

SAPURA RESOURCES BERHAD (“SRB” OR “THE COMPANY”)

Lease Agreement Entered into Between SRB and GD Express Sdn Bhd

1. Introduction

The Board of Directors of SRB wishes to announce that the Company had on 6 September 2021 entered into a Lease Agreement with GD Express Sdn Bhd (“GDSB”), a wholly-owned subsidiary of GDEX Berhad (*formerly known as GD Express Carrier Bhd*), for the lease by GDSB of a piece of leasehold land measuring 598,570 square feet with four warehouses and two office buildings erected thereon, owned by SRB which is known as PT10 and PT10A, Jalan Tandang, 204A, Section 51, 46050 Petaling Jaya, Selangor Darul Ehsan (“Property”) (“Lease Agreement”).

2. Salient Terms

The salient terms of the Lease Agreement are as follows:

- i) The lease period is 15 years from 1 September 2022 to 31 August 2037, with an option to renew for another five (5) years subject to mutual agreement between GDSB and SRB, and conditional upon SRB securing a renewal of its leasehold status on the Property.
- ii) The monthly lease shall be fixed for every 3-year period and on escalated basis for the subsequent periods, as follows:

Period	Monthly Rental (RM)	Escalation
1 1 September 2022 until 31st August 2025	380,271.05	
2 1st September 2025 until 31st August 2028	419,127.15	(10% escalation)
3 1st September 2028 until 31st August 2031	440,083.51	(5% escalation)
4 1st September 2031 until 31st August 2034	462,087.68	(5% escalation)
5 1st September 2034 until 31st August 2037	485,192.07	(5% escalation)

- iii) Neither Party shall have the right of determining, the Lease Agreement before the expiry of the first ten (10) years term from the Commencement Date (“Non-Termination Period”), except in the event of breach by either party, which can be rectified within the remedy period.

3. Financial Effects

The Lease Agreement will not have any effect on the share capital and shareholding structure of SRB. Since the lease will commence in the financial year ending 31 January 2023, there will be no financial impact to the Company during the immediate financial year ending 31 January 2022. The Lease Agreement is however expected to provide secured revenue totalling RM50.2 million over the 10-year period from 1 September 2022 to 31 August 2032.

4. Risks

As at the date of this announcement, the Company is not aware of any risks factors that could have a direct and adverse impact as a result of the Lease Agreement.

5. Approvals Required

The Lease Agreement is not subject to the approvals of the shareholders of SRB and approval of any government authorities.

6. Directors' and Major Shareholders' Interest

None of the Directors and/or major shareholders of SRB or persons connected with them have any interest, direct or indirect, in the Lease Agreement.

This Announcement is dated 6 September 2021.