

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) has perused this Circular on a limited review basis pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



SKYWORLD DEVELOPMENT BERHAD
(Registration No. 200601034211 (753970-X))
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED NEW SHAREHOLDERS’
MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR
TRADING NATURE**

The resolution in respect of the above proposal will be tabled at the 2023 Annual General Meeting (“**AGM**”) of the Company which will be held at **SkyWorld Gallery @ Setapak, Lot 17899, Jalan Ayer Jerneh, Taman Ayer Panas, Setapak, 53200 Kuala Lumpur, Malaysia on Friday, 29 September 2023 at 10.00 a.m.** Notice of the 2023 AGM of the Company, together with the proxy form are set out in the Annual Report 2023 of the Company which is available at the Company’s website at <https://www.skyworldgroup.com.my/investor-relations>.

If you are unable to attend and vote in person at the 2023 AGM, you may complete, sign and return the proxy form in accordance with the instructions printed thereon. The proxy form must be lodged with the Company’s Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, to submit the proxy form electronically via TIIH Online website at <https://tiah.online> not later than 48 hours before the time appointed for holding the meeting or at any adjournment thereof. Please refer to the Administrative Guide of the 2023 AGM on the procedures for electronic lodgement of proxy form via TIIH Online website.

Last day, date and time for lodging the proxy form	:	Wednesday, 27 September 2023 at 10.00 a.m.
Day, date and time of the AGM	:	Friday, 29 September 2023 at 10.00 a.m.
Venue of the AGM	:	SkyWorld Gallery @ Setapak, Lot 17899, Jalan Ayer Jerneh, Taman Ayer Panas, Setapak, 53200 Kuala Lumpur, Malaysia

This Circular is dated 31 July 2023

DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Circular:-

- “Act”** : The Companies Act 2016, as may be amended from time to time and any enactment thereof
- “AGM”** : Annual General Meeting
- “Audit & Risk Management Committee” or “ARMC”** : Audit & Risk Management Committee of SkyWorld Development
- “Board”** : The Board of Directors of SkyWorld Development
- “Bursa Securities” or “the Exchange”** : Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
- “Circular”** : This circular to shareholders dated 31 July 2023 in relation to the Proposal.
- “Director(s)”** : Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or chief executive of the Company, its subsidiary or holding company, in accordance with the definition in Chapter 10 of the Listing Requirements
- “ICT Zone”** : ICT Zone Sdn Bhd (Registration No. 200101022505 (558263-V))
- “Listing Requirements”** : Main Market Listing Requirements of Bursa Securities and any Practice Notes issued in relation thereto, including any amendments that may be made from time to time
- “LPD”** : 10 July 2023, being the latest practicable date prior to the printing of this Circular
- “Major Shareholder(s)”** : A person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares is:-
- (a) 10% or more of the total number of voting shares in the Company; or
 - (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company;

and shall include any person who is or was within the preceding 6 months of the date on which the terms of the transactions were agreed upon, a Major Shareholder of SkyWorld Development, its subsidiary or holding company, in accordance with the definition in Chapter 10 of the Listing Requirements

“Interest” shall have the meaning of “interest in shares” given in Section 8 of the Act

“Person(s) Connected”	: Persons connected to the Directors and/or Major Shareholders, who fall under any one of the following categories:- (a) a family member of the Directors or Major Shareholders; (b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Directors, Major Shareholders or a family member of the Directors or Major Shareholders, is the sole beneficiary; (c) a partner of the Directors or Major Shareholders; (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or is/are under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Directors or Major Shareholders; (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the Directors or Major Shareholders is accustomed or is under an obligation, whether formal or informal, to act; (f) a body corporate in which the Directors, Major Shareholders or persons connected with them are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or (g) a body corporate which is a related corporation of the Directors or Major Shareholders
“Proposal” or “Proposed New Shareholders’ Mandate”	: Proposed new shareholders’ mandate for RRPTs to be entered into for the period from the date of the forthcoming AGM until the next AGM
“Recurrent Related Party Transactions” or “RRPTs”	: Recurrent related party transaction of a revenue or trading nature which are necessary for the day-to-day operations and are entered/to be entered into by SkyWorld Development Group with the Related Parties in the ordinary course of business which involves the interest, direct or indirect, of a Related Party
“Related Part(ies)”	: Any Director or Major Shareholder of SkyWorld Development Group or Person(s) Connected to such Director or Major Shareholder as defined under Chapters 1 and 10 of the Listing Requirements
“RISCO”	: RISCO Consulting Sdn Bhd (Registration No. 200801021798 (823116-U))
“RM” and “sen”	: Ringgit Malaysia and sen respectively
“SkyWorld Development” or “Company”	: SkyWorld Development Berhad (Registration No. 200601034211 (753970-X))

“SkyWorld Development Group” or “Group” : SkyWorld Development and its subsidiaries (including all future subsidiaries to be acquired/incorporated by SkyWorld Development Group before its next AGM, whenever applicable), collectively

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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SkyWorld Development Berhad
(Registration No. 200601034211 (753970-X))
(Incorporated in Malaysia)

Registered Office:-
Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

31 July 2023

Board of Directors:-

Datuk Seri Ng Thien Phing (*Non-Independent Executive Chairman*)
Datuk Lam Soo Keong @ Low Soo Keong (*Non-Independent Executive Director*)
Lee Chee Seng (*Non-Independent Executive Director/ Chief Executive Officer*)
Chan Seng Fatt (*Independent Non-Executive Director*)
Ong Soo Chan (*Independent Non-Executive Director*)
Phang Sze Fui (*Independent Non-Executive Director*)
Zalinah Binti A Hamid (*Independent Non-Executive Director*)

To: Our Shareholders

Dear Sir/Madam,

**PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

1. INTRODUCTION

The Company had on 20 July 2023, announced that the Company proposed to seek the approval of its shareholders for the Proposal at the forthcoming AGM of the Company. The Notice of the 2023 AGM of SkyWorld Development and the proxy form, are enclosed in our Annual Report 2023 which is available at the Company's website at <https://www.skyworldgroup.com.my/investor-relations>.

The purpose of this Circular is to provide you with the relevant information on the Proposal and to seek your approval for the proposed resolution pertaining thereto to be tabled as Special Business at the forthcoming 2023 AGM of the Company.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION IN RELATION TO THE PROPOSAL TO BE TABLED AT THE FORTHCOMING AGM.

2. INFORMATION ON THE PROPOSAL

2.1 Provisions under the Listing Requirements

Pursuant to Paragraph 10.09(2) and Practice Note 12 of the Listing Requirements, a listed issuer may seek a shareholders' mandate in respect of RRPTs which are necessary for its day-to-day operations subject to the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:
 - (a) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1.0 million or more; or
 - (b) the percentage ratio of such Recurrent Related Party Transactions is 1% or more,whichever is the higher;
- (iii) the issuance of a circular to shareholders by the Company incorporating the information as may be prescribed by the Exchange;
- (iv) in a meeting to obtain the shareholders' mandate, the interested Directors, interested Major Shareholders and Person Connected with a Director or Major Shareholder and where it involves the interest of a Person Connected with a Director and/or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the transaction(s). An interested Director or interested Major Shareholder must also ensure that Persons Connected with them abstain from voting on the resolution approving the transaction(s); and
- (v) the Company shall make an immediate announcement to the Exchange when the actual value of RRPTs entered into by the Company, exceeds the estimated value of the RRPTs disclosed in the Circular by 10% or more and must include the information as may be prescribed by the Exchange in its announcement.

Where a shareholders' mandate pursuant to Paragraph 10.09 of the Listing Requirements has been procured, the provisions of Paragraph 10.08 of the Listing Requirements shall not apply.

Accordingly, SkyWorld Development is proposing to seek its shareholders' approval for the Proposal pursuant to and in compliance with the conditions stated in Paragraph 10.09 and Practice Note 12 of the Listing Requirements, to enable the Group to enter into the RRPTs with the Related Parties as specified in Section 2.4 of this Circular.

2.2 Validity Period

The Proposal, if approved by the shareholders at the forthcoming AGM, shall be subject to annual review. In this respect, any authority conferred by the Proposal shall continue to be in force until:-

- (i) the conclusion of the next AGM of the Company, at which time it shall lapse, unless by a resolution passed by the shareholders of the Company in a general meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

- (iii) the mandate is revoked or varied by a resolution passed by the shareholders in a general meeting,

whichever is the earlier.

Thereafter, approval from shareholders will be sought for the renewal of the shareholders' mandate for RRPTs at each subsequent AGM of the Company if the Board decide that the renewal of the mandate is desirable.

2.3 Details of SkyWorld Development Group

SkyWorld Development was incorporated on 22 November 2006 and is principally engaged in the business of investment holding, provision of management services to the subsidiaries and property development. The principal activities of SkyWorld Development's subsidiaries are mainly involved in property development.

Details of SkyWorld Development's subsidiaries as well as their principal activities as at the LPD are as follows:-

<u>Name of Company</u>	<u>Effective Equity Interest</u>	<u>Principal Activities</u>
<u>Wholly-owned subsidiaries</u>		
1. Aqua Legacy Sdn Bhd (201701012847 (1227012-W))	100%	Property development – Dormant
2. Aspirasi Cekap Sdn Bhd (202201029870 (1475567-K))	100%	Property development – Dormant
3. Bennington Development Sdn Bhd (201401003842 (1079915-K))	100%	Property development
4. Citra Amal Sdn Bhd (201301016782 (1046615-P))	100%	Property development
5. Curvo Development Sdn Bhd (201501026547 (1151871-T))	100%	Property development
6. Klasik Eramas Sdn Bhd (202101006013 (1406312-X))	100%	Property development – Dormant
7. Legasi Spohra Sdn Bhd (201701012863 (1227028-U))	100%	Property development – Dormant
8. NTP World Corporation Sdn Bhd (200601024810 (744564-D))	100%	Property development
9. SkyAman Development Sdn Bhd (200901006783 (849746-K))	100%	Property development
10. SkyAwani 2 Development Sdn Bhd (201301042768 (1072590-X))	100%	Property development
11. SkyAwani 5 Development Sdn Bhd (201301042985 (1072807-D))	100%	Property development
12. SkyHill Development Sdn Bhd (201401040271 (1116419-P))	100%	Property development – Dormant

	<u>Name of Company</u>	<u>Effective Equity Interest</u>	<u>Principal Activities</u>
13.	SkyLuxe Development Sdn Bhd (201301027213 (1057041-W))	100%	Property development
14.	SkyMeridien Development Sdn Bhd (201001030326 (914246-P))	100%	Property development
15.	SkyRia Development Sdn Bhd (202101002113 (1402411-K))	100%	Property development
16.	SkySanctuary Development Sdn Bhd (200601021835 (741588-T))	100%	Property development and property investment
17.	SkySierra Development Sdn Bhd (201301042986 (1072808-A))	100%	Property development
18.	SkyVogue Development Sdn Bhd (201301019525 (1049355-H))	100%	Property development
19.	SkyVue Development Sdn Bhd (201301010018 (1039860-P))	100%	Property development – Dormant
20.	SkyWorld Asset Management Sdn Bhd (201601021999 (1192938-X))	100%	Management services and property investment
21.	SkyWorld Builder Sdn Bhd (200801031431(832763-H))	100%	Property development – Dormant
22.	SkyWorld Capital Berhad (201001040829 (924754-U))	100%	Treasury management company for SkyWorld Development
23.	SkyWorld Connects Sdn Bhd (201801037374 (1299404-M))	100%	Management services and e-commerce business
24.	SkyWorld Development (Vietnam) Company Limited (0315835115)	100%	Property development – Dormant
25.	SkyWorld Staris Development Sdn Bhd (202101025030 (1425330-T))	100%	Property development – Dormant
26.	West Victory Sdn Bhd (201501032746 (1158066-V))	100%	Property development – Dormant
	<u>Non-wholly owned subsidiaries</u>		
27.	Medan Srijuta Sdn Bhd (201301025791 (1055621-D))	60%	Property development – Dormant
28.	Rimba Maju Realiti Sdn Bhd (201301026010 (1055840-X))	60%	Property development – Dormant
29.	SkyWorld Properties Sdn Bhd (201401025905 (1101995-V))	80%	Property development and investment holding

	<u>Name of Company</u>	<u>Effective Equity Interest</u>	<u>Principal Activities</u>
30.	SkyWorld Land Sdn Bhd (201401025909 (1101999-M))	75%	Property development and investment holding
31.	SkyWorld Venture Sdn Bhd (201401025912 (1102002-D))	60%	Property development and investment holding
<u>Subsidiary held indirectly through SkyWorld Land Sdn Bhd</u>			
32.	Central Enclave Sdn Bhd (201701012889 (1227054-H))	75%	Property development – Dormant
<u>Subsidiary held indirectly through SkyWorld Venture Sdn Bhd</u>			
33.	Desa Iimbangan Sdn Bhd (201301025663 (1055493-M))	60%	Property development – Dormant
<u>Subsidiary held indirectly through SkyWorld Properties Sdn Bhd</u>			
34.	Kem Batu Kentonmen Development Sdn Bhd (201401039177 (1115329-V))	80%	Property development – Dormant

It is anticipated that the Group would, in the ordinary course of business, enter into RRPTs which are necessary for its day-to-day operations with the classes of Related Parties disclosed in Section 2.4 of this Circular. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

In this respect, the Board is seeking shareholders' approval for the Proposal which will allow the Group to enter into RRPTs in the normal course of business with the classes of Related Parties set out in Section 2.4 of this Circular provided such transactions are made at arms' length, on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company.

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2.4 Nature of the RRPTs and details of the Related Parties

The class and nature of the RRPTs of which approval is being sought under the Proposed New Shareholders' Mandate is as follows:-

No.	Transacting party within SkyWorld Development Group	Transacting Related Party	Nature of transaction	Interested Related Parties	Estimated aggregate value to be transacted from the date of the forthcoming AGM to the next AGM (RM) ⁽¹⁾
1.	SkyWorld Development	ICT Zone ⁽²⁾	<ul style="list-style-type: none"> ➤ Renting of office building and utilities from ICT Zone⁽⁴⁾ ➤ Renting of office equipment from ICT Zone 	Datuk Seri Ng Thien Phing ⁽⁵⁾	650,000 500,000
2.	SkyWorld Development	RISCO ⁽³⁾	<ul style="list-style-type: none"> ➤ Provision of insurance brokerage and related services by RISCO 	Datuk Seri Ng Thien Phing ⁽⁵⁾	115,000
3.	NTP World Corporation Sdn Bhd	RISCO ⁽³⁾	<ul style="list-style-type: none"> ➤ Provision of insurance brokerage and related services by RISCO 	Datuk Seri Ng Thien Phing ⁽⁵⁾	15,000
4.	SkyMeridien Development Sdn Bhd	RISCO ⁽³⁾	<ul style="list-style-type: none"> ➤ Provision of insurance brokerage and related services by RISCO 	Datuk Seri Ng Thien Phing ⁽⁵⁾	20,000
5.	SkySanctuary Development Sdn Bhd	RISCO ⁽³⁾	<ul style="list-style-type: none"> ➤ Provision of insurance brokerage and related services by RISCO 	Datuk Seri Ng Thien Phing ⁽⁵⁾	65,000
6.	SkySierra Development Sdn Bhd	RISCO ⁽³⁾	<ul style="list-style-type: none"> ➤ Provision of insurance brokerage and related services by RISCO 	Datuk Seri Ng Thien Phing ⁽⁵⁾	10,000
7.	SkyVogue Development Sdn Bhd	RISCO ⁽³⁾	<ul style="list-style-type: none"> ➤ Provision of insurance brokerage and related services by RISCO 	Datuk Seri Ng Thien Phing ⁽⁵⁾	15,000

No.	Transacting party within SkyWorld Development Group	Transacting Related Party	Nature of transaction	Interested Related Parties	Estimated aggregate value to be transacted from the date of the forthcoming AGM to the next AGM (RM) ⁽¹⁾
8.	SkyWorld Asset Management Sdn Bhd	RISCO ⁽³⁾	➤ Provision of insurance brokerage and related services by RISCO	Datuk Seri Ng Thien Phing ⁽⁵⁾	55,000
9.	SkyWorld Development Group	Directors and/or Major Shareholders of SkyWorld Development Group and Person Connected with them	➤ Sale of development properties and land or land-based properties to Directors and/or Major Shareholders of SkyWorld Development Group and Person Connected with them provided that any one of the percentage ratios of the transaction does not exceed 10% as defined in the Listing Requirements	Directors and/or Major Shareholders of SkyWorld Development Group and Person Connected with them who intend to purchase the properties sold by the Group which could not be ascertained at this juncture	##

Notes:

- (1) The estimated value of the transactions is based on estimated prevailing market rates, being rates that are not more favourable to the Related Parties than those generally available to/from the public. The estimated value may vary and subject to change.
- (2) Datuk Seri Ng Thien Phing is a director and indirect shareholder of ICT Zone. He is deemed interested in ICT Zone by virtue of his shareholdings of 61.52% in ICT Zone Holding Sdn Bhd which in turn holds 80.13% shareholdings in ICT Zone Asia Berhad. ICT Zone is a wholly-owned subsidiary of ICT Zone Asia Berhad. The principal activities of ICT Zone are trading, repairing and servicing of computers and related parts and accessories.
- (3) Datuk Seri Ng Thien Phing is a director and indirect shareholder of RISCO. He is deemed interested in RISCO by virtue of his shareholdings of 61.52% in ICT Zone Holding Sdn Bhd which in turn holds 55.00% shareholdings in RISCO. The principal activity of RISCO is insurance agency.
- (4) SkyWorld Development had entered into 8 tenancy agreements between September 2014 to June 2017 with ICT Zone for the rental of office space located at Block B, Wisma NTP World, Excella Business Park, Jalan Ampang Putra, 55100 Ampang, Kuala Lumpur. By way of letters of extension dated 12 May 2023, SkyWorld Development has renewed all the tenancies for a period of two years commencing from 1 June 2023 to 31 May 2025. The monthly rental rates are between RM2.23 to RM2.88 per square foot ("psf") and the payment terms are on monthly basis. Based on comparable properties, the range of monthly market rates are between RM2.63 psf to RM2.87 psf. SkyWorld Development may terminate the tenancy at any time by giving 6 months prior written notice to ICT Zone.

As at the LPD, the details of the office building rented by SkyWorld Development from ICT Zone are as follows:-

Date of tenancy agreement	Property	Built-up area (sq ft)	Monthly rental (RM)	Monthly rental psf (RM)	Rental payable per annum (RM)
1 January 2016	Ground floor	2,280	6,156.00	2.70	73,872
1 September 2014	Level 1	2,000	5,000.00	2.50	60,000
1 September 2014	Level 2	2,000	5,000.00	2.50	60,000
1 February 2016	Level 3	2,000	5,000.00	2.50	60,000
1 June 2017	Level 4	1,739	5,000.00	2.88	60,000
1 November 2015	Level 5	2,240	5,000.00	2.23	60,000
1 September 2014	Level 7	2,000	5,000.00	2.50	60,000
1 November 2014	Level 8	1,700	4,250.00	2.50	51,000

(5) Datuk Seri Ng Thien Phing is a Director and Major Shareholder of SkyWorld Development.

The estimated value of the transaction for this category cannot be ascertained given the various types of properties sold by the Group with prices which vary from project to project. However, the Group is guided by the provision of Paragraph 3.3(a) of Practice Note 12 of the Listing Requirements which allows the Company to procure shareholders' mandate for disposal of land or land-based properties provided that the transaction is a RRPT and any one of the percentage ratios is not more than 10%.

The Proposal is necessary for the Group's day-to-day operations and is in the ordinary course of business and is on terms not more favourable to the Related Parties than those generally available to the public and is not detrimental to the interest of the minority shareholders of the Company.

2.5 Details of Amount Due and Owing to SkyWorld Development Group by the Related Parties

There is no amount due and owing to the Group by its Related Parties which has exceeded the credit term given as at the financial year ended 31 March 2023.

2.6 Review Procedure and Guidelines for the RRPTs

The Board will ensure that the RRPTs are undertaken on an arm's length basis and on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The following procedure and guidelines have been established for the review and approval of RRPTs:-

- (i) A list of Related Parties shall be kept by the Finance Department of the Company and shall be updated from time to time, as and when necessary.
- (ii) The established list of Related Parties is used to monitor and ensure that all RRPTs to be entered into by the Group are reported and presented to the ARMC, who then ensures that the RRPTs are undertaken on an arm's length basis, on terms which are not more favourable to the Related Parties other than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company.
- (iii) The Company shall maintain records pertaining to RRPTs which are entered into pursuant to the shareholders' mandate. A summary of the transactions will be tabled to the ARMC for review on quarterly basis and if necessary, the ARMC may request the internal auditors to review the management system and procedures in compiling information.
- (iv) The Group shall only enter into any RRPTs after taking into account the transaction prices, commercial terms and conditions, level of service and expertise required, quality of products and services provided to/by the Related Parties as compared to prevailing market prices and rates, industry norms and standards as well as general business practices and policies by service providers of similar capacity and capability generally available in the open market.
- (v) The ARMC shall continue to review the adequacy and appropriateness of the procedure and guidelines established to monitor the RRPTs as and when required to ensure that the procedure and guidelines have been complied with.
- (vi) Where applicable and/or feasible, at least 2 other contemporaneous transactions with unrelated third parties for similar products or services and/or quantities will be used as comparison, to determine whether the price and terms offered to or by the Related Parties are fair and reasonable and comparable to those offered to or by other unrelated third parties for the same or substantially similar type of products or services and/or quantities. In the event that quotations or comparative pricing from unrelated third parties cannot be obtained, the Group will rely on their market knowledge of prevailing industry norms bearing in mind the urgency and efficiency of products or services to be provided or required to ensure that the RRPTs are not detrimental to the Group.
- (vii) The Board and ARMC shall have overall responsibility for the determination of the review procedures, including addition of new review procedures as they deem appropriate.

- (viii) Where any Director has an interest, direct or indirect, in any RRPTs, such Director must declare his interest and abstain from deliberation and voting on the matter. The interested Directors shall also abstain from deliberating at Board meetings in respect of the RRPTs in which they or Persons Connected with them are interested. Where any member of the ARMC is interested in any RRPTs, such member shall abstain from deliberation and voting on any decisions to be taken by the ARMC with respect to such transaction.
- (ix) Disclosure will be made in the annual report of the Company of the aggregate value of the RRPTs conducted pursuant to the Proposal during the financial year with a breakdown of the aggregate value of the RRPTs based on the type, name of the Related Parties involved and their relationships with the Company. Disclosure will also be made in the annual reports of the subsequent financial year during which the period the shareholders' mandate remains in force.

2.7 Threshold for Approval of RRPTs within SkyWorld Development Group

There is no specific threshold for approval of RRPTs within the Group. However, all RRPTs are subject to the approval of the Board. Where any Director has an interest, direct or indirect in any RRPTs, such Director shall abstain from deliberation and voting on the matter.

If it is determined that the procedure and guidelines stated in Section 2.6 of this Circular are inadequate, the Company is required to ensure that:

- (i) The RRPT(s) will be conducted at arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (ii) Such transactions are not to the detriment of the minority shareholders of the Company or prejudicial to the interests of the shareholders.

2.8 Statement by the ARMC

The ARMC of SkyWorld Development, having reviewed the procedure, is of the opinion that the said procedure is sufficient to ensure that the RRPTs are conducted at arm's length basis, on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company, and hence, will not be prejudicial to the shareholders or disadvantageous to the Group.

In addition, the ARMC is of the opinion that SkyWorld Development Group has in place adequate procedure and processes to monitor, track and identify RRPTs in a timely and orderly manner. The ARMC will annually review and ascertain whether the guidelines and procedure established to monitor the RRPTs have been complied with.

2.9 Rationale and Benefits of the Proposal

The RRPTs entered or to be entered into from time to time by SkyWorld Development Group are in their ordinary course of business. They are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time. These RRPTs may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case-to-case basis before entering into such transactions. As such, the Company is seeking its shareholders' approval for the Proposal pursuant to Paragraph 10.09(2) of the Listing Requirements to allow the Group to enter or continue to enter into the RRPT(s).

The Proposal is crucial to ensure continuing day-to-day operations of the Group. By obtaining the shareholders' mandate on an annual basis, this will reduce substantial

administrative time and expenses associated with the convening of general meetings from time to time to seek shareholders' approval of each transaction while still maintaining the objective of keeping shareholders informed of the extent of the RRPTs occurring within the Group. It also allows manpower resources and time to be focused on attaining the Group's corporate objectives and business opportunities.

SkyWorld Development Group has a long-standing business relationship and there exist a strong relationship between SkyWorld Development and the Related Parties which remain till today. The Board is of the view that the close commercial relationship of SkyWorld Development and various Related Parties has over the years benefited the Group in making it more competitive in the industry.

It should also be emphasized that the Related Parties are not under any obligation to enter into transactions with the Group and vice versa. Ultimately, all business transactions are entered into with the intention of profiting from market situations within normal trade practices. Therefore, external market prices and conditions are important factors that determine transaction prices between the Group and the Related Parties.

2.10 Financial Effects of the Proposal

The Proposal will not have any effect on the issued share capital and substantial shareholders' shareholding of SkyWorld Development.

The Proposal is also not expected to have any material effect on the earnings per share and net assets of the Group for the financial year ending 31 March 2024.

3. APPROVAL REQUIRED

The Proposal is subject to the approval of the shareholders of SkyWorld Development at the 2023 AGM.

4. INTEREST OF DIRECTORS AND MAJOR SHAREHOLDERS AND PERSON(S) CONNECTED TO THEM

As at the LPD, the direct and indirect shareholdings of the interested Directors and interested Major Shareholders of the Company who have interests, direct and indirect, in the Proposal are as follows:-

Interested Director and Interested Major Shareholder	Direct		Indirect	
	No. of ordinary shares	%	No. of ordinary shares	%
Datuk Seri Ng Thien Phing	420,777,952	42.078	-	-
Datuk Lam Soo Keong @ Low Soo Keong	102,757,679	10.276	-	-

Interested Directors	Direct		Indirect	
	No. of ordinary shares	%	No. of ordinary shares	%
Lee Chee Seng	49,692,369	4.969	-	-
Chan Seng Fatt	-	-	-	-
Ong Soo Chan	100,000	0.010	-	-
Phang Sze Fui	100,000	0.010	-	-
Zalinah Binti A Hamid	-	-	-	-

Datuk Seri Ng Thien Phing, being the Director who is interested in all the RRPTs as provided in Section 2.4 of this Circular, has abstained and will continue to abstain from all Board deliberations and voting on the RRPTs as comprised in the Proposal and shall also abstain from voting in respect of his direct shareholdings in the Company, at the forthcoming AGM on the ordinary resolution pertaining to the Proposal.

All Directors of the Company are deemed interested in the RRPT as disclosed under item 9 of Section 2.4 of this Circular. As such, the interested Directors have abstained and will continue to abstain from all Board deliberations and voting at relevant Board meetings in respect of the transaction under item 9 of Section 2.4 of this Circular.

Further, the Directors with shareholdings, namely Datuk Lam Soo Keong @ Low Soo Keong, Lee Chee Seng, Ong Soo Chan and Phang Sze Fui will abstain from voting in respect of their direct shareholdings in the Company, at the forthcoming AGM on the ordinary resolution pertaining to the Proposal.

In addition, the aforesaid interested Directors and interested Major Shareholder have undertaken and will ensure that the Persons Connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposal at the forthcoming AGM, if any.

5. DIRECTORS' RECOMMENDATION

All the Directors have refrained from forming an opinion and making any recommendation to the shareholders in respect of item 9 of the RRPTs under Section 2.4 of this Circular, as the transacting Related Parties cannot be ascertained as at the date of this Circular.

The Board (save and except for Datuk Seri Ng Thien Phing who is interested in all the RRPTs under the Proposal), having considered the rationale and all aspects of the Proposal (except for item 9 of the RRPTs under Section 2.4 of this Circular), is of the opinion that the RRPTs are fair, reasonable and in the best interest of the Group, and are not detrimental to the interest of the minority shareholders, and accordingly recommend that you vote in favour of the resolution pertaining to the Proposal to be tabled at the 2023 AGM.

6. 2023 AGM

The ordinary resolution to approve the Proposal is set out in the Notice of the 2023 AGM contained in SkyWorld Development's Annual Report 2023 which is available at the Company's website at <https://www.skyworldgroup.com.my/investor-relations>.

The 2023 AGM of the Company will be held at SkyWorld Gallery @ Setapak, Lot 17899, Jalan Ayer Jerneh, Taman Ayer Panas, Setapak, 53200 Kuala Lumpur, Malaysia on Friday, 29 September 2023 at 10.00 a.m. If you are unable to attend and vote in person at the 2023 AGM, you may complete, sign and return the proxy form, which is attached in the Annual Report 2023 of SkyWorld Development, in accordance with the instructions printed thereon as soon as possible, so as to arrive at the Company's Share Registrar's Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, to submit the proxy form electronically via TIIH Online website at <https://tiih.online> not less than 48 hours before the time set for holding the 2023 AGM.

7. FURTHER INFORMATION

You are advised to refer to the attached Appendix A for further information.

Yours faithfully,

For and on behalf of the Board of
SKYWORLD DEVELOPMENT BERHAD

CHAN SENG FATT
Independent Non-Executive Director

APPENDIX A - FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors and that they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in the Circular misleading.

2. MATERIAL LITIGATION

SkyWorld Development Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors of SkyWorld Development are not aware of any proceedings pending or threatened against SkyWorld Development and/or its subsidiaries or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position and/or business of the SkyWorld Development Group.

3. MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) that have been entered into by SkyWorld Development Group within the two years immediately preceding the date of this Circular.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the 2023 AGM:

- (i) the Constitution of SkyWorld Development; and
- (ii) the audited consolidated financial statements of SkyWorld Development for the past two financial years ended 31 March 2022 and 31 March 2023.