



SKYWORLD DEVELOPMENT BERHAD (“SKYWORLD DEVELOPMENT” OR THE “COMPANY”)

PROPOSED ACQUISITION OF FOUR (4) PARCELS OF ADJOINING FREEHOLD LANDS ALL HELD UNDER MUKIM 14, DAERAH SEBERANG PERAI TENGAH, NEGERI PULAU PINANG, MEASURING IN AGGREGATE APPROXIMATELY 26.369 ACRES BY PREFAB MASTER (PENANG) SDN. BHD. FOR A TOTAL CASH CONSIDERATION OF RM82,701,622.08

1. INTRODUCTION

Pursuant to Paragraph 10.06(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of the Company (“**Board**”) wishes to announce that Prefab Master (Penang) Sdn. Bhd. (“**PMPSB**” or the “**Purchaser**”), a wholly-owned subsidiary of Prefab Master Sdn Bhd, which in turn is a 70%-direct owned subsidiary of SkyWorld Development, has on 8 August 2025, entered into a Sale and Purchase Agreement (“**SPA**”) with Mr Tan Tio Cheng @ Tan Chow Cheng (the “**Vendor**”) for the acquisition of four (4) parcels of adjoining freehold lands all held under Mukim 14, Daerah Seberang Perai Tengah, Negeri Pulau Pinang, measuring in aggregate approximately 26.369 acres (or equivalent to 1,148,633.64 square feet) (“**Lands**”) for a total cash consideration of RM82,701,622.08 only (valued at RM72 per square foot) (“**Purchase Price**”) (collectively referred to as “**Proposed Acquisition**”).

Details of the Proposed Acquisition are set out in the ensuing sections below.

2. DETAILS OF THE PROPOSED ACQUISITION

Pursuant to the SPA, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Lands on an “as is where is” basis with vacant possession, free from all encumbrances but subject to all conditions and restrictions whether expressed or implied contained in the document of title of the Lands and upon the terms and conditions as stipulated in the SPA.

2.1 INFORMATION ON THE PURCHASER

PMPSB is a private limited company incorporated in Malaysia on 19 January 2024 and having its business address at Ground floor, Block B, Wisma NTP World, Excella Business Park, Jalan Ampang Putra, Ampang, 55100 Kuala Lumpur. As at the date of the announcement, the issued and paid-up share capital of PMPSB is RM100.00 comprising 100 ordinary shares. Its principal activity is manufacture and supply of modular systems.

The directors of PMPSB are Datuk Seri Ng Thien Phing, Datuk Lam Soo Keong @ Low Soo Keong, Lee Chee Seng, Seow Seng Wei and Tan Poh Tuck.

PMPSB is a wholly-owned subsidiary of Prefab Master Sdn Bhd, which in turn is a 70%-direct owned subsidiary of SkyWorld Development.

2.2 INFORMATION ON THE VENDOR

Mr Tan Tio Cheng @ Tan Chow Cheng, the Vendor, is the registered proprietor and beneficial owner of all the parcels of the Lands and is not connected to any Directors or major shareholders of SkyWorld Development and/or its subsidiary companies.

2.3 INFORMATION ON THE LANDS

All the four (4) parcels of adjoining lands are located at Mukim 14, Daerah Seberang Perai Tengah, Negeri Pulau Pinang. Further details of the Lands are set out in the table below:

Lot No.	Lot 1133	Lot 1134	Lot 1167	Lot 1509
Title No.	Geran Mukim 599	Geran Mukim 600	Geran 33	Geran Mukim 152
Land size (square feet)	305,748	319,600	470,971	52,316
Land size (acres)	7.02	7.34	10.81	1.2
Express Conditions	Nil			The land comprised in this title: (a) Shall not be affected by any provision of the National Land Code or any other written law prohibiting mining or the removal of specified materials beyond the boundaries of the land; (b) Shall not be affected by any provision of the National Land Code limiting the compensation payable on the creation of a Collector's right of way to compensation for damage in respect of trees, crops or buildings.
Tenure	Freehold			
Category of land use	None			
Encumbrances	Nil			
Restriction in interest	None			
Existing Use	Currently, the Lands are vacant piece of development land.			
Proposed Use	To build prefabricated and prefinished volumetric construction ("PPVC") factory to manufacture prefabricated prefinished modular systems.			
Audited net book value	SkyWorld Development is unable to provide information on the latest audited net book value of the Lands as it is not privy to such information.			

2.4 SALIENT TERMS OF THE SPA

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

- I. The Purchase Price shall be satisfied in the following manner:
 - a. Deposit : RM8,270,162.21 shall be paid to the Vendor's solicitors upon the execution of the SPA.
 - b. Balance Purchase Price : RM74,431,459.87 shall be paid to the Vendor's solicitors within three (3) months from the date of the SPA ("**Completion Period**") with an automatic extension of two (2) months provided that a late payment interest of 6% per annum on the unpaid purchase price to be calculated on a daily basis.
- II. Upon execution of the SPA, the Vendor shall execute Memorandum of Transfer ("**Transfer**") of the Lands in favour of PMPSB and deliver the same to PMPSB's solicitors to forward the duly executed Transfer to the relevant authority for the purpose of stamp duty adjudication. PMPSB and the Vendor unconditionally confirm that notwithstanding the execution of the Transfer and the acknowledge of receipt of the consideration stated in the Transfer, it shall not be construed as payment in full of the Purchase Price and the Lands shall not be deemed transferred to PMPSB by the Vendor until the full Purchase Price together with late interest payment (if any) has been paid by PMPSB to the Vendor.
- III. Upon receipt payment of the Balance Purchase Price and late payment interest (if any), the Vendor shall within fourteen (14) days, deliver to PMPSB's solicitors the issue document of title to the Lands to effect the registration of the Transfer PROVIDED PMPSB's solicitors shall undertake to present the Transfer at the relevant land office/registry for registration within five (5) working days upon receipt of the same.
- IV. The Vendor shall deliver vacant possession of the Lands to PMPSB free from any squatters, tenants, lessees, occupiers within five (5) working days upon the date of full payment of the Balance Purchase Price together with late payment interest (if any) and apportioned outgoings on PMPSB's portion, if any, to the Vendor's solicitors subject always to clearance of the said payment in the Vendor's solicitors' client account.
- V. In the event the Lands cannot be registered in favour of PMPSB for reasons attributable to the Vendor due to his act and/or omission, or the Vendor is in breach of any material term in the SPA, PMPSB shall be entitled at its option, either (a) to take such action to enforce the SPA by specific performance or (b) to elect to terminate the SPA, whereupon all monies paid shall be refunded to PMPSB within fourteen (14) days from the date of such termination and the Vendor shall further pay a sum equivalent to RM8,270,162.21, as agreed liquidated damages to PMPSB.
- VI. Any refund or monies payable by the Vendor shall be made within fourteen (14) days from the date of a written notice demanding such refund, failing which, a late payment interest on the outstanding sum at the rate of 6%, calculated on daily basis from the expiry of the fourteen (14) days until the date of full refund to be made to PMPSB by the Vendor.

VII. In the event PMPSB fails to pay the Balance Purchase Price or any part thereof provided always that the Vendor is not in breach of any provision in the SPA, the deposit paid by PMPSB and the late payment interest shall be forfeited absolutely to the Vendor as agreed liquidated damages and the Vendor shall refund to PMPSB the balance money (if any) paid by PMPSB towards the Purchase Price and simultaneously furnish to the Vendor's solicitors such proof or receipt for such withdrawal and redelivery of vacant possession to the Vendor in the original state and condition.

3. BASIS OF AND JUSTIFICATION FOR THE PURCHASE PRICE

The Purchase Price was arrived at on a willing-buyer willing-seller basis, after taking into consideration the following:

- (i) the availability of established infrastructure, good accessibility and connectivity and proximity to existing amenities, which collectively support the suitability of the site for its intended purpose; and
- (ii) comparative studies on the prevailing market value for similar properties sold in the surrounding vicinity of the Lands and based on the valuation conducted by an independent property valuer, namely Henry Butcher Malaysia (Penang) Sdn. Bhd. using the Comparison Approach to assess the market value of the Lands. The Purchase Price is perceived to be fair and reasonable.

4. RATIONALE, BENEFITS AND PROSPECT OF THE PROPOSED ACQUISITION

The Proposed Acquisition is in line with the Group's business diversification plan to venture into the business of manufacturing of prefabricated and prefinished modular systems beyond its core property development activities.

The Proposed Acquisition is the start-up plan for PMPSB to set up the PPVC factory to manufacture and supply prefabricated and prefinished modular systems to the Proposed Joint Development projects undertaken by the Group in collaboration with The Penang Development Corporation and PDC Properties Sdn. Bhd. The Lands are strategically situated approximately 12km and 15km to the project sites located at Batu Kawan and Seberang Jaya, Pulau Pinang respectively, which facilitates the efficient and cost-effective transport of 3D modular systems to both project sites.

In addition, the PPVC factory is expected to be operational by the second half of 2026. It provides the Group with a strategic opportunity to pursue large scale of development projects in the future by leveraging on its manufacturing capabilities and streamlined supply chains.

The Proposed Acquisition is anticipated to contribute positively to the future earnings of SkyWorld Development Group and enhance shareholders' value in the long run.

5. LIMITED POWER OF ATTORNEY

Upon execution of the SPA, the Vendor shall grant PMPSB a valid, registrable Limited Power of Attorney, allowing PMPSB to apply for and obtain necessary approvals from relevant authorities for the proposed development on the Lands.

6. SOURCE OF FUNDING

The Proposed Acquisition will be satisfied in cash which shall be funded by a combination of internally generated funds and/or bank borrowings. The exact quantum funding mix will

be decided at a later date after due consideration of SkyWorld Development Group's gearing level, interest costs as well as working capital requirements for SkyWorld Development Group's business operations.

7. 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 SPA, there are no other liabilities including taxation liability, contingent liabilities and/or guarantees to be assumed by SkyWorld Development arising from the Proposed Acquisition.

8. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

(i) Issued Share Capital and Substantial Shareholders' Shareholdings

The Proposed 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 shares in SkyWorld Development.

(ii) Net Assets and Gearing

The Proposed Acquisition is not expected to have any material effect on the net assets per share of the Company and of the Group for the financial year ending 31 March 2026. However, the Proposed Acquisition is expected to enhance the net assets per share of the Group in the future once the Lands are developed into PPVC factory and generate income from the business of manufacturing of prefabricated and prefinished modular systems.

The effect of the Proposed Acquisition on the gearing of the Group will be dependent on the eventual funding mix to be used.

(iii) Earning and earnings per share ("EPS")

The Proposed Acquisition is not expected to have any material effect on the earnings and EPS of the Company and of the Group for the financial year ending 31 March 2026. However, it is expected to contribute positively to the long-term future earnings and EPS of SkyWorld Development Group.

9. RISK FACTORS OF THE PROPOSED ACQUISITION

The risk factors associated with the Proposed Acquisition are as follows:

9.1 Non-completion risk

The completion of the Proposed Acquisition is conditional upon the fulfilment of the terms and conditions as set out in the SPA. In the event the terms and conditions are not met, the SPA may be terminated and PMPSB will not be able to complete the Proposed Acquisition. However, SkyWorld Development will take all reasonable steps to ensure that such terms are met and fulfilled within the prescribed timeframe.

9.2 Business risk

The Proposed Acquisition is subject to risk inherent in the property development business of which SkyWorld Development Group is already involved in. Such risks

may include sensitivity to economic and political conditions, financing risk, delay in commencement and completion, competition from other property developers, labour and material supply shortage, fluctuations in the prices of building materials and costs of labour charges. Any adverse change in such conditions may have an adverse material effect in SkyWorld Development. These risks are addressed as part of the ordinary course of business and are not expected to represent new risks to the operations of SkyWorld Development.

9.3 Interest rate risk

SkyWorld Development Group intends to finance the Proposed Acquisition via internally generated funds and/or bank borrowings. Interest rate exposure arises from the borrowings and deposits of SkyWorld Development Group. Fluctuation in interest rates could affect the interest charges incurred on the borrowings and hence, affects the profitability of SkyWorld Development Group. To mitigate such risks, the Management regularly reviews its borrowing strategy to ensure that debt obligations are structured in a manner that balances interest rate risk exposure with the Group's financial objectives.

Save for the above, the Board does not foresee any specific risk/ risk factors arising from the Proposed Acquisition which could materially or adversely affect the financial and operating condition of the Company.

10. APPROVAL / CONSENT REQUIRED FOR THE PROPOSED ACQUISITION

Save for the necessary consents or approval of the relevant authorities for the sale and transfer of the Lands, the Proposed Acquisition is not subject to the approval of the shareholders of SkyWorld Development and is not conditional upon any other corporate exercise proposed or to be proposed by the Company.

11. INTERESTS 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 interest, direct or indirect, in the Proposed Acquisition.

12. STATEMENT BY DIRECTORS

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

13. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 9.40%, calculated based on the audited consolidated financial statements of SkyWorld Development for the financial year ended 31 March 2025.

14. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the fulfilment of all conditions as stipulated in the SPA, the Proposed Acquisition is expected to be completed within three (3) months from the date of SPA.

15. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA and Valuation Report 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 during office hours from Mondays to Fridays (except public holidays) for a period of not less than three (3) months from the date of this announcement.

This announcement is dated 8 August 2025.