cost of investment

The original cost of investment by NST Properties in the Subject Property and the date of investment are as follows:

Cost of investment (RM)	13,300,000.00
Date of investment	1 July 2006

3.4 Liabilities to be remained with AFES

Save for the obligation and liabilities in and arising from the SPA as set up above, there are no other liabilities, including contingent liabilities and guarantees, expected to be remained with AFES arising from the Proposed Disposal.

3.5 Utilization of Proceeds

As set out in **Section 2.4** of this Announcement, pursuant to the Proposed Disposal the MPB Group intends to fully utilise the net proceeds from the Proposed Disposal of **RM25,000,000.00** to reduce its borrowings, upon Completion of the Proposed Sale by crediting the proceeds to the Debt Service Reserve Account ("**DSRA**") operated by RHB Bank Berhad in an amount not less than **RM25,000,000.00**.

4. RATIONALE AND JUSTIFICATION FOR THE PROPOSAL

The Proposed Disposal is in line with the Group's strategy in disposing of properties located in non-strategic locations without immediate development potential. The proceeds from the Proposed Disposal will be used to reduce the bank borrowings of MPB Group, and will allow the Group to preserve cash reserves towards meeting the cash flow requirements of the Group's business operations.

The Proposed Disposal will also entail a reduction of annual outgoing costs on the Subject Property for the Group post completion of the Proposed Disposal.

5. EFFECTS OF THE PROPOSALS ON MPB

5.1 Share capital and substantial shareholders' shareholdings of MPB

As the Proposed Disposal do not involve issuance of new shares by MPB, the same will not have any effect on:-

(a) the issued share capital of MPB; and
(b) substantial shareholders' shareholdings in MPB.

5.2 Expected gains or losses

The Proposed Disposal is expected to give rise to a one-off net gain (after estimated Real Property Gains Tax and estimated incidental expenses for the Proposed Disposal) of approximately RM12.09 million.

5.3 Net assets ("NA") and gearing

Strictly for illustrative purposes and based on the audited consolidated financial statements of MPB for the financial year ended 31 December 2020, the pro forma effects of the Proposed Disposal on the audited consolidated NA and gearing position of MPB assuming the Proposed Disposal were effected on 31 December 2020 are as follows:

	Audited as at 31 December 2020	**After the Proposed Disposal**
	RM'000	RM'000
Share capital	1,524,735	1,524,735
Other reserves	4	4
Accumulated losses	(947,825)	(935,960)[(4)]

Equity attributable to owners of the Company	576,914	588,779
Non-controlling interests	(3,847)	(3,626)
Total equity	**573,067**	**585,153**
Number of Company shares ('000)	1,109,199	1,109,199
NA per share[(1)] (sen)	52.01	53.08
Borrowings (RM'000)	125,485	100,485
Lease liabilities (RM'000)	185,081	185,081
Deposits, cash and bank balances (RM'000)	303,783	302,527
Gross gearing ratio[(2)] (times)	0.54	0.49
Net gearing ratio[(3)] (times)	0.01	-[(5)]

Notes:

(1) NA per share is calculated based on the equity attributable to the owners of the Company divided by the number of the Company's shares in issue.

(2) Gross gearing ratio is calculated based on total borrowings and lease liabilities, divided by total equity.

(3) Net gearing ratio is calculated based on total borrowings and lease liabilities, less deposits, cash and bank balances, divided by total equity.

(4) The reduction in accumulated losses by about RM11.87 million was due to the gain on disposal of the Subject Property (net of estimated Real Property Gains Tax and estimated incidental expenses for the Proposed Disposal) of RM12.09 million, less the gain on disposal of the Subject Property attributable to non-controlling interests of RM0.22 million.

(5) Not meaningful.

5.4 Loss per share

Based on the audited consolidated financial statements of MPB for the financial year ended 31 December 2020 and assuming that the Proposed Disposal had been effected at the end of the financial year, the loss per share is expected to decrease by approximately 1.07 sen which will result in the loss per share attributable to owners of the Company being reduced from 1.66 sen to 0.59 sen.

6. SHAREHOLDERS' APPROVAL

The Proposed Disposal is not subjected to the approval of the shareholders' of MPB.

7. RISK FACTORS

The completion of the Proposed Disposal is conditional upon the SPA's condition precedent or terms being fulfilled. In the event any one or more of the CPs and/or terms is/are not fulfilled by the Parties involved within the stipulated times as set out in the SPA, any breach of the representation or warranties or failure to perform any covenants or agreement by the Parties involved pursuant to the SPA, the Proposed Disposal may be delayed or terminated by NST Properties and AFES (collectively, "the **Parties**"). As such, there is no assurance that all the terms and conditions and Conditions Precedent can be fulfilled by the Parties to the SPA within the time frame as set out in the SPA or that the Proposed Disposal will not be exposed to risks such as the inability to comply with the conditions imposed by the Relevant Authorities. In such event, the completion of the Proposed Disposal may be delayed or terminated in accordance with the termination clause stipulated in the SPA.

Notwithstanding the foregoing, the Company shall endeavour to ensure that the condition precedent and/or the terms set out in the SPA are fulfilled in the timely manner to facilitate the completion of the Proposed Disposal.

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8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

Save as disclosed below, none of the Directors and major shareholders of the Company as well as persons connected with them have any interest, direct or indirect, in the Proposals:

a) As at the date hereof, the shareholdings of the interested Major Shareholders in the Company are as follows:-

Name of interested Major Shareholder	Direct Interest	%	Indirect Interest	%
Aurora Mulia Sdn Bhd	353,815,941	31.9		
Sutera Bakti Sdn Bhd	-	-	*(1)* 353,815,941	31.9
Perspective Lane Sdn Bhd	-	-	*(2)* 353,815,941	31.9
Restu Jernih Sdn Bhd	-	-	*(3)* 353,815,941	31.9
Tan Sri Dato' Seri Syed Mokhtar Shah Bin Syed Nor ("TSSM")	-	-	*(4)* 353,815,941	31.9

(1) Deemed Interested by virtue of its interest Aurora Mulia Sdn Bhd pursuant to Section 8 of the Companies Act 2016 ("the Act").
(2) Deemed interested by virtue of its interest in Sutera Bakti Sdn Bhd pursuant to Section 8 of this Act.
(3) Deemed interested by virtue of its interest in Perspective Lane Sdn Bhd pursuant to Section 8 of this Act.
(4) Deemed interested by virtue of his interest in Restu Jernih Sdn Bhd pursuant to Section 8 of the Act.

b) TSSM is also an indirect major shareholder of AFES, through Malakoff Corporation Berhad.

9. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Disposal, including the rationale for the Proposed Disposal but not limited to the rationale and financial effects of the Proposed Disposal, the salient term of the SPA, the basis and justification of arriving at the Disposal Consideration is of the view that the Proposed Disposal is in the best interest of the Company and the terms and conditions of the SPA are fair and reasonable.

10. AUDIT COMMITTEE'S STATEMENT

The audit committee of MPB, having considered all aspects of the Proposed Disposal (including but not limited to the rationale and the financial effects of the Proposed Disposal), is of the opinion that the Proposed Disposal is:

(a) in the best interest of MPB;

(b) fair, reasonable and on normal commercial terms; and

(c) not detrimental to the interest of the minority shareholders.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Disposal is expected to be completed within Ninety Days (90) from the Unconditional Date of the said SPA by the fourth quarter of 2022.

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12. PERCENTAGE RATIOS

Pursuant to paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Sale is approximately 4.36% based on the latest audited consolidated financial statements of MPB Group for the financial year ended 31 December 2020.

13. DOCUMENTS AVAILABLE FOR INSPECTION

The copies of the SPA and the valuation report for the Subject Property will be made available for inspection at the Company's registered address at Balai Berita, Anjung Riong, No. 31, Jalan Riong, Bangsar, 59100 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this Announcement.

This Announcement is dated 15 July 2021.