

MY E.G. SERVICES BERHAD ("MYEG" OR THE "COMPANY")

LEASE AGREEMENT BETWEEN MY EG LODGING (NC) SDN BHD, A SUB SUBSIDIARY OF MYEG AND THE PENANG DEVELOPMENT CORPORATION ("LEASE AGREEMENT")

1. INTRODUCTION

The Board of Directors of MYEG (the "**Board**") wishes to announce that MY EG Lodging (NC) Sdn Bhd (Registration No.: 202301028931 (1522854-W)) ("MYEGLNC"), a sub subsidiary of MYEG, had on 6 December 2023 entered into Lease Agreement with The Penang Development Corporation ("Lease Agreement") for a term of thirty (30) years commencing from the date of Legal Possession of the Land, for a lease consideration of RM20,403,588.51, subject to the terms and conditions as stated in the Lease Agreement.

2. INFORMATION ON THE PARTY(IES)

2.1 Information on MYEGLNC

MYEGLNC, a company duly incorporated on 28 July 2023 pursuant to the laws of Malaysia. MYEGLNC is principally involved in the provision of workers accommodation services.

The Directors of MYEGLNC are:

1. Datuk Mohd Jimmy Wong bin Abdullah
2. Chong Chien Ming

The share capital of MYEGLNC is RM500,000 divided into 5,000,000 Ordinary Shares, held by MY EG Lodging Sdn Bhd.

2.2 Information on The Penang Development Corporation

The Penang Development Corporation is the premier development agency of the State Government of Penang, a body corporate incorporated pursuant to the Penang Development Corporation Enactment 1971 and having its office at Bangunan Tun Dr. Lim Chong Eu, No. 1 Persiaran Mahsuri, Bandar Bayan Baru, 11909 Bayan Lepas, Pulau Pinang.

The Directors of Penang Development Corporation are:

1. YAB Tuan Chow Kon Yeow
2. YB Dato' Dr. Mohamad bin Abd Hamid
3. YB Tuan Jagdeep Singh Deo A/L Karpal Singh
4. YB Dato' Haji Rosli bin Isa
5. YB Dato' Zabidah Binti Safar
6. YB Tuan Zairil bin Khir Johari
7. YB Dato' Seri Sundarajoo A/L Somu
8. YB Tuan Rashidi bin Zinol
9. YB Tuan Goh Choon Aik
10. YBRS Puan Nor Hasnah binti Badroddin
11. YBRS Puan Norul Farhah Binti Mustapha
12. Encik Mohd Sukri bin Mat Jusoh

3. INFORMATION ON THE LAND

The Land is located in Batu Kawan Industrial Park 3 (BKIP 3), further details of the Land are set out below:-

Item	Description
Particulars of the Land	Lands known as Lot 525, Lot 526 and Lot 2711 (Plot 1), Mukim 14, Daerah Seberang Perai Selatan, Pulau Pinang
Land area	Approximately 8.3943 acres
Category of land use	Industrial Land
Existing use	Industrial Land
Particulars of all liabilities, including contingent liabilities and guarantees to be assumed arising from the lease.	Save for the costs and expenses related to the Lease Agreement there is no other liability, including contingent liability and guarantee, to be assumed by MYEGNLC arising from the Lease Agreement.

4. SALIENT TERMS OF THE LEASE AGREEMENT

4.1 Lease Consideration

The Lease Consideration being RM20,403,588.51 at RM55.80 per square foot ("Lease Consideration").

4.2 Time and Method of Payment of Lease Consideration

- (i) RM4,080,717.70 (being 20% of the Lease Consideration) less the Earnest Deposit and the Commitment Fee upon the execution of the Lease Agreement or 3 months from 3 November 2023 being the date of acceptance by the Lessee of the Letter of Award, whichever is earlier.
- (ii) RM6,121,076.55 (being 30% of the Lease Consideration) within 6 months from the date of the Lease Agreement.
- (iii) RM10,201,794.26 (being balance 50% of the Lease Consideration) within 12 months from the date of the Lease Agreement.

4.3 Registration of Lease

Upon the issuance of the land title and full settlement of the Lease Consideration by MYEGNLC, the Land will be registered under MYEGNLC as the lessee on the land title to the Land and the State Authority.

4.4 Performance Bond

MYEGNLC shall within ninety (90) days from the date of this Agreement procure the Performance Bond amounting to RM1,020,179.43 which shall be valid for a period of seventy-eight (78) months from the date of the Lease Agreement.

5. RATIONALE FOR THE LEASE AGREEMENT

The Lease Agreement was entered into in relation to the tender to set up a workers' village and related facilities at Batu Kawan Industrial Park 3 (BKIP 3), Mukim 14, Bukit Tambun, Seberang Perai Selatan, Pulau Pinang ("the Project").

The Project is to lease a land measuring 8.39 acres at a value of RM20,393,137 for a duration of 30 years to build and complete as well as manage and operate the workers village and related facilities. The completed workers village is estimated to accommodate 7,500 foreign workers and will comply with Jabatan Tenaga Kerja Semenanjung Malaysia guidelines as well as certified with GreenRE.

6. FINANCIAL EFFECTS OF THE LEASE AGREEMENT

6.1 Share Capital and substantial shareholders' shareholdings

The Lease Agreement is not expected to have any material effect on the issued share capital of the Company and substantial shareholders' shareholding in the Company.

6.2 Net Asset ("NA") Per Share, Earning Per Share ("EPS") and Gearing

The Lease Agreement is expected to contribute positively to the EPS and NA of the Company and will not have any material effect on the gearing of the Company for the financial year ending 31 December 2024 onwards.

7. APPROVALS REQUIRED

The Lease Agreement is not subject to the approvals of the shareholders of the Company and any government/ regulatory authorities except for the consent to be obtained from the Land and the State Authority to register MYEGNLC as the lessee on the land title.

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

None of the directors and major shareholders of MYEG and/ or persons connected to them have any interest, direct or indirect on the Lease Agreement.

9. RISK FACTORS

The Company does not foresee any exceptional risk other than the normal operational risks associated with the Lease Agreement. The Company will take the necessary steps to mitigate the risks as and when it occurs.

10. DIRECTORS' STATEMENT

The Board of Directors, having reviewed and considered the terms and conditions of the Lease Agreement, is of the opinion that the Lease Agreement is in the best interests of the Company and the terms and conditions of the Lease Agreement are fair, reasonable and on terms that are not detrimental to the interest of the minority shareholders of the Company.

11. DOCUMENT FOR INSPECTION

A copy of the Lease Agreement is available for inspection during normal business hours from 9.00 am to 5.00 pm from Monday to Friday (excluding public holidays) at the registered office of the Company at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, for a period of 3 months from the date of this announcement.

This announcement is dated 6 December 2023.