

## ASIA MEDIA GROUP BERHAD (“AMEDIA” OR THE “COMPANY”)

### COLLABORATION AGREEMENT ENTERED INTO BETWEEN AMEDIA AND SETIA MEDIA SDN BHD

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#### 1. INTRODUCTION

The Board of Directors of AMEDIA (“**Board**”) is pleased to announce that AMEDIA had on 10 February 2022, entered into a Collaboration Agreement (“**Agreement**”) with Setia Media Sdn Bhd (“**SMEDIA**”) to carry out the PJ Smart Gateway Project (“the Project”) which has been awarded to SMEDIA.

#### 2. DETAILS OF THE PROPOSED COLLABORATION

##### 2.1. Background Information on SMEDIA

SMEDIA was incorporated in Malaysia on 24 May 2001 under the Companies Act, 1965 as a private limited company. SMEDIA is principally involved in the business of rental of billboard and the provision of static and digital OOH advertising services.

AMEDIA and SMEDIA (“the Parties”) have agreed to collaborate on the erection, establishment and operation of advertising billboard LED gantries at identified sites (“Identified Gantries”) on terms and conditions as set out in this Agreement.

AMEDIA AND SMEDIA agreed to enter into this Agreement to regulate their respective rights and obligations governing the collaboration over the Identified Gantries.

##### 2.2. Salient Terms of the Agreement

2.2.1. The Parties hereby agree and accept that, notwithstanding the collaboration on the Identified Gantries made between AMEDIA and SMEDIA pursuant to the Agreement, and any other collaboration made between SMEDIA and other independent parties for purposes of the Project, SMEDIA shall continue to solely and fully responsible to undertake and carry out the Project in accordance with the terms and obligations contained in any letter of award issued by MBPJ to SMEDIA.

2.2.2. The relationship between the Parties created pursuant to this Agreement shall neither constitute a partnership nor create any principal-agent relationship. The rights, duties, obligations and liabilities of the Parties shall be several and independent and not joint or collective. No Party shall possess or is deemed to assume any power or right to bind, commit or pledge the credit of the other Party pursuant to this Agreement.

2.2.3. The Parties recognise that it is impracticable to make provision for every contingency that may arise in the course of the collaboration agreed hereunder and the Parties accordingly declare it to be their intention that this Agreement shall operate between them with fairness and without detriment to any of them. If by reason of any unforeseen occurrence or development the operation of this Agreement is likely to cause any inequitable hardship to the Parties contrary to the spirit of this Agreement, the Parties will negotiate immediately in good faith and use their endeavours to agree upon such action as may be necessary and equitable to remove the cause or causes of the same.

### **2.3. Rights and Obligations of AMEDIA**

2.3.1. Pursuant to the collaboration agreed under this Agreement, AMEDIA shall invest a sum amounting to Ringgit Malaysia Nine Million (RM9,000,000.00) only (“the Investment”) by 31 July 2022 in the collaboration with SMEDIA for purposes of assisting SMEDIA meet the Costs of building, establishing and operating the Identified Gantries in accordance with the specifications and descriptions determined by SMEDIA. The Investment shall be disbursed to SMEDIA in five (5) tranches from the date of signing of the Agreement.

2.3.2. In consideration of AMEDIA providing the Investment, AMEDIA shall be entitled to promote and sell advertising space on the Identified Gantries subject to observing and complying with agreed obligations and requirements of collaboration.

### **2.4. Obligations of SMEDIA**

2.4.1. Pursuant to the collaboration agreed under this Agreement, SMEDIA shall:

- (a) Apply for and hold all necessary approvals and permits from the local council and relevant licensing authorities for the erection and operation of the Identified Gantries;
- (b) Pay all requisite licence fees and any other rental and incidental costs for sites of the Identified Gantries;
- (c) Carry out all necessary land survey and soil tests for the construction and electrical cablings for the Identified Gantries;
- (d) Submit designs and drawings, including all necessary engineering drawings, on the Identified Gantries for approval by the local council and relevant licensing authorities;
- (e) Design, build, and maintain the Identified Gantries, including electrical supply and internet infrastructure; and
- (f) Carry out the management and operation of sales and marketing of the advertising panels of the Identified Gantries.

### **2.5 Return of Investment**

AMEDIA shall receive thirty per cent (30%) of the Revenue actually generated and collected by SMEDIA from the Identified Gantries as a return of investment made by AMEDIA with a guarantee that the return on investment shall not be less than the Investment sum at the end of the Agreed Term.

## **3. RATIONALE FOR ENTERING THE COLLABORATION AGREEMENT**

The Agreement will provide the Parties an opportunity to collaboration based on the respective party’s strength and forte in the static and digital OOH advertising industry.

AMEDIA is targeting to expand its digital advertising services to the out-of-home market segment. It is the intention of the Board to explore business opportunities with SMEDIA, which is mainly engaged in billboard rental and providing static and digital advertising, with the objective of paving a quicker access for AMEDIA to venture into the out-of-home market segment.

**4. RISK FACTORS**

Apart from the normal business risks associated with such commercial Collaboration, AMEDIA does not foresee any other risks arising from the Collaboration.

**5 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED WITH THEM**

None of the Directors, major shareholders of AMEDIA and/ or persons connected with them have any interest, whether direct and/ or indirect, in the collaboration.

**6. FINANCIAL EFFECTS & PERCENTAGE RATIO**

The Collaboration is not expected to have any material effect on the earnings per share, net assets per share and gearing of AMEDIA. Due to the nature of the collaborative agreement, the percentage ratios are not applicable. However, it is expected that the Collaboration will contribute positively to the Group's earnings upon successful implementation of the Collaboration.

**7. ADVISER**

Lawyer has been appointed to review the terms and conditions of the Agreement.

**8. TIMEFRAME**

The term of the Agreement is for a period of seven (7) years commencing on the date being three (3) months from the date the Identified Gantries have been commissioned and fully operational ("Agreed Term").

**9. APPROVALS REQUIRED**

No approval is required for the Company to enter into the Agreement.

**10. DIRECTORS' STATEMENT**

The Board, having considered all aspects of the Collaboration that has been determined currently including, among others, the rationale of entering into the Agreement, the salient terms of the Agreement and the timeline of the Agreement, if applicable, is of the opinion that the Collaboration is in the best interest of the Company.

**11. DOCUMENT AVAILABLE FOR INSPECTION**

The Agreement is available for inspection during normal office hours at the registered office of AMEDIA at No. 3A, Mezzanine Floor, Jalan Ipoh Kecil, 50350 Kuala Lumpur from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 18 February 2022.