

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

PROPOSED DEVELOPMENT AND CONSTRUCTION OF QUALITY AFFORDABLE HOMES FOR PR1MA CORPORATION MALAYSIA AT BRICKFIELDS AT LOT 20005 SEKSYEN 95 (PT28), DAERAH KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR BY ASPIRASI CEKAP SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF SKYWORLD DEVELOPMENT

1. INTRODUCTION

Further to the announcement made by the Company on 28 August 2024, the Board of Directors of SkyWorld Development wishes to announce that Aspirasi Cekap Sdn Bhd (“**ACSB**” or “**Developer**”), a wholly-owned subsidiary of the Company, had on 9 October 2024, entered into a Joint Development Agreement (“**JDA**”) with PR1MA Corporation Malaysia (“**PR1MA**” or “**Landowner**”) to undertake the proposed development and construction of quality affordable homes together with all the amenities and infrastructure (“**PRIMA Homes**”) on a leasehold land measuring approximately 1.97 acres located at Brickfields at Lot 20005 Seksyen 95 (PT28), Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur (“**Development Land**”) for a total consideration of RM32,170,000.00 (“**JD Consideration**”) (collectively referred to as the “**Proposed Development**”).

2. DETAILS OF THE PROPOSED DEVELOPMENT

2.1 The Company had on 28 August 2024 announced on the acceptance of the Letter of Acceptance from PR1MA to undertake the Proposed Development which granted ACSB the absolute rights to develop the Development Land. In consideration thereof, ACSB had entered the JDA with PR1MA with the intention to jointly develop the Development Land subject to the terms and conditions set forth in the JDA. Further details of the Proposed Development are set out in the ensuing sections.

2.2 Background information on ACSB & PR1MA

2.2.1 Information on ACSB, the Developer

ACSB is a private limited company incorporated in Malaysia on 15 August 2022 under the Companies Act 2016. The issued and paid-up share capital of ACSB is RM100.00 comprising of 100 ordinary shares. Its principal activity is property development.

ACSB is a wholly-owned subsidiary of SkyWorld Development and its Board of Directors consists of:-

- a) Datuk Seri Ng Thien Phing;
- b) Datuk Lam Soo Keong @ Low Soo Keong;
- c) Lee Chee Seng; and
- d) Zafidi Bin Mohamad.

2.2.2 Information on PR1MA, the Landowner

PR1MA is a statutory body established under the Perumahan Rakyat 1Malaysia Act 2012. It is responsible to regulate matters relating to the development and construction of housing accommodation, infrastructure and facilities under the Perumahan Rakyat 1Malaysia programme in Malaysia. The Board of Directors of PR1MA consists of:-

- a) YBhg Datuk Azrulnizam bin Abdul Aziz;
- b) YBhg Datuk Seri Haji Mohd Nazri bin Md. Shariff;
- c) YBhg Tan Sri Dato' Seri Mohd Zuki bin Ali;
- d) YBhg Datuk Wira M Noor Azman bin Taib;
- e) YBhg Dato' Shahrol Anuwar Sarman;
- f) YBhg Datuk Dr. Yatimah binti Sarjiman;
- g) YBhg Datuk Kamalil Arifin bin Othman;
- h) YBhg Datuk Mohd Afrizan bin Husain;
- i) YBhg Dato' Wan Hashimi Albakri bin Wan Ahmad Amin Jaffri;
- j) YBhg Datuk Dr. Mohammad Hardee bin S.N. Ibrahim; and
- k) YB Dato' Ngeh Koo Ham.

2.2.3 Information on the Development Land

Registered owner	:	PR1MA Corporation Malaysia
Lot no.	:	Lot 20005 Seksyen 95
Land area	:	1.97 acres
Category of land use	:	Residential Building
Land tenure	:	Leasehold – 98 years expiring on 5 March 2116
Express conditions	:	Tanah ini hendaklah digunakan untuk bangunan kediaman Perumahan Rakyat 1 Malaysia (PR1MA) sahaja.
Restriction in interest	:	Tanah ini tidak boleh dipindahmilik, dipajak atau digadai tanpa kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur.
Encumbrances/caveat	:	Nil
Audited net book value	:	SkyWorld Development is unable to provide information on the latest audited net book value as it is not privy to such information
Proposed use	:	Proposed development of PRIMA Homes which will consist of 491 units of apartments, measuring approximately 900 square feet each (“ Project ”)
Gross Development Value	:	RM191,490,000.00

2.3 Salient Terms of the JDA

The salient terms of the JDA include, among others, the following:-

2.3.1 The JD Consideration comprises Landowner’s entitlement and guaranteed profit, as follows:-

Landowner's entitlement

A sum of **RM32,170,000.00** being the land cost of RM28,170,000.00 and guaranteed profit of RM4,000,000.00 shall be paid to the Landowner by the Developer in the following manner:-

Land cost of RM28,170,000.00

Instalment	Date of payment	Amount (RM)
i.	Upon execution of the JDA (" Effective Date ")	2,817,000.00
ii.	18 months from the project commencement date	14,085,000.00
iii.	36 months from the project commencement date	11,268,000.00
	Total	28,170,000.00

Guaranteed profit of RM4,000,000.00

Instalment	Date of payment	Amount (RM)
i.	36 months from the Effective Date	1,000,000.00
ii.	42 months from the Effective Date	1,000,000.00
iii.	48 months from the Effective Date	2,000,000.00
	Total	4,000,000.00

2.3.2 Basis and justification of arriving at the JD Consideration

The JD Consideration of RM32,170,000.00 was arrived at on a "willing-buyer willing-seller" basis, after taking into consideration of the following:-

- a) Internal feasibility studies conducted on the potential of the Development Land as it is strategically located in an established commercial cum residential area with good infrastructure and connectivity;
- b) Comparative studies on prevailing market value involving other similar properties in the vicinity of Brickfields and based on the valuation report from an independent valuer, namely Raine & Horne, the JD Consideration is perceived to be fair and reasonable; and
- c) The guaranteed profit is realistic, taking into consideration the historical performance and the prospects of PR1MA Homes projects.

2.3.3 Roles and Responsibilities of the Developer

The roles and responsibilities of the Developer include, among others, the following:-

- i) design, develop, construct, complete and handover the Project;
- ii) carry out all the land processes for the purpose of the Project at its own costs, including the payment of all contributions, fees, premiums and charges and moratorium fees;

- iii) be responsible for the variation, amendments, preparation and submission of all Developer's proposal (where applicable) and approved layout plan for purposes of approval and endorsement by PR1MA prior to the submission for approval by the relevant authority for the development of the Project including but not limited to the development order and building plan endorsement and to furnish PR1MA copies of the same prior to such submission;
- iv) pay for all costs and charges payable to the appropriate authority in connection with the construction and development of the Project; and
- v) undertake the marketing and sale of the PR1MA Homes and procure the issuance of the relevant approvals, permits and/or licences including the Developer's licence and advertising and sale permit for the purpose of marketing and selling the PR1MA Homes.

2.3.4 Roles and Responsibilities of PR1MA

- i) deliver to the Developer vacant possession of the Development Land, free from squatters or illegal occupiers and free from all encumbrances and caveats.
- ii) grant to the Developer, its servant, agents and/or workmen site possession of the Development Land;
- iii) assist the Developer in procuring any assistance and co-operation of all relevant authority to facilitate the carrying out of the Project; and
- iv) provide the Developer the necessary development rights for purposes of the Project.

2.4 Power of Attorney

PR1MA shall execute and deliver power of attorney in favour of the Developer by appointing the Developer as its attorney:-

- i) in respect of applications, submissions and obtaining approvals for the Project including but not limited to the development orders, conversions, subdivisions and to have custody and retain all the original separate titles issued in respect of the PR1MA Homes; and
- ii) to sign and execute the Sale and Purchase Agreements and memoranda of transfers together with other relevant and related documents to effect the sale and transfer of PR1MA Homes to end-purchasers, provided that the Developer has obtained the necessary approval and/or waiver from the Ministry of Housing and Local Government allowing the Developer to be granted such a power of attorney to sign on behalf of PR1MA as the proprietor, to have custody and retain all the original separate titles issued in respect of the PR1MA Homes.

2.5 Conditions Precedent

The commencement of the Project is conditional upon the conditions precedent as specified in the JDA to be fulfilled within a period of fifteen (15) months from the effective date (“**Approval Period**”) and subject to extension for another three (3) months in the event the conditions precedent are not fulfilled within the Approval Period, subject to a request in writing by the Developer to PR1MA being given for not less than fourteen (14) days prior to the expiry of the Approval Period.

2.6 Source of funding

The Company intends to fund the costs and expenses related to the Proposed Development through internally generated funds and/or bank borrowings, the quantum of which has yet to be determined at this juncture.

2.7 Liabilities to be assumed

Save for the JD Consideration, costs and expenses related to the Proposed Development, there are no other liabilities including contingent liabilities to be assumed by SkyWorld Development arising from the Proposed Development.

As a security for the payment of the JD Consideration and to secure the due performance of the Developer, the Developer shall provide and deliver bank guarantees amounting to RM32,170,000.00 to PR1MA.

3. RATIONALE AND PROSPECTS OF THE PROPOSED DEVELOPMENT

SkyWorld Development Group aimed to address the prevalent issue of affordable housing in current property market. In view thereof, the collaboration between SkyWorld Development Group and PR1MA in building affordable housing at Brickfields addresses the growing demand for affordable living spaces while promoting community development.

In view of the strategic location of the Project and affordable pricing which SkyWorld Development Group will offer, it is a viable option for middle-income households and first-time home buyers seeking affordable housing. This also provides an opportunity for SkyWorld Development Group to further strengthen its competitive positioning in the affordable segment.

4. RISK FACTORS

The Proposed Development will not expose SkyWorld Development Group to a new industry risk as SkyWorld Development Group is already involved in the property development industry whereby the risk would be addressed as part of SkyWorld Development Group’s ordinary course of business.

The potential risk, which may not be exhaustive will be joint development risk. The Proposed Development is subject to, amongst others, the fulfilment of the terms and conditions as set out in the JDA. However, the management of SkyWorld Development intends to mitigate the risk by, inter-alia, taking all reasonable steps to ensure that terms and conditions and its respective obligations as set out in the JDA are met.

5. EFFECTS OF THE PROPOSED DEVELOPMENT

5.1 Share capital and shareholdings of substantial shareholders

The Proposed Development has no impact on the issued share capital and substantial shareholders' shareholdings of SkyWorld Development as it does not involve any issuance of new ordinary shares in SkyWorld Development.

5.2 Earnings, earnings per share ("EPS") and Net Assets ("NA")

The Proposed Development will not have any material effect on the earnings, EPS or NA of the Group for the financial year ending 31 March 2025. However, the Proposed Development is expected to contribute positively to the future earnings, EPS and also enhance the NA of SkyWorld Development Group.

5.3 Gearing

The Proposed Development will not have any effect on the gearing of SkyWorld Development.

6. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Development pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 3.80%, calculated based on the audited consolidated financial statements of SkyWorld Development for the financial year ended 31 March 2024.

7. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the project development period is expected to be completed within forty-eight (48) months from the construction commencement date.

8. APPROVALS REQUIRED

The Proposed Development is not subject to the approval of the shareholders of SkyWorld Development but will be conditional upon obtaining all relevant approvals in accordance with the conditions precedent set out in the JDA.

9. INTEREST 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 has any interest, whether direct or indirect, in the Proposed Development.

10. DIRECTORS' STATEMENT

The Board, having considered and deliberated on all aspects of the Proposed Development, including the rationale, prospects, risk factors and financial effects, is of the opinion that the Proposed Development is in the best interest of the Company.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the JDA is 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 normal business hours from Mondays to Fridays (except for public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 9 October 2024.