

## SKYWORLD DEVELOPMENT BERHAD (“SKYWORLD DEVELOPMENT” OR THE “COMPANY”) PROPOSED JOINT DEVELOPMENT

*All abbreviations and definitions used herein shall have the same meaning as defined in the Company’s announcement dated 10 December 2024 and the Circular to Shareholders dated 14 April 2025 except where the context otherwise defined herein.*

### 1. INTRODUCTION

Further to the Company’s announcement made on 10 December 2024 and the approval obtained from the shareholders of the Company at the Extraordinary General Meeting held on 29 April 2025 in relation to the Proposed Joint Development, the Board of Directors wishes to announce that SkyWorld Development, via SkyWorld Cassia Development Sdn Bhd (formerly known as SkyAvana Development Sdn Bhd) (“**Purchaser**”), a wholly-owned subsidiary of SkyWorld Development had on 8 July 2025 entered into a sale and purchase agreement with PDC (“**Parcel 1 SPA**”) to acquire one (1) parcel of land measuring approximately 25.9 acres (“**Parcel 1**”) to be alienated from part of all that piece of land measuring in aggregate approximately 161.5 acres located at Mukim 13, Bandar Cassia, Seberang Perai Selatan, Pulau Pinang (“**Plot A**”) for a total purchase price of RM48,512,772.00 or RM43 per square foot (“**Purchase Price**”) in accordance with the terms and conditions set out in the Parcel 1 SPA (“**Proposed Parcel 1 Acquisition**”).

Details of the Proposed Parcel 1 Acquisition are set out in the ensuing sections. Further details of Parcel 1 are set out in **Section 2.1** of this announcement.

### 2. DETAILS OF THE PROPOSED PARCEL 1 ACQUISITION

In accordance with the Parcel 1 SPA, PDC shall be entitled to a cash entitlement for contributing Parcel 1 to the Purchaser. Please refer to the salient terms of the Parcel 1 SPA for more details on the Proposed Parcel 1 Acquisition.

#### 2.1 Information on the Land

##### 2.1.1 Information on Plot A and Parcel 1

As of the date of this announcement, Parcel 1 has not been alienated and remains as Penang State Land. Pursuant to the JDA, the application for alienation of Plot A into not more than five (5) parcels as per the demarcation plan prepared by SkyWorld Development or the Purchaser, will only be submitted by PDC upon signing of the SPA(s) for each individual parcel(s).

Parcel 1 is part of Plot A which located along Jalan Cassia Barat 1, off the main thoroughfare of Jalan Tun Abdullah Ahmad Badawi. It is sited on the north-western part of Batu Kawan, an island situated off the western coast of District of Seberang Perai Selatan in between Penang Island and the mainland of Penang State as depicted in the map below: -



Details of Parcel 1 are set out as follows: -

<u>Criteria</u>	<u>Details</u>
Title No. and Lot No.	: N/A <sup>(1)</sup>
Location	: Mukim 13, Bandar Cassia, Seberang Perai Selatan, Pulau Pinang
Land Area	: 25.90 acres (equivalent to 1,128,204 square feet)
Land Tenure	: Freehold <sup>(2)</sup>
Category of Land Use	: Building <sup>(2)</sup>
Encumbrances	: Nil
Restriction in Interest	: Tanah yang diberimilik ini tidak boleh dipindahmilik, cagar, pajak atau pajakan kecil atau dengan apa-apa urusan niaga sekalipun tanpa kebenaran bertulis daripada Pihak Berkuasa Negeri.
Express Condition	: Perumahan dan Perniagaan

**Notes: -**

- 1) *Individual title and lot no. for Parcel 1 have not been issued as at the date of announcement. They are reliant upon PDC obtaining the relevant approvals from the State Authority to alienate Plot A.*
- 2) *Based on the assumption that PDC obtains the relevant approvals from the State Authority to alienate Plot A in accordance with the provisions of the National Land Code (Revised 2020) Act 828 for perpetuity (Freehold) under a qualified title subject to the category of land use of "Building".*

## **2.2 Liabilities to be assumed**

Save for any potential bank borrowings that may arise from funding the Purchase Price or the obligations and liabilities arising from the Parcel 1 SPA, there are no other liabilities including contingent liabilities and guarantees to be assumed by SkyWorld Development arising from the Proposed Parcel 1 Acquisition.

## **2.3 Source of funding**

The Purchase Price of Proposed Parcel 1 Acquisition will be funded by a combination of balance proceeds raised from the Initial Public Offering, internally generated funds and bank borrowing. The exact proportions are to be determined at a later date taking into consideration the gearing level of the SkyWorld Development Group, interest costs and internal cash requirements for the Group's business operations.

## **3. RATIONALE FOR THE PROPOSED PARCEL 1 ACQUISITION**

The Proposed Parcel 1 Acquisition facilitates the Proposed Joint Development which enables SkyWorld Development to carry out and complete the development of Parcel 1 into Rumah Bakat Madani in the Penang region.

## **4. RISK FACTORS OF THE PROPOSED PARCEL 1 ACQUISITION**

The Proposed Parcel 1 Acquisition is subject to contractual risks pertaining to the Parcel 1 SPA and inherent risks in the property development industry, of which the Group is already involved in and will be addressed as part of the Group's ordinary course of business.

**5. EFFECTS OF THE PROPOSED PARCEL 1 ACQUISITION**

The Proposed Parcel 1 Acquisition will not have any effect on the issued share capital of SkyWorld Development and the substantial shareholders' shareholdings as it does not involve any issuance of new ordinary shares in SkyWorld Development.

The Proposed Parcel 1 Acquisition is not expected to have any immediate material effect on the earnings per Share, net assets per Share and gearing of SkyWorld Development for the financial year ending 31 March 2026.

**6. APPROVAL/ CONSENT REQUIRED FOR THE PROPOSED PARCEL 1 ACQUISITION**

SkyWorld Development had on 29 April 2025 obtained shareholders' approval on the Proposed Joint Development to be undertaken by the Group and the Proposed Parcel 1 Acquisition is part of the proposals.

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

None of the Directors and/or major shareholders of SkyWorld Development and/or persons connected with them have any interests, direct or indirect, in the Proposed Parcel 1 Acquisition.

**8. STATEMENT BY THE BOARD OF DIRECTORS**

The Board, having considered all aspects of the Proposed Parcel 1 Acquisition, including but not limited to the terms and conditions of the Parcel 1 SPA, the rationale, prospect, risk factors and financial effects, is of the opinion that the Proposed Parcel 1 Acquisition is in the best interests of the Group.

**9. EXPECTED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Board expects the Proposed Parcel 1 Acquisition to be rendered unconditional by the second quarter of 2026.

This announcement is dated 8 July 2025.

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## **APPENDIX I – SALIENT TERMS OF THE PARCEL 1 SPA**

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The salient terms and conditions of the Parcel 1 SPA are as follows: -

### **1. Agreement for the Sale and Purchase**

- (a) PDC, the landowner or eventual owner of the Land ("**Vendor**") has agreed to sell and SkyWorld Development, via SkyWorld Cassia Development Sdn Bhd (formerly known as SkyAvana Development Sdn Bhd) as the nominee of the Developer ("**Purchaser**") has agreed to purchase Plot A in not more than five (5) parcels, to carry out and to complete the Project upon the terms under the JDA.
- (b) The Purchaser is desirous to acquire of that one (1) parcel of land to be alienated from Plot A ("**Parcel 1**") on an "as is where is basis", free from all encumbrances, subject to the terms and conditions set in the Parcel 1 SPA.
- (c) The Vendor shall at its own cost and expense, apply to the State Authority for alienation of Plot A to itself parcel by parcel in accordance with the demarcation plan prepared by SkyWorld or the Purchaser and approved by the Vendor and shall procure the issuance of individual issue documents of title for each parcel, to be registered in the name of the Vendor.

### **2. Purchase Price**

- (a) The purchase price of Parcel 1 is RM48,512,772.00 being the sum equivalent to RM43 per square foot ("**Purchase Price**").
- (b) Upon the execution of JDA, RM4,851,277.20 being the sum equivalent to ten per centum (10%) of the Purchase Price has been paid by the Developer and received by the Vendor as deposit and part payment towards the Purchase Price ("**Deposit Sum**").
- (c) The balance purchase price of RM43,661,494.80 being the sum equivalent to ninety per centum (90%) of the Purchase Price ("**Balance Purchase Price**") shall be paid in full within the time period as detailed in paragraph 3 below ("**Completion Period**").

### **3. Manner of payment**

- (a) The Purchaser shall pay the Balance Purchase Price within the respective Completion Period, as follows: -
  - (i) RM14,553,831.60, being the sum equivalent to thirty per centum 30% of the Purchase Price, within 18 months from the date of the Parcel 1 SPA ("**First Payment**");
  - (ii) RM14,553,831.60 being the sum equivalent to thirty per centum 30% of the Purchase Price, within 24 months from the date of the Parcel 1 SPA ("**Second Payment**"); and
  - (iii) RM14,553,831.60, being the sum equivalent to thirty per centum (30%) of the Purchase Price, within 48 months from the date of the Parcel 1 SPA ("**Third Payment**").

#### 4. Conditions precedent

- (a) The Parcel 1 SPA shall be subject to the fulfilment of the following conditions precedent: -
- (i) the Vendor at its own cost and expenses, apply to the State Authority for alienation of Plot A together with written consent of the State Authority to transfer Parcel 1 to the Purchaser ("**SA Consent to Transfer**");
  - (ii) the Vendor at its own cost and expenses, procuring the issuance of the individual issue document of title in respect of Parcel 1, to be registered in the name of the Vendor ("**Land Exercises Approval**") within twelve (12) months from the date of its payment to Pejabat Tanah dan Galian Pulau Pinang ("**PTG**") of the alienation fees issued by PTG; and
  - (iii) the Parcel 1 SPA shall have become unconditional in accordance with its terms;

(Collectively, the "**Conditions Precedent**") within the specific period specified in each of the Conditions Precedent above (collectively, "**Approval Period**"), subject to an automatic extension of time of another two (2) months from the expiry of the Approval Period ("**Extended Approval Period**").

- (b) In the event the Conditions Precedent are not fulfilled within the Extended Approval Period, the Purchaser shall be entitled to exercise its option, whether to grant a further extension of time to the Vendor, or to terminate the Parcel 1 SPA, where upon the serving of its notice of termination ("**Termination Notice**"), the Purchaser shall re-deliver vacant possession in respect of Parcel 1 within ninety (90) days from the Termination Notice and the Vendor shall within ninety (90) days from such re-delivery refund all monies paid by the Purchaser towards the Purchase Price without interest.

#### 5. Events of Default by the Purchaser

- (a) In the event the Purchaser shall at any time: -
- (i) fail to diligently carry out work with delay of more than 30% of progress shown under the detailed work programme in respect of the Parcel in accordance with the JDA; or
  - (ii) fail to pay the Balance Purchase Price or any part thereof or any moneys payable by the Purchaser under the Parcel 1 SPA within the respective Completion Period; or
  - (iii) before the completion of the development on Parcel 1 in accordance with the JDA, become insolvent or be unable to pay its debts or admit in writing its inability to pay its debts as they fall due or enter into any composition or arrangement with or for the benefit of its creditors or make a general assignment for the benefit of its creditors or have execution or distress levied on its property and such execution or distress is not lifted within twenty-one (21) days after it is imposed; or
  - (iv) before the completion of the development on Parcel 1 in accordance with the JDA, have an administrator or receiver or receiver and manager appointed over the whole or any part of its undertaking or assets or have a receiving or adjudicating order made against them; or

- (v) otherwise breach or be in default of or fail to observe or perform any other terms, conditions, warranties or stipulations in the Parcel 1 SPA and on its part to be observed or performed,

and shall have failed to remedy such breach within thirty (30) days for payment-related breaches or ninety (90) days for non-payment-related breaches, after receiving a written notice from the Vendor requiring the Purchaser to remedy such breach within the stipulated time, the Vendor shall be entitled to either specific performance of the Parcel 1 SPA or at its option, treat the Parcel 1 SPA as having been repudiated by the Purchaser and to immediately by notice rescind the Parcel 1 SPA.

- (b) Upon rescission of Parcel 1 SPA, as mentioned above, the provisions governing rescission under the JDA shall apply mutatis mutandis. In circumstances where the Purchaser is required to execute and deliver a memorandum of transfer to cause the transfer of the Land or any part thereof to the Vendor, the following consequences shall be read together with the JDA: -

- (i) the Vendor shall have the option to resume possession of Parcel 1;
- (ii) the Vendor shall have the right to deal with or otherwise dispose of Parcel 1 as the Vendor may in its absolute discretion deem fit as if the Parcel 1 SPA has not been entered into;
- (iii) the Purchaser shall at its own costs and expense execute a valid and registrable memorandum of transfer of Parcel 1 free from all encumbrances in favour of the Vendor and deliver such memorandum of transfer and the original issue document of title in respect of Parcel 1;
- (iv) the Vendor shall be entitled to deal with or otherwise dispose of Parcel 1 together with all such earthworks, buildings or structures and materials thereon as the Vendor may in its absolute discretion deem fit as if the Parcel 1 SPA has not been entered into;
- (v) the Deposit Sum shall be forfeited to the Vendor absolutely as agreed liquidated damages ("**Agreed Liquidated Damages**");
- (vi) after deducting the Agreed Liquidated Damages, if there is any balance of the Purchase Price received by the Vendor under the Parcel 1 SPA ("**Balance Sum**"), the Balance Sum shall be utilised by the Vendor to, among others, settle or make the payments for all or any quit rents, rates, assessments and other outgoings payable in respect of the Parcel 1 which shall remain owing and unpaid by the Purchaser; and
- (vii) the remaining of the Balance Sum after settling the aforesaid payment, if any, shall be refunded to the Purchaser without interest within ninety (90) days from the date the title of Parcel 1 is re-transferred to the Vendor, failing which, the Purchaser shall be entitled to late interest of 8% per annum ("**Late Interest**") on the outstanding amount. Thereafter, neither party shall have any further claims or liabilities against the other, save for any antecedent breach.

**6. Right of Termination by the Vendor**

- (a) Notwithstanding paragraph 5(a) above and provided always that no application and payment for issuance of the individual title for Parcel 1 has been made to the State Authority, the Vendor may serve a ninety (90) day-notice on the Purchaser to terminate the Parcel 1 SPA and pursuant thereto, both parties shall be released of its respective obligations under the Parcel 1 SPA.
- (b) In the event the Vendor exercises such right of termination, the provisions in paragraph 7(b) below shall apply.

**7. Events of Default or Termination by the Vendor**

- (a) In the event the Vendor shall be in default of or fail to observe or perform any other terms and conditions of the Parcel 1 SPA and does not remedy such breach within ninety (90) days after the receiving written notice from the Purchaser specifying the breach and requiring the Vendor to remedy the said breach, the Purchaser shall be entitled to either specific performance of the Parcel 1 SPA or at its option, treat the Parcel 1 SPA as having been repudiated by the Vendor and to immediately by notice rescind the Parcel 1 SPA.
- (b) Upon rescission or termination (pursuant to paragraph 6(b) above) of the Parcel 1 SPA due to the Vendor's default, the following provisions shall apply: -
  - (i) the provisions on rescission due to the default by the Purchaser in the JDA shall apply mutatis mutandis as applicable; and
  - (ii) the Purchaser shall be entitled to recover all reasonable damages from the Vendor.

**8. Non-registration of documents**

- (a) If for any reason which is not due to the fault of any of the parties, the registration of the memorandum of transfer cannot be completed in favour of the Purchaser by the relevant land office/land registry and where all necessary remedial action(s) has been exhausted by the parties, the Purchaser shall have the option to either:
  - (i) terminate the Parcel 1 SPA whereby the Vendor shall refund to the Purchaser the full Purchase Price and all monies paid by the Purchaser to the Vendor towards payment of the Purchase Price, free of interest, and in exchange thereof the Purchaser shall re-deliver to the Vendor vacant possession of Parcel 1; or
  - (ii) with the Vendor's written consent, proceed to jointly develop Parcel 1 whereby the Vendor shall remain as the landowner of Parcel 1, and the Purchaser shall keep the Vendor indemnified against all costs, losses, damages and/or any other claims or liabilities whatsoever that may be incurred by the Vendor as a result thereof, and in such case, engage in discussions with the Vendor regarding the mechanism to proceed, to be done in good faith to ensure the continued progress of the development.
- (b) In the event either party wilfully refuses or neglects to rectify the issue or take remedial action(s) for registration of the memorandum of transfer, such refusal or neglect shall constitute a default by that Party, and the provisions governing events of default shall apply accordingly.

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