

MY E.G. SERVICES BERHAD (COMPANY NO. 505639-K) (“MYEG” OR “THE COMPANY”)

- LETTERS OF OFFER FOR LEASE FROM JOHOR CORPORATION

1. INTRODUCTION

The Board of Directors of the Company wishes to announce that the Company had on 20 June 2017 accepted the offer from Johor Corporation for the leasing of a piece of land situated at PLO 69, Tanjung Langsat Industrial Complex, Johor Bahru (“**the Land**”) for a total lease consideration amounting to RM10,763,589.36 (“**Lease Consideration**”) (“**the Lease**”) subject to the terms and conditions set out in the letters of offer dated 22 March 2017 and 15 May 2017 (“**Letters of Offer**”).

2. INFORMATION ON JOHOR CORPORATION

2.1 JOHOR CORPORATION

Johor Corporation (“**JCorp**”) is a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by the Enactment No. 5, 1995). JCorp is a state government entity which principally is an investment holding entity. JCorp’s subsidiaries are involved in core businesses encompassing the plantation sector, specialist healthcare, foods and restaurants services, property development, support services and investment, hospitality, entrepreneur business as well as new business.

The current Directors of Johor Corporation are as follows:-

1. YAB Dato’ Mohamed Khaled Bin Nordin
2. YBhg Tan Sri Dr Ali Bin Hamsa
3. YB Dato’ Kamaruzzaman Bin Abu Kassim
4. YB Dato’ Haji Azmi Bin Rohani
5. YB Dato’ Ishak Bin Sahari
6. YB Tuan Haji Mohd Nasir Bin Abd Salam
7. YBhg Dato’ Siti Zauyah Binti Md Desa
8. YBhg Dato’ Azman Bin Mahmud
9. YBhg Datuk Dr Hafsa Binti Hashim
10. YB Datuk Haji Md Jais Bin Haji Sarday
11. Encik Izaddeen Bin Daud

3. RATIONALE FOR THE LEASE

The signing of the Letters of Offer will enable the Company to build its own hostel facilities in the state of Johor.

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4. DETAILS OF THE LETTERS OF OFFER

4.1 Information of the Land

Private Lot No.	:	PLO 69
Lease Period	:	Registrable lease of Thirty (30) years with an option to the Company to renew for another thirty (30) years
Total Land Area	:	Approximately 8,886 acres
Mukim	:	Sungai Tiram
District	:	Johor Bahru

4.2 Salient Terms of the Lease

4.2.1 Terms of Payment

- Agreed for the total Lease Consideration amounting to RM10,763,589.36 to be paid according to the following schedule:-
 - Ten percent (10%) or RM1,076,358.94 to be paid upon acceptance of the Letters of Offer;
 - Twenty percent (20%) or RM2,152,717.87 to be paid within one (1) month from the date of the first 10% payment;
 - Twenty percent (20%) or RM2,152,717.87 to be paid within two (2) months from the date of the first 10% payment;
 - Fifty percent (50%) or RM5,381,794.68 to be paid within five (5) months from the date of the first 10% payment.

4.2.2 Access to Land

- The Company shall only enter into the Land:-
 - Upon 20% payment of the total Lease Consideration and upon the Company’s written request to Johor Corporation provided always Johor Corporation has given written license to enter which shall be for the purposes of the Company undertaking preliminary works on the Land;
 - Be given vacant possession of the Land upon full payment of the balance Lease Consideration.

4.2.3 Lease Period

- Agreed to offer the lease to the Land for a period of 30 years with an option to the Company to renew for another thirty (30) years.

4.2.4 Development Order

- Johor Corporation shall assist the Company in executing the necessary applications and provide other assistance to obtain the development order.

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5. ESTIMATED TIMEFRAME FOR ENTERING INTO A LEASE AGREEMENT

Subject to all terms mutually agreed between the Company and Johor Corporation, a lease agreement (“**Lease Agreement**”) and any other agreements as may be deemed necessary by the parties would be executed.

Further announcements will be made to Bursa Malaysia Securities Berhad upon finalisation of the terms and conditions of the Lease Agreement and any other agreements as may be deemed necessary.

6. SOURCE OF FUNDING

MYEG will finance the Lease through internally generated funds.

7. EFFECTS OF THE LEASE

7.1 Share capital

The Lease will not have any effect on the share capital of the Company as the Lease Consideration for the Letters of Offer will be fully satisfied in cash.

7.2 Substantial shareholders’ shareholdings

The Lease will not have any effect on the substantial shareholders’ shareholdings of the Company as the Lease Consideration for the Letters of Offer will be fully satisfied in cash.

7.3 Net assets per share and gearing

The Lease will not have any material effect on the net assets per share and gearing of the Company for the financial year ending 30 June 2017.

7.4 Earnings per Share

The Lease is not expected to have any material effect on the earnings per share of the Company for the financial year ending 30 June 2017.

8. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders of the Company and/or persons connected with them have any interests, direct or indirect, in the Letters of Offer

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9. STATEMENT BY BOARD OF DIRECTORS

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

10. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the transactions in relation to the above pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 2.69% based on the Audited Financial Statements of the Company for the year ended 30 June 2016.

11. APPROVALS REQUIRED

The acceptance of the Letters of Offer is not subject to the approval of shareholders and any other relevant authorities and is not conditional upon any other corporate exercise undertaken by the Company.

12. DOCUMENTS FOR INSPECTION

The Letters of Offer is available for inspection at the registered office of MYEG at Lot 6.05, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan during normal business hours on Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 21 June 2017.