

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

### PROPOSED JOINT DEVELOPMENT

---

#### 1. INTRODUCTION

On behalf of the board of directors of SkyWorld Development (“**Board**”), UOB Kay Hian Securities (M) Sdn Bhd (“**UOBKH**”) wishes to announce that SkyWorld Development (“**Developer**”), had on 10 December 2024, entered into a Joint Development Agreement (“**JDA**”) with Penang Development Corporation (“**PDC**” or the “**Landowner**”), and PDC Properties Sdn Bhd (“**PDCP**” or the “**Project Manager**”), a wholly-owned subsidiary of PDC, to undertake a new affordable housing development comprising of Affordable Homes and New Talent Homes (as defined in **Section 2** of this announcement) (“**Project**”) on the parcels of land held under Mukim 13, Bandar Cassia, Seberang Perai Selatan, Pulau Pinang measuring approximately 161.50 acres (“**Plot A**”) and Lot 5320, Pajakan Negeri 10926, Mukim 01, Daerah Seberang Perai Tengah, Pulau Pinang measuring approximately 31.29 acres (“**Lot 5320**”) and Lot 10848 (previously held under PT 5066), Geran 186062 (previously held under Hakmilik Sementara 63866), Mukim 01, Daerah Seberang Perai Tengah, Pulau Pinang measuring approximately 2.75 acres (“**Lot 10848**”) (Lot 5320 and Lot 10848 are collectively known as “**Plot B**” measuring approximately 34.04 acres), (Plot A and Plot B are collectively known as the “**Land**”), in accordance with the terms and conditions set out in the JDA (“**Proposed Joint Development**”).

Details of the Proposed Joint Development are set out in the ensuing sections. Further details of the Land are set out in **Section 2.1** of this announcement.

#### 2. DETAILS OF THE PROPOSED JOINT DEVELOPMENT

The Proposed Joint Development entails a joint development of the Project between PDC (the owner or eventual owner of the Land), PDCP (the project manager of the development of the Land) and SkyWorld Development (the appointed developer for the Project) on the Land in accordance with the terms of the JDA. Please refer to **Appendix I** of this announcement for the salient terms of the JDA. As SkyWorld Development may develop the Project in phases, the Land is to be contributed in separate parcels (“**Parcel(s)**”) within the development period of 15 years. The Proposed Joint Development will be implemented as follows: -

- (i) In respect of Plot A, PDC will apply to the State Authority of Penang (“**State Authority**”) to register itself as the proprietor of Plot A and alienate Plot A into not more than five (5) Parcels. PDC and SkyWorld Development and/or any of its nominated wholly-owned subsidiaries (“**Nominee(s)**”) will execute separate sale and purchase agreements for each Parcel (“**SPA(s)**”); and
- (ii) In respect of Plot B, SkyWorld Development, via SkyWorld Staris Development Sdn Bhd (a wholly-owned subsidiary of SkyWorld Development) has entered into an SPA with PDC for a purchase price of RM200,175,624 on 10 December 2024 (“**Plot B SPA**”). Please refer to **Appendix II** of this announcement for the salient terms of the Plot B SPA.

In accordance with the JDA, PDC shall be entitled to an aggregate guaranteed cash entitlement of RM502,678,044, subject to an annual increase of not less than 6% for each Parcel for which an SPA has yet to be signed (“**Landowner’s Entitlement**”), for contributing the Land to the Developer for the Proposed Joint Development.

In addition, PDCP shall be entitled to a project management fee of not less than 8% of the Landowner's Entitlement, equivalent to RM40,214,243 based on the Landowner's Entitlement of RM502,678,044 for its service as the Project Manager ("**Project Management Fee**"). The payment schedule for the Landowner's Entitlement and Project Management Fee is set out in **Section 2.2** of this announcement.

A summary of the Proposed Joint Development is set out as follows: -

Name of Project	: To be determined
Type of development <sup>(1)</sup>	: (i) 10% of total development must be affordable homes to be sold at a purchase price as required by the State Authority (" <b>Affordable Homes</b> ");  (ii) 90% of total development must be new talent homes to be sold at a purchase price of not more than RM420,000 subject to approval by PDC, pursuant to the JDA (" <b>New Talent Homes</b> "); and  (iii) A maximum of 20% of the total built-up of residential area for commercial use to provide service to the local community.
Estimated gross development value (" <b>GDV</b> ") <sup>(2)</sup>	: Approximately RM13 billion over a development period of 15 years.
Estimated gross development cost (" <b>GDC</b> ") <sup>(2)</sup>	: To be determined after the Proposed Master Plan (as defined below) has been approved.
Landowner's Entitlement	: RM502,678,044  Subject to not less than 6% annual increase in the sale price of any Parcel for which an SPA has not yet been executed.
Project Management Fee	: RM40,214,243  Not less than 8% of the Landowner's Entitlement subject to higher adjustment.  Other than the increase resulting from adjustments due to an estimated 6% annual increase in the sale price of each Parcel, the Project Management Fee shall be subject to further increase based on mutual agreement between the PDC, PDCP and SkyWorld Development.
Current stage or percentage of completion	: Not applicable as the Project has not yet commenced.
Expected commencement date and completion date	: The Project is expected to commence immediately upon the Developer obtaining approvals from the relevant authorities, which is expected to launch in 2026 and expected to be completed within 15 years from the date of the JDA.

**Notes: -**

- (1) Based on the description as provided in the JDA.
- (2) Based on the internal estimation of the management by SkyWorld Development and the proposed master plan for the development of the entire Land for which SkyWorld Development shall submit to PDC for approval within 60 days from the date of the JDA ("**Proposed Master Plan**"). The estimated GDV and GDC are expected to vary subject to amongst others, the development components of the Project, final approvals for each phase to be developed and the demand and supply conditions at the time of launch over the development period of 15 years.

For information purpose, as at 29 November 2024, being the latest practicable date for the purposes of this announcement ("**LPD**"), the Developer has yet to obtain any approval from the relevant authorities for the Project. As stipulated in the JDA, the Developer shall accept the possession of the Land and every Parcel thereof on an "as is where is" basis, subject to PDC receiving the full payment of the sale price for that Parcel or a bank guarantee securing the payment of the balance of the sale price of the Parcel or such outstanding payable to PDC. The Developer shall take all such necessary action for the application and submission of plans to the relevant authorities for the Project such as obtaining the relevant approvals and building plans ("**Development Approvals**") as well as matters relating solely to the Project.

## 2.1 Information on the Land

### 2.1.1 Information on Plot A

Plot A is located along Jalan Cassia Barat 1, off the main thoroughfare of Lebuhraya Bandar Cassia. 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 :-



Bandar Cassia, Batu Kawan is the third satellite township of Penang after Bayan Lepas and Seberang Jaya. It is to be developed in clusters by a few major key property developers i.e., Aspen Vision City jointly developed by Aspen (Group) Holdings Limited and Ikano Pte Ltd, Eco Horizon and Eco Sun by Eco World Development Group Berhad, Utropolis Batu Kawan by Paramount Corporation Berhad and Design Village Outlet Mall & Anggun Residences by Pansar Berhad.

Details of the Land are set out as follows: -

<u>Criteria</u>	<u>Details</u>
Title No.	: N/A <sup>(1)</sup>
Location	: Mukim 13, Bandar Cassia, Seberang Perai Selatan, Pulau Pinang
Lot No. / PT No.	: N/A <sup>(1)</sup>
Land Area	: 161.50 acres (Equivalent to 653,567.31 square metres)
Land Tenure	: Freehold <sup>(2)</sup>
Category of Land Use	: Building <sup>(2)</sup>
Encumbrances	: Nil
Restriction in Interest	: The land cannot be subdivided, transferred, charged or leased unless the consent of the State Authority is obtained.
Express Condition	: Business and housing
Market Value <sup>(3)</sup>	: RM309,500,000

**Notes: -**

- 1) Individual title and lot no. for Plot A has not been issued as at the LPD. 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".
- 3) Based on the market value as ascribed by the independent firm of valuer appointed by the Company, namely Henry Butcher Malaysia Penang Sdn Bhd ("**Henry Butcher**" or the "**Valuer**") in its valuation letter dated 5 December 2024 using the comparison method ("**Valuation Letter A**"). The value ascribed is based on vacant possession and there has been no value assigned to the existing structures on Plot A.

## 2.1.2 Information on Plot B

Plot B is which consists of two (2) lots, Lot 5320 and Lot 10848 is located in the satellite township of Seberang Jaya as depicted in the map below: -



This township is jointly developed by PDC as well as Sunway Berhad which consists of government buildings, factories (Seberang Jaya Industrial Park), cluster houses, terraced and semi-detached houses, low-cost flats, medium-cost apartments and 3-storey shop offices.

Details of Plot B are set out as follows: -

<u>Criteria</u>	<u>Lot 5320</u>	<u>Lot 10848 (Previously held under PT 5066)</u>
Title No	: Pajakan Negeri 10926	Geran 186062 (Previously held under Hakmilik Sementara 63866)
Location	: Mukim 01, Daerah Seberang Jaya Tengah, Pulau Pinang	Mukim 01, Daerah Seberang Perai Tengah, Pulau Pinang
Lot No. / PT No.	Lot 5320	Lot 10848 (Previously held under PT 5066)
Land Area	: 31.29 acres (Equivalent to 126,618 square metres)	2.75 acres (Equivalent to 11,121 square metres)
Land Tenure	: Leasehold of 90 years, expiring on 25 April 2090 <sup>(1)</sup>	Freehold
Category of Land Use	: None	Building
Encumbrances	: Nil	Nil
Restriction in Interest	: The land cannot be subdivided, transferred, charged or leased unless the consent of the State Authority is obtained.	The land cannot be subdivided, transferred, charged or leased unless the consent of the State Authority is obtained.
Express Condition	: Recreation <sup>(1)</sup>	Housing
Market Value <sup>(2)</sup>	: RM185,400,000	RM16,300,000
Combined Market Value	: RM201,700,000	

**Notes: -**

- 1) *PDC shall at its own cost and expense apply to the State Authority to convert Lot 5320 to perpetuity (Freehold) under a qualified title subject to the category of land use of "Building" and express conditions for "business and housing" use.*
- 2) *Based on the market value as ascribed by the independent firm of valuer appointed by the Company, namely Henry Butcher in its valuation letter dated 5 December 2024 using the comparison method ("**Valuation Letter B**"). The value ascribed is based on vacant possession and there has been no value assigned to the existing structures on Plot B.*

## **2.2 Mode of satisfaction of Landowner's Entitlement and Project Management Fee**

Pursuant to the terms of the JDA, the Landowner's Entitlement and Project Management Fee is subject to an increase in the sale price of each Parcel of not less than 6% per year for the Parcel that has yet been entered into an SPA between PDC and the Developer and/or any of its nominated wholly-owned subsidiaries ("**Nominee(s)**"), with the increase taking effect from each anniversary of the JDA, and shall be fully satisfied in cash by the Developer over a maximum period of ten (10) years from the date of the JDA.

The schedule of the payment of the Landowner's Entitlement and Project Management Fees are as follows: -

<u>Payment milestones</u>	<u>(1)Amount (RM)</u>	<u>%</u>
(i) Upon execution of the JDA	54,289,229	0.00
(ii) 18 months from the date of execution of the SPA for each Parcel	162,867,686	30.00
(iii) 24 months from the date of execution of the SPA for each Parcel	162,867,686	30.00
(iv) 48 months from the date of execution of the SPA for each Parcel	162,867,686	30.00
<b>Total</b>	<b>542,892,287</b>	<b>100.00</b>

**Note: -**

- 1) *For illustration purposes the figures are based on the minimum aggregate Landowner's Entitlement and Project Management Fee as at the LPD.*

### 2.3 Basis and justification of arriving at the Landowner's Entitlement and Project Management Fee

The Landowner's Entitlement and Project Management Fee was secured through a request for proposal / open tender process conducted by PDC, taking into consideration the Group's existing track record and commitment to deliver sufficient affordable homes to meet local housing demand within the prescribed delivery timeline.

Based on SkyWorld's Development's internal assessment, the following factors were also taken into consideration in determining the Landowner's Entitlement: -

- (i) The aggregate market value of the Land of RM511,200,000 as ascribed by the Valuer in its Valuation Letter A and Valuation Letter B dated 5 December 2024.

The Landowner's Entitlement of RM502,678,044 represents a discount of RM8,521,956 or approximately 1.67% to the market value of RM511,200,000 as ascribed by the Valuer; and

- (ii) The percentage of the Landowner's Entitlement over the Project's estimated GDV represents of approximately 3.87%, is below the range of the percentage of share of entitlements of precedent joint ventures / developments for property development undertaken by companies listed on Bursa Malaysia Securities Berhad ("**Bursa Securities**") (with GDV in excess of RM1.0 billion) as tabulated below: -

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

<b>Company</b>	<b>Details of the joint venture / development</b>	<b>Landowner's Entitlement as percentage of GDV</b>
Announcement by Magna Prima Berhad (" <b>MPB</b> ") dated 18 January 2024	Joint development between Twinicon (M) Sdn Bhd (a wholly-owned subsidiary of MPB) and Golden Rainbow View Sdn Bhd for the development of five (5) parcels of freehold land located in Kuala Lumpur with an estimated GDV of RM1.20 billion.	10% of the GDV
Announcement by Salcon Berhad (" <b>Salcon</b> ") dated 24 March 2023	Joint development between Nusantara Megajuta Sdn Bhd (a wholly-owned subsidiary of Salcon) and Exsim Kebun Teh Sdn Bhd for the development of two (2) pieces of 99 years leasehold land located in Johor Bahru with an estimated GDV of RM1.40 billion.	10% of the GDV
Announcement by Matrix Concepts Holdings Berhad (" <b>MCHB</b> ") dated 2 May 2019	Joint venture agreement between Matrix Concepts (Southern) Sdn Bhd (a wholly-owned subsidiary of MCHB) and Koperasi Kemajuan Tanah Negeri Johor Berhad for the purpose of carrying out mixed development projects on a piece of land located in Mukim and District of Kluang and the State of Johor with an estimated GDV of RM1.20 billion.	7.6% of the GDV
Announcement by Paramount Corporation Berhad (" <b>PCB</b> ") dated 22 December 2017	Development rights agreement between Aneka Sepakat Sdn Bhd (a wholly-owned subsidiary of PCB) and Kumpulan Hartanah Selangor Berhad for the proposed development of two (2) contiguous parcel of leasehold land situated in Section 14, Bandar Petaling Jaya, State of Selangor with an estimated GDV of RM1.0 billion	16% of the GDV
Announcement by Tropicana Corporation Berhad (" <b>Tropicana</b> ") dated 24 January 2019	Proposed collaboration between Tropicana and Pantai Kok Resort Development Sdn Bhd, Sinaran Ramah Sdn Bhd, Suci Padu Sdn Bhd and Ibarat Sdn Bhd (collectively referred to as the " <b>Landowners</b> ") for the development of the land held by the Landowners with an aggregate estimated GDV of RM4.78 billion.	12% of the GDV
Announcement by MB World Group Berhad (" <b>MBW</b> ") dated 1 January 2018	Development rights agreement between Dagna Palm Sdn Bhd (a wholly-owned subsidiary of MBW) and PIJ Property Development Sdn Bhd for the development of a leasehold land located at Mukim of Plentong, State of Johor with an estimated GDV of RM1.46 billion.	7% of the GDV

- (iii) The rationale and benefits of the Proposed Joint Development as set out in **Section 3** of this announcement.

## **2.4 Background information of SkyWorld Development**

SkyWorld Development is a public limited liability company incorporated in Malaysia and was listed on the Main Market of Bursa Malaysia Securities Berhad on 10 July 2023. The Company is principally engaged in the provision of management services to its subsidiaries and business of property development and investment holding.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia. The principal place of business of the Company is located at Ground Floor, Block B, Wisma NTP World, Excella Business Park, Jalan Ampang Putra, Ampang, 55100 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

## **2.5 Background information of PDC**

PDC is a body corporate established under the Penang Development Corporation Enactment 1971 and having its business office at Bangunan Tun Dr. Lim Chong Eu, No.1, Persiaran Mahsuri, Bandar Bayan Baru, 11909 Bayan Lepas, Pulau Pinang, Malaysia.

PDC is the premier development agency of the State Government of Penang and has been entrusted to lead the State's growth for over 50 years. Its principal activities include being the government think-tank, industrial park development, township development, urban redevelopment, affordable housing and investments. The Corporation's strategies include planning and developing industrial areas complete with good infrastructure and facilities, increasing land bank in strategic areas for industrial and mixed development, providing affordable housing for all strata of society, as well as rejuvenating Penang's city center.

## **2.6 Background information of PDCP**

PDCP is a subsidiary developer under PDC, having its business office at Bangunan Tun Dr. Lim Chong Eu, No.1, Persiaran Mahsuri, Bandar Bayan Baru, 11909 Bayan Lepas, Pulau Pinang, Malaysia.

PDCP focuses on enriching communities by building quality, high-end projects with an affordable price through innovation, convenience and sustainability. PDCP has a long list of developments in Penang ranging from landed houses to apartments. This is in line with their belief in diversifying the property market with various innovative and high-quality projects.

## **2.7 Liabilities to be assumed**

Save for the obligations and liabilities in and arising from and in connection to the implementation and completion of the Project, there are no other liabilities, contingent liabilities or guarantees to be assumed by SkyWorld Development pursuant to the Proposed Joint Development.

## **2.8 Estimated financial commitments and source of funding**

The Project will be funded by a combination of proceeds raised from the Initial Public Offering, internally generated funds and bank borrowings, 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 JOINT DEVELOPMENT**

This Proposed Joint Development reaffirms the Group's expansion efforts to increase its presence in property development in the affordable housing segment and widening its development portfolio. The Board recently entered into a joint development agreement with PR1MA Corporation Malaysia to undertake the proposed development and construction of quality affordable homes together with all the amenities and infrastructure in Brickfields, Kuala Lumpur.

In addition, the Group has four (4) ongoing development projects, as detailed below: -

- (i) Edgewood Residences. The development was launched in April 2021 and is approximately 96.1% completed as at the LPD;
- (ii) SkyVogue Residences. The development was launched in September 2020 and is approximately 88.6% completed as at the LPD;
- (iii) Curvo Residences. The development was launched in January 2023 and is approximately 53.8% completed as at the LPD; and
- (iv) Vesta Residences. The development was launched in August 2023 and is approximately 15.4% completed as at the LPD.

The Proposed Joint Development also marks the Group's first property venture outside of Klang Valley (excluding Vietnam) and supports the Group's objective of establishing a stable and sizeable base of operations in Penang over the next 15 years.

With an estimated GDV of RM13 billion that will span over a 15 year period, the Proposed Joint Development will increase the revenue of the Group's property development business and contribute positively to the future earnings and profitability of the SkyWorld Development Group.

The Proposed Joint Development would also allow the Group to conserve its current cash reserves to be utilised for the Group's operations whilst minimising the potential impact on its gearing due to the staggered payment of the Landowner's Entitlement over a maximum period of 10 years from the date of the JDA, pursuant to the JDA.

The Board believes that the Proposed Joint Development will further enhance the reputation and track record of SkyWorld Development as a developer of quality homes in Malaysia as well as to provide a solid foundation for SkyWorld Development to capitalize on the opportunities of the real estate market in the coming years.

### **4. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE**

#### **4.1 Overview and outlook of the Malaysian economy**

Malaysian GDP has grown by 5.3% as at 3Q 2024. The growth of the Malaysian economy is expected to be driven by expansion in investment activity, strong exports and resilient household spending. Investment activities will be driven by continued progress of multi-year projects, higher realisation of approved investments and the implementation of catalytic initiatives under the national master plans. Higher spillover from global tech upcycle and continued strength in demand for non-electrical and electronic goods will lift exports, while tourist spending is expected to improve further. Employment, wage growth, and policy measures would remain supportive of household spending.

The growth outlook faces downside risks from slower external demand, further escalations in geopolitical tensions and protectionist measures as well as weaker commodity production. Nevertheless, greater spillovers from the growth driving factors provide upsides to Malaysia's economic outlook.

The Malaysian Ringgit appreciated against the US Dollar and major trading partners. Ringgit's appreciation was in line with major trade partners following the shift towards a monetary policy easing by the United States Federal Reserve. Equity markets rose amid net foreign inflows, driven by expectations of stronger domestic corporate earnings.

Year to date, inflation averaged 1.8%. Spillovers from the diesel subsidy rationalisation have been contained, minimising the impact on business costs and limiting pass-through to retail prices. The inflation outlook remains subject to the implementation of further domestic policy measures, global commodity prices, and financial market developments. Heading into 2025, inflation is expected to remain manageable amid continued easing in the external cost environment. The outlook partially depends on the timing of new policy measures and the dissipating impact of those introduced in 2024.

*(Source: BNM Quarterly Bulletin, Vol.39 No. 3, Third Quarter 2024, Bank Negara Malaysia)*

#### **4.2 Overview and outlook of the property market in Malaysia**

The Malaysian property market has improved in H1 2024, indicated by higher growth in market activity and positive performance in all sub-sectors. Total volume and value of transactions expanded by 8.0% in volume and 23.8% in value to 198,906 transactions worth RM105.65 billion as compared to H1 2023 (184,140 transactions worth RM85.37 billion). The residential sub-sector continued to contribute the largest share of transactions, recorded a marginal increase in both volume and value.

According to the Malaysia Institute of Economic Research latest edition, Q1 2024, the Consumer Sentiments Index (“**CSI**”) decreased cautiously in Q1 2024, reduced to 87.1% points (Q4 2023: 89.4 points). CSI witnessed a slight decrease due to expected financial slips and sluggish employment, expected inflation among consumers remaining cautious, and consumer spending plans are on hold. Nevertheless, the Business Conditions Index (“**BSI**”) indicates differently, as the index increased gradually to 94.3% points (Q4 2023: 89.0%; Q3 2023: 79.7 points). Business confidence has increased in Q1 2024, mainly due to sales and domestic orders picked up, as well as the Expected Index improved. Contrarily, capital investments were reduced. Both CSI and BSI, on the same note, are approaching the optimism 100 points threshold. The growth in H1 2024 property market is highly supported by the implementation of various government initiatives and sustained positive labour market conditions. Several initiatives outlined under Budget 2023 and 2024.

On the demand side, the total of loan applications and approvals for residential purchase in H1 2024 indicate a slight increase of 1.6% and 0.3% respectively. For the non-residential property, the amount of loan application and total loan approval saw similar pattern, increased by 8.4% and 8.7% respectively. The percentage of loans approvals against loans applications for the purchase of residential property and non-residential property stood at 41.8% and 49.2% in H1 2024.

*(Source: Property Market Report 2024, Valuation Report and Property Services Department, National Property Information Centre, Ministry of Finance Malaysia)*

### 4.3 Overview and outlook of the northern region of Malaysia

The Northern Region property market performance was moderate in H1 2024. The volume and value of transactions showed a mixed performance compared to H1 2023. The region registered 51,482 transactions worth RM16.8 billion, showing a 4.3% increase in volume compared to H1 2023 but value decreased by 4.4%. The Northern Region formed 25.9% and 15.9% of the national volume and value transactions, respectively.

Overall, the Residential property continued to be the most actively transacted sub-sector, representing 57.4% (29,568 transactions) of the total transactions. The main contributors to residential transactions were Perak, Pulau Pinang and Kedah. Likewise, the residential sub-sector dominated the region's overall property transaction value with 54.0%.

The transaction volume for the residential sub-sector improved for Perak and Pulau Pinang, which increased by 16.2% and 0.9%, while Perlis and Kedah experienced the opposite, dropped by 18.0% and 0.6%, respectively. In terms of transaction value, Perak showed an increase of 20.9%, followed by Pulau Pinang by 7.3%. Contrarily, another two states showed a downward trend, led by Kedah (2.9%), and Perlis (2.8%).

*(Source: Northern Region Property Market Report 2024, Valuation Report and Property Services Department, National Property Information Centre, Ministry of Finance Malaysia)*

### 4.4 Prospects of the Proposed Joint Development

As highlighted in Section 2.1 of this announcement, Plot A is situated in the locality of Bandar Cassia, Batu Kawan and Plot B is situated in the satellite township of Seberang Jaya. The Land provides good connectivity and accessibility to public amenities. Plot A is approachable via Lebuhraya Bandar Cassia, while Plot B is approachable via Lebuhraya Luar Butterworth (E17), all being well-maintained metalled roads.

Plot A is located within a short distance from Batu Kawan Stadium, Batu Musang Jetty, and the on-going Linear Park development undertaken by PDC. The Batu Kawan Industrial Park, a well-planned industrial park located in the southern part of Bandar Cassia, is presently occupied by various local and multi-national companies. Other notable established industrial parks such as Penang Science Park, Valdor Industrial Park, Juru Industrial Park and Bukit Minyak Industrial Park are also located in the immediate localities.

As for Plot B, there are various prominent landmarks in this township including hospitals, shopping centres, hotels, religious sites and corporate offices. Notable ones include Sunway Medical Centre Penang, Sunway Carnival Mall, Billion Hypermarket, and government administrative centres including the PERKESO building, Employees Provident Fund of Malaysia office.

The Proposed Joint Development is part of PDCP's new affordable housing scheme, New Talent Housing, scheduled to launch in 2025. The focus of the Proposed Joint Development is to anticipate the growing market demands and deliver quality and high-end projects at an affordable price which is accessible to the upcoming young workforce.

This Proposed Joint Development allows the SkyWorld Development Group to expand operations into the northern region in a strategic manner. PDC and PDCP, are the premier development agencies of the State Government of Penang who have successfully led the State's growth. As such, the Group is confident that the Proposed Joint Development will have good prospects.

Based on the above and barring any unforeseen circumstances which may have an adverse impact on demand condition for residential properties, the management of SkyWorld Development envisages that the favourable prospects of the Proposed Joint Development, with due consideration given to its affordability concept and strategic location near to the existing established residential developments and public amenities, are expected to bode well for the demand and marketability of the Project.

*(Source: The management of the SkyWorld Development)*

## **5. RISK FACTORS**

### **5.1 Business and operational risk**

The Proposed Joint Development is subject to 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. Some of these risks may include, but not limited to, the following: -

#### **5.1.1 Market risk**

The real estate market is highly dependent on the demand and supply factors which are mainly affected by prevailing economic conditions, government regulations, competition with other property developers. There may be a possibility of occurrence of property overhang at the time of completion of the Project. This will affect the sale of the Group's property projects and consequentially affect the Group's future financial performance.

#### **5.1.2 Political, economic and regulatory risk**

Adverse changes in political, economic and regulatory conditions in Malaysia could materially affect the financial and prospects of the property development industry. Amongst the political economic and regulatory uncertainties are the changes in the risks of economic downturn, unfavourable monetary and fiscal policy changes, exchange control regulations or introductions of new rules or regulations affecting the property development industry, changes in interest rates, inflation, taxation method, general employment outlook and political leadership.

### **5.2 Non-completion risk**

Despite the execution of the JDA, there can be no assurance that the parties to the JDA will be able to fulfill all the conditions stated therein and therefore, the Proposed Joint Development may not be completed. There can also be no assurance that the terms and conditions of the Proposed Joint Development can be met within the agreed time frame.

Notwithstanding this, the management of the Company and the Board will endeavour to take all steps necessary to complete the Proposed Joint Development by inter-alia ensuring that all conditions precedents of the JDA which are within the SkyWorld Development Group's control are met on a timely basis.

### **5.3 Failure to fulfill the terms of the JDA**

The Proposed Joint Development is also subject to the parties' continued fulfilment of their respective obligations, covenants and duties set out in the JDA. Any breach of material obligations, amongst others, is an event of default and may entitle the non-defaulting party to terminate the JDA and the non-defaulting party could take actions necessary to claim damages or seek other remedies for any losses incurred as a result of the default or breach.

As such, there is no assurance that the SkyWorld Development Group will realise the anticipated benefits from the Proposed Joint Development and/or recover all costs or losses incurred arising from the termination of the JDA.

The Company shall endeavor to ensure that it is in continued compliance with its obligations, covenants and duties set out in the JDA. In the event the Developer commits a material breach of the JDA, PDC is entitled to specific performance of the JDA or to treat the JDA as having been repudiated by the Developer and may immediately rescind the JDA by notice, subject to the provisions of the JDA.

### **5.4 Financing Risk for the Project**

SkyWorld Development may finance the implementation and completion of the Project through external financing. The Group's ability to arrange for external financing and the cost of such financing are dependent on several factors which include amongst others general economic and capital market conditions, interest rate and investors' confidence. Furthermore, there can be no assurance that the necessary financing will be available in amount or terms acceptable to the Group. In addition, the Group could potentially be exposed to fluctuations in interest rates on such external financing obtained, leading to higher borrowing costs which may adversely affect the Group's future results of operations and financial performance as well as the Group's ability to service future loan repayment obligations.

Nevertheless, SkyWorld Development will continuously monitor and review its debt portfolio, which includes taking into consideration its gearing level, interest costs as well as cash flows in achieving an overall optimal capital structure.

## **6. EFFECTS OF THE PROPOSED JOINT DEVELOPMENT**

The Proposed Joint Development does not involve any issuance of new shares in the Company ("**Share(s)**") and hence the Proposed Joint Development will not have any effect on the share capital and the substantial shareholdings of the Company.

The Proposed Joint Development is not expected to have any immediate material effect on the earning per Share, net assets per Share and gearing of SkyWorld Development for the financial year ending 31 March 2025. However, the Proposed Joint Development is expected to contribute positively to the future earnings of the SkyWorld Development Group.

## **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 Joint Development.

## **8. HIGHEST PERCENTAGE RATIO FOR THE PROPOSED JOINT DEVELOPMENT**

The highest percentage ratio applicable to the Proposed Joint Development pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements is approximately 64.41% computed based on the aggregate value of consideration over the audited consolidated net assets of the Group as FYE 31 March 2024.

## **9. APPROVALS REQUIRED**

The Proposed Joint Development is subject to the approvals being obtained from the following:-

- (i) the shareholders of the Company at an extraordinary general meeting of SkyWorld Development to be convened; and
- (ii) any other relevant authorities / parties, if required

The Proposed Joint Development is not conditional upon any other proposal undertaken or to be undertaken by the Company.

## **10. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING COMPLETION**

Save for the Proposed Joint Development, which is the subject matter of this announcement, the following outstanding proposals have been announced and are pending completion: -

- (i) SkyWorld Development (Vietnam) Company Limited, a wholly-owned subsidiary of SkyWorld Development had on 30 August 2024, entered into a Memorandum of Understanding with (i) SkyVenue Land Group Joint Stock Company (“**SkyVenue**”), (ii) SkyBridge Company Limited and (iii) the existing shareholders of SkyVenue to jointly develop the remainder of the “Guocoland Commercial Complex” project located at Thuan An City, Binh Duong Province, Vietnam; and
- (ii) SkyWorld Development (Vietnam) Company Limited, a wholly-owned subsidiary of SkyWorld Development has on 7 September 2023, entered into a conditional shares sale and purchase agreement with (i) Mr. Nguyen Son Hai Long; (ii) Ms. Nguyen Thuy Thoai Phuong; (iii) Ms. Nguyen Thuy Diem Phuong; and (iv) Thuan Thanh Trading Production and Real Estate Trading Joint Stock Company for the acquisition of land located in Ho Chi Minh City, Vietnam.

Save for the above, the Board is not aware of any other outstanding proposals which have been announced but not yet completed as at the LPD.

## **11. STATEMENT BY THE BOARD OF DIRECTORS**

The Board, having considered all aspects of the Proposed Joint Development, including but not limited to the rationale of the Proposed Joint Development, the terms and conditions of the JDA as well as taking into consideration the Valuation Letter A and Valuation Letter B, is of the opinion that the Proposed Joint Development is in the best interests of the Company.

**12. ADVISERS**

UOBKH has been appointed as the Principal Adviser to the Company for the Proposed Joint Development.

In addition, the Board has appointed Henry Butcher as the independent valuer to conduct valuation of the Land.

**13. EXPECTED TIME FRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Board expects the JDA to be rendered unconditional by the 2nd quarter of 2025 and the Proposed Joint Development is estimated to be completed within 15 years from the JDA.

**14. DOCUMENTS AVAILABLE FOR INSPECTION**

The JDA, the Valuation Letter A and Valuation Letter B are available for inspection at the registered office of SkyWorld Development at Unit 30-01, Level 30, Tower A Vertical Business Suite, Avenue 3 Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia 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 10 December 2024.**

---

## APPENDIX I – SALIENT TERMS OF THE JOINT DEVELOPMENT AGREEMENT

---

The salient terms and conditions of the JDA are as follows: -

### 1. Agreement for Joint Development

PDC as the owner or eventual owner of the Land has agreed to allow the Developer and/or any of its nominated wholly-owned subsidiaries ("**Nominee(s)**") and the Developer or Nominee has agreed to, at its own cost and expense, undertake to design, build and complete the Project on the Land in accordance with the terms and conditions set out in the JDA. PDCP has agreed to undertake the role as appointed project manager to oversee the implementation of the Project by the Developer or Nominee on behalf of PDC.

The Project will comprise of residential components under the 'Affordable Homes' and 'New Talent Homes' schemes, and commercial components to serve the local community, together with the related components and all requisite infrastructures, public utilities and amenities to be constructed on the Land in phases or by stages and completed by the Developer or Nominee within fifteen years (15) from the date of the JDA ("**Development Completion Period**") subject to the terms and conditions in the JDA.

### 2. Conditions Precedent

- (a) The implementation of the JDA is conditional upon:
  - (i) the Developer, at its own costs and expense, procuring the approval of its shareholders for the transactions contemplated under the JDA including all financial considerations relating thereto within six (6) months from the date of the JDA ("**CP1**"); and
  - (ii) the Developer or Nominee, at its own costs and expense, obtaining the planning permission for the Project at a plot ratio of 1:4 ("**Plot Ratio Approval**") from the relevant authorities within six (6) months from the date of the JDA ("**CP2**");
- (b) In the event CP1 is not fulfilled within the period stipulated in paragraph 2(a)(i) above ("**CP1 Fulfilment Period**"), the Developer may apply to PDC for an extension of time at PDC's discretion. If CP1 cannot be fulfilled within the CP1 Fulfilment Period or any such extension of time as may be granted by PDC, PDC may terminate the JDA by providing a written notice.
- (c) In the event CP2 is not fulfilled within the period stipulated in paragraph 2(a)(ii) above ("**CP2 Fulfilment Period**"), the CP2 Fulfilment Period shall be automatically extended for six (6) months from the expiry of the CP2 Fulfilment Period ("**Extended CP2 Fulfilment Period**"). If CP2 cannot be obtained within CP2 Fulfilment Period, the Extended CP2 Fulfilment Period or any such further extension of time as may be granted by PDC, the Developer or Nominee may, at its option, proceed with the approved plot ratio or terminate the JDA by providing a written notice.

- (d) If the JDA is terminated as above, the earnest deposit amounting to RM5,000,000.00 (“**Earnest Deposit**”) and all other sums paid by the Developer or Nominee to PDC towards the settlement of the Landowner’s Entitlement and shall be refunded to the Developer or Nominee free of interest within ninety (90) days from the date of such termination, failing which, the Developer or Nominee shall be entitled to a late payment interest of eight percent (8%) per annum on the outstanding sum. All money paid towards the Project Management Fee shall not be refundable to the Developer or Nominee.

### 3. Key obligations of the Parties

- (a) PDC will, among others:
- (i) execute sale and purchase agreements with the Developer or the Nominee and memorandum of transfers to the Developer or Nominee for the sale of each Parcel;
  - (ii) withdraw all and any existing approvals and applications submitted to the relevant authorities related to the Land; and
  - (iii) terminate the services of and settle all fees, expenses and claims of the consultants, contractors and/or subcontractors in relation to the Land. PDC shall keep the Developer or Nominee fully indemnified against all claims made by the said consultants, contractors and/or subcontractors qualified up to the date of the JDA.
- (b) PDPC will, among others:
- (i) assist the Developer or Nominee in submitting the Proposed Master Plan (defined in sub-paragraph (c)(i) below) to the State Planning Committee and relevant authorities for approval;
  - (ii) assist the Developer or Nominee in its application for the approval by the State Authority and/or other relevant authorities or technical agencies related to the Project; and
  - (iii) assist the Developer or Nominee to request a list of buyers’ names from the Lembaga Perumahan Negeri Pulau Pinang.
- (c) The Developer or Nominee shall, among others:
- (i) submit a master plan as proposed by the Developer for the Project (“**Proposed Master Plan**”) to PDC for its approval within 60 days from the date of the JDA;
  - (ii) deliver a performance bond within eighteen (18) months from the date of execution of the SPA for the first Parcel or upon the date of obtaining the first planning permission for the Development by the Developer or the Nominee, whichever is earlier;
  - (iii) obtain the approvals by the State Planning Committee and the relevant authorities on the Proposed Master Plan within a period of 12 months from the date of the JDA;

- (iv) prepare, submit to and obtain all approvals by the relevant authorities including environment impact assessment (EIA) report, traffic impact assessment (TIA) report, social impact assessment (SIA) report, and such other technical reports as may be required by the relevant authorities for the Project;
- (v) comply with the terms and conditions imposed by the relevant authorities to secure the required approvals from the relevant authorities for the Project on the Land and every Parcel thereof;
- (vi) comply with the terms and conditions imposed by the relevant authorities in the Project until completion and upon completion thereof, to obtain the Certificate of Completion and Compliance and all other necessary certificates certifying the completion from the relevant authorities;
- (vii) commence work for the Project on each Parcel within six (6) months from the date of obtaining the planning permission for the Proposed Master Plan for each Parcel or within four (4) months from issuance of individual title for each Parcel, whichever is later, the (4) months period shall commence only upon the Developer or Nominee receiving a copy of the individual title for each Parcel from PDC;
- (viii) taking into account the surrounding area and provide connection and/or access to neighboring properties owned by PDC and incorporating considerations into the Developer's master plan;
- (ix) undertake the construction and completion of all requisite infrastructures, public utilities, and amenities integral to the Project;
- (x) execute the first SPA simultaneously with the JDA, and thereafter at least one (1) SPA in every two (2) years, or within such extended time as may be approved by PDC, for each subsequent Parcel in accordance with the JDA;
- (xi) throughout the Development Completion Period, to sell the (A) residential units under the 'Affordable Homes' scheme to purchasers at the price required by the Penang State Authority; and (B) to sell 50% of the residential units under the 'New Talent Homes' scheme at a price not exceeding RM350,000.00 and the remaining 50% at a price not exceeding RM420,000.00 or such other prices as may be approved by PDC from time to time;
- (xii) submit to PDC for its approval of an implementation schedule for each Parcel setting out various pre-development activities and the overall time to implement the Development plan;
- (xiii) to bear all charges and adhere to conditions imposed by the relevant authorities including the State's technical agencies and local authorities related to the Development, except for costs and expenses arising from the alienation and parcelisation in paragraph 4 below, issuance of new title for each Parcel and such other costs to be paid by PDC as stated in the JDA;
- (xiv) to ensure PDC and PDCP are not made parties to sale and purchase agreements of the residential units with purchasers; and

- (xv) to submit a detailed work programme to PDCP in relation to the Development for each Parcel within four (4) months from the date the building plan is approved.

#### **4. Alienation and Parcelisation**

- (a) In view of the aggregate size of the Land which may be too onerous to develop at the same time, PDC agreed that the Developer or Nominee may undertake the Project on the Land in phases for each Parcel. For such purpose, PDC shall apply to the State Authority for the alienation of Plot A to itself parcel by parcel with an individual issue document of title to be issued for every Parcel ("**Individual Title**") in accordance with the demarcation plan prepared by the Developer or Nominee and approved by PDC. The total number of parcels for Plot A shall not be more than five (5).
- (b) PDC shall bear the alienation fees, the premium (if any), the survey fees and the fees in connection with the preparation and registration of the qualified title for Plot A in the name of PDC. The payment obligation of PDC shall be confined to one time only for each Parcel for Plot A.
- (c) The Developer shall be entitled to nominate its Nominees to enter into SPAs with PDC for the acquisition and development of the Parcel at different stages in accordance with the terms of the JDA.

#### **5. Delivery of possession of each Parcel**

- (a) In order for the Developer or Nominee to take possession of a Parcel, the Developer or Nominee shall pay the sale price for that Parcel in full to PDC, or alternatively deliver bank guarantees from a licensed bank or financial institution guaranteeing the payment of the balance of the sale price of the Parcel or such outstanding part thereof to PDC, prior to the delivery of possession of that Parcel to the Developer or Nominee.
- (b) The Developer or Nominee shall accept possession of the Land and every part thereof on an "as is where is" basis.

#### **6. Landowner's Entitlement and Project Management Fee, Schedule of Payment, Performance Deposit, Late Interest and Performance Bond**

##### **6.1 Landowner's Entitlement**

In consideration of PDC making the Land available for the Project and allowing the Developer to undertake and complete the Project, PDC shall be entitled to share the profits arising therefrom in cash by way of sale of the Land equivalent to the sum of RM502,678,044.00 only (calculated at the rate of RM43 per square foot for Plot A and RM135 per square foot for Plot B) subject to an increase in the sale price of each Parcel for Plot A of not less than 6% per year ("**6% Annual Increment**") for the parcel that has yet to enter into a Sale and Purchase Agreement between PDC and the Developer or its Nominee, with the increase taking effect from each anniversary of this Agreement.

The table below is the agreed 6% Annual Increment applicable for Plot A:

<b>Year</b>	<b>Plot A (price per square foot)</b>
Year 1	RM43.00
Year 2	RM45.58
Year 3	RM48.31
Year 4	RM51.21
Year 5	RM54.29
Year 6	RM57.54
Year 7	RM61.00
Year 8	RM64.66
Year 9	RM68.54
Year 10	RM72.65

## **6.2 Project Management Fee**

In consideration of PDCP undertaking the role of Project Manager to implement, oversee and manage the Project, PDCP shall be entitled to a sum of RM40,214,243.52 being a sum equivalent to 8% of the Landowner's Entitlement, subject to such adjustments resulting from the 6% Annual Increment. Apart from adjustments reflecting a 6% Annual Increment, any further increase to the Project Management Fee shall be based on mutual agreement between the parties.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

### 6.3 Schedule of Payment

Subject to the 6% Annual Increment, the Landowner's Entitlement and Project Management Fee shall be fully paid in cash by the Developer over a maximum period of ten (10) years from the date of the JDA as follows: -

	<b>Payment Period</b>	<b>Landowner's Entitlement (percentage %)</b>	<b>Project Management Fee (percentage %)</b>
1.	Upon execution of the JDA	10% (equivalent to the Performance Deposit, which is inclusive of Earnest Deposit paid)	10%
2.	18 months from the date of execution of the SPA for each Parcel	30%	30%
3.	24 months from the date of execution of the SPA for each Parcel	30%	30%
4.	48 months from the date of execution of the SPA for each Parcel	30%	30%

### 6.4 Performance Deposit

A sum of RM54,289,228.75, equivalent to ten per centum (10%) of the aggregate sums of the Landowner's Entitlement and the Project Management Fee is payable by the Developer to PDC upon the signing of the JDA. Out of such sum, RM50,267,804.40 (being 10% of the Landowner's Entitlement) is paid as security for the Developer's due observance and performance of the terms and conditions of the JDA ("**Performance Deposit**"). The Performance Deposit shall be deemed as the aggregate of the ten per centum (10%) of each Parcel, so that each and every Parcel has a sum to be held by PDC as security as aforesaid.

### 6.5 Late Interest

An interest of eight percent (8%) per annum calculated on a 365 day-year basis on any outstanding portion of the Landowner's Entitlement or Project Management Fee, commencing from the date following the expiry of the payment period specified in the JDA until full payment is made.

### 6.6 Performance Bond

The Developer agrees to deliver a performance bond in the form of an irrevocable bank guarantee for an aggregate of RM20,000,000.00 issued by a licensed bank or financial institution in favour of PDC ("**Performance Bond**") within eighteen (18) months from the date of the first SPA for the first Parcel or upon obtaining the first planning permission for the Project, whichever is earlier.

## **7. Events of Default**

### **7.1 Default by the Developer**

In the event that the Developer shall at any time:

- (a) fail to deliver the Performance Bond in accordance with the JDA; or
- (b) fail to diligently carry out work with delay of more than 30% of progress shown under the detailed work programme related to a Parcel or complete the Development within the Development Completion Period in accordance with the JDA; or
- (c) fail to pay the Landowner's Entitlement or Project Management Fee of each Parcel or any part thereof or any moneys payable by the Developer or Nominee under the SPA for each Parcel within the time stipulated; or
- (d) prior to the completion of the Project, become insolvent or 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) working days after it is imposed; or
- (e) prior to the completion of the Project, 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
- (f) otherwise breach or be in default of or fail to observe or perform any other terms, conditions, warranties or stipulations contained in the JDA,

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 PDC or PDCP requiring the Developer to remedy such breach within the stipulated time.

PDC shall be entitled to either specific performance of the JDA or at its option, treat the JDA as having been repudiated by the Developer and to immediately by notice to rescind the JDA.

### **7.2 Right of Termination by PDC**

- (a) Notwithstanding paragraph 7.1 above and provided always that no application and payment for issuance of the Individual Title has been made to the State Authority, PDC may serve a ninety (90) day-notice on the Developer to terminate the JDA and pursuant thereto, both parties shall be released of its respective obligations under the JDA.
- (b) In the event PDC exercises such right of termination, the provisions in paragraph 7.3(b) below shall apply.

### 7.3 Events of Default or Termination by PDC or PDCP

- (a) If PDC or PDCP shall be in default of or fails to observe or perform fulfil any terms or conditions of the JDA and does not remedy such breach within ninety (90) days of receiving written notice from the Developer or Nominee, the Developer or Nominee shall be entitled to either specific performance of the JDA or at its option, treat the JDA as having been repudiated by PDC or PDCP and to immediately by notice rescind the JDA.
- (b) Upon rescission or termination of the JDA due to PDC or PDCP's default (pursuant to paragraphs 7.2 and 7.3 above), the following provisions shall apply:
  - (i) save where the Performance Bond shall be returned to the Developer, the provisions on rescission due to the default by the Developer in paragraph 7.4 below shall apply mutatis mutandis as applicable; and
  - (ii) the Developer shall be entitled to recover all reasonable damages from the Vendor.

### 7.4 Rescission

Upon rescission of the JDA pursuant to an event of default by the Developer, the following provisions shall, among others, apply:

- (a) where the sale and purchase of any Parcel has been completed and registered in the name of the Developer or Nominee, and the sale price of the said Parcel has been fully paid for, and foundation works has commenced or sale of the development units to end purchasers has been made, the Developer shall not be entitled to any refund of monies in respect of the said Parcel and shall proceed to complete the development on the said Parcel in accordance with the terms of the JDA and all proceeds received from the said Parcel shall belong absolutely to the Developer or Nominee;
- (b) if the Parcel has been registered in the name of the Developer or Nominee and sale price of the said Parcel has been partially paid and foundation works has commenced or sale of the development units to end purchasers has been made, PDC shall be entitled to call upon the bank guarantee on the balance outstanding sale price of the said Parcel and the Developer or Nominee shall not be entitled to any refund of monies in respect of the said Parcel and shall proceed to complete the Development on the said Parcel in accordance with the terms of the JDA and all proceeds received from the said Parcel shall belong absolutely to the Developer or Nominee;
- (c) If the Parcel has been registered in the name of the Developer or Nominee and sale price of the said Parcel has been partially paid but foundation works has yet to commence and sale of the development units to end purchasers has yet to be made ("**Defaulted Parcel**"), the following shall apply, among others:-
  - (i) PDC shall have the option to resume possession of the Defaulted Parcel; and

- (ii) PDC shall have the right to deal with or otherwise dispose of the Defaulted Parcel as PDC may in its absolute discretion deem fit as if the JDA has not been entered into; and
- (iii) PDC shall be entitled to forfeit ten per cent (10%) of the sale price of the Defaulted Parcel; and
- (iv) all money paid towards the PDCP's Project Management shall be forfeited absolutely by PDCP; and
- (v) the Developer shall or procure the Nominee to forthwith at their sole costs and expense execute a valid and registrable memorandum of transfer of the Defaulted Parcel free from all encumbrances in favour of PDC and deliver such memorandum of transfer and the original issue document of title in respect of the Defaulted Parcel to PDC; and
- (vi) PDC shall be entitled to deal with or otherwise dispose of the Defaulted Parcel together with all such earthworks, buildings or structures and materials thereon as PDC may in its absolute discretion deem fit as if the JDA has not been entered into; and
- (vii) PDC shall refund all other monies paid toward the settlement of the sale price for the Defaulted Parcel within ninety (90) days from the date the title of the Defaulted Parcel is re-transferred to PDC, failing which the Developer or Nominee shall be entitled to late interest on the outstanding refundable sum.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

---

## APPENDIX II – SALIENT TERMS OF THE PLOT B SPA

---

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

### 1. Agreement for the Sale and Purchase

- (a) PDC as the registered owner of Plot B (“**Vendor**”) has agreed to sell and SkyWorld Development, via SkyWorld Staris Development Sdn Bhd (a wholly-owned subsidiary of SkyWorld Development) as the nominee of the Developer (“**Purchaser**”) has agreed to purchase Plot B comprising Lot 5320 and Lot 10848 (previously held under PT 5066) (details of which are set out in Section 2.1.2 of this announcement) on an ‘as is where is’ basis, to carry out and to complete the Project upon the terms under the JDA and the Plot B SPA.
- (b) The Vendor shall at its own cost and expense apply to the State Authority to convert Lot 5320 to perpetuity (Freehold) under a qualified title subject to the category of land use of “Building” and express conditions for “perumahan dan perniagaan” use (hereinafter referred to as “**Lot 5320 Land Exercises Approval**”).

### 2. Purchase Price

- (a) The purchase price of Plot B is RM200,175,624.00 being the sum equivalent to RM135 per square foot (“**Purchase Price**”).
- (b) Upon the execution of JDA, RM20,017,562.40 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 RM180,158,061.60 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) RM60,052,687.20, being the sum equivalent to thirty per centum 30% of the Purchase Price, within 18 months from the date of the Plot B SPA (“**First Payment**”);
  - (ii) RM60,052,687.20, being the sum equivalent to thirty per centum 30% of the Purchase Price, within 24 months from the date of the Plot B SPA (“**Second Payment**”); and
  - (iii) RM60,052,687.20, being the sum equivalent to thirty per centum (30%) of the Purchase Price, within 48 months from the date of the Plot B SPA (“**Third Payment**”).

4. **Conditions precedent**

- (a) The Plot B SPA shall be subject to the fulfilment of the following conditions precedent:
- (i) the Vendor at its own cost and expenses, procuring the Lot 5320 Land Exercises Approval and the written consent of the Penang State Authority to transfer the Land to the Purchaser ("**SA Consent to Transfer**"), collectively within six (6) months from the date of the Plot B SPA; and
  - (ii) the Vendor at its own cost and expenses, procuring the issuance of the issue document of title in respect of Lot 5320 in accordance with the Lot 5320 Land Exercises Approval within twelve (12) months from the date of the Vendor obtaining Lot 5320 Land Exercises Approval; and
  - (iii) the JDA 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 Plot B SPA where upon the serving of its notice of termination ("**Termination Notice**"), the Purchaser shall re-deliver vacant possession within ninety (90) days of 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 Plot B SPA within the respective Completion Period; or
  - (iii) before the completion of the Project on Plot B 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 Project on Plot B 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 Plot B 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 Plot B SPA or at its option, treat the Plot B SPA as having been repudiated by the Developer and to immediately by notice rescind the Plot B SPA.

- (b) Upon rescission as 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 Plot B;
- (ii) the Vendor shall have the right to resume possession of, and to deal with or otherwise dispose of Plot B as the Vendor may in its absolute discretion deem fit as if the Plot B 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 Plot B 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 Plot B;
- (iv) the Vendor shall be entitled to deal with or otherwise dispose of Plot B together with all such earthworks, buildings or structures and materials thereon as the Vendor may in its absolute discretion deem fit as if the Plot B SPA has not been entered into;

the Deposit Sum shall be forfeited to the Vendor absolutely as agreed liquidated damages ("**Agreed Liquidated Damages**");

- (v) after deducting the Agreed Liquidated Damages, if there is any balance of the Purchase Price received by the Vendor under the Plot B SPA ("**Balance Sum**"), the Balance Sum shall be utilized 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 Plot B which shall remain owing and unpaid by the Purchaser; and

- (vi) 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 Plot B 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 Plot B has been made to the State Authority, the Vendor may serve a ninety (90) day-notice on the Purchaser to terminate the Plot B SPA and pursuant thereto, both parties shall be released of its respective obligations under the Plot B 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 Plot B SPA, and does not remedy such breach within ninety (90) days after the receiving written notice by 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 Plot B SPA or at its option, treat the Plot B SPA as having been repudiated by the Vendor and to immediately by notice rescind the Plot B SPA.
- (b) Upon rescission or termination (pursuant to paragraph 6(b) above) of the Plot B SPA due to the Vendor's default, the following provisions shall apply:
  - (i) the provisions on rescission due to the default by the Developer 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 Plot B 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 the Land; or
  - (ii) with the Vendor's written consent, proceed to jointly develop Plot B whereby the Vendor shall remain as the landowner of Plot B, 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 that 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.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**