SKYGATE SOLUTIONS BERHAD
Registration No: 200601023136 (742890-W)

Type	**:**	**ANNOUNCEMENT**
Subject	**:**	**TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS): NON RELATED PARTY TRANSACTIONS**
Description	**:**	**SKYGATE SOLUTIONS BERHAD ("SKYGATE" or "COMPANY")** **- PROPOSED DISPOSAL OF FACTORY BUILDING LOCATED AT PLOT 1-A, LINTANG KAMPUNG JAWA, MK. 12, NFTZ BAYAN LEPAS, 11900 BAYAN LEPAS, PULAU PINANG HELD UNDER PN 2003, LOT 9591, MUKIM 12, DAERAH BARAT DAYA, PULAU PINANG. ("PROPERTY") BY A SUBSIDIARY OF THE COMPANY, SKYGATE INTEGRATION SDN. BHD. (FORMERLY KNOWN AS LEADER RANGE TECHNOLOGY SDN. BHD.) ("SKYGATE INTEGRATION") ("PROPOSED DISPOSAL")**

The terms used herein unless the context otherwise states, shall bear the same meaning as those defined in the announcement.

Further to the announcement made on 28 October 2025, the Board of Directors of SkyGate wishes to provide the following additional information to the earlier announcement as follows: -

Section 2.1(iii)

1) **For clarity, please explain whether Property is for own use or rented out to third party. If it is used for manufacturing activity of SKYGATE and/or its subsidiaries ("the Group"), please clarify how such manufacturing activity is impacted by the Proposed Disposal.**

   Reply:

   The property is owned and used for SkyGate Integration's existing manufacturing activities. We plan to relocate our manufacturing plant from the existing facility on Penang Island to the rented factory plant located at Perai Industrial Area. The proposed disposal is not expected to have any material impact on our manufacturing operations.

   On the contrary, the relocation will enhance operational efficiency and foster closer collaboration with our manufacturing subsidiaries — SkyGate Precision (M) Sdn. Bhd., VS Solution Services Sdn. Bhd., and Jintec Innovation Sdn. Bhd.

   If the factory is occupied by third-party tenant, please name the tenant, the rental per annum/ per month, tenancy duration and expiry date of the tenancy. Please also clarify whether there is any legal and financial impact to the Group for the termination of such tenancy.

   Reply:

   Not applicable since the factory is for own use.

2) **Please quantify the outstanding amount of the charge as at to-date.**

   Reply:

   The outstanding amount of the charge as of 31.10.2025 was RM10,821,000.

Section 2.3

3) To provide the detailed breakdown of the intended utilisation of disposal proceeds together with the full utilisation timeframe.

Reply:

	RM'000	**Utilisation timeframe**
Proceeds	39,800	
(-) Estimated outstanding loan and interest	(11,500)	
(-) Other incidental cost pertaining to the Proposed Disposal (professional fees, consent fees and agent fees)	(1,300)	
(-) Real Property Gain Tax ("RPGT")	(1,750)	
Net proceeds	25,250	
Utilisation:		
Relocation existing plant	3,000	Nov'25 to Dec'25
Renovation at new plants	8,000	Nov'25 to Dec'25
Acquisition of new machineries	5,000	Jan'26- March'26
Balance- for future working capital/capital expenditure for automation manufacturing activities	9,250	June'26 onwards
Net proceeds	25,250	

Section 2.4

4) To spell out clearly the factors/parameters taken into account under the prevailing market conditions together with some quantification of such factors/parameters (e.g. market value of comparable factories in the surrounding areas etc). To also justify further how the location of the Land is deemed a strategic location by providing some descriptions on the infrastructures in the area and accessibility/connectivity aspect of the Property etc.

Reply:

(i) Comparable transacted pricing for industrial/factory properties in the surrounding area.

Based on the prevailing market rental rate for industrial buildings in the surrounding area of approximately RM3.50 per square feet, the estimated monthly rental income for the Property is about RM415,000. Considering a net rental yield of 9.5% for the Proposed Disposal, this translates to an indicative market value of RM39.8million.

Using the sales comparison method, recent transactions of comparable industrial properties in the vicinity indicate an average price of around RM330 per square feet of built-up area, which equates to approximately RM39.2million for the entire Property. This valuation is therefore consistent with, and supports, the proposed selling price.

(ii) Industrial zone status

The Property lies within or close to the Bayan Lepas Free Industrial Zone (FIZ)/industrial park zone, which enhances its attractiveness via incentives and export-oriented infrastructure.

(iii) Scarcity / land supply

The supply of suitable industrial land on Penang Island is increasingly constrained, which supports higher valuations.

(iv) Tenant mix / manufacturing ecosystem

The zone supports high-tech manufacturing, export-oriented operations (electronics, semiconductors, precision engineering). This functional fit enhances value for manufacturing users. For example, the Bayan Lepas FIZ is home to multinational electronics/semiconductor firms.

(v) Connectivity to ports / airport / logistics

Access to international logistics is vital for manufacturing plant users. The site's proximity to airport, expressway and port.

5) Given that there was no valuation carried out by SkyGate Integration, please clarify how would SKYGATE ensure that the Proposed Disposal is a fair transaction carried out in the best interest of the Company.

Reply:

Although no independent valuation was commissioned by SkyGate Integration for the Property, the Company has taken several steps internally to ensure that the Proposed Disposal is undertaken on a fair and reasonable basis and in the best interest of the Company.

(i) The Company has assessed the fairness of the disposal consideration by benchmarking the Property against comparable industrial properties within the Bayan Lepas and Perai industrial areas. Based on prevailing market rental rates of approximately RM3.50 per square feet, the implied market value of the Property (at a net yield of about 9.5%) is estimated at RM39.8million.

(ii) Using the sales comparison method, recent market transactions of comparable factories in the surrounding area were recorded at around RM330 per square feet, equivalent to approximately RM39.2million for a property of similar size and specification.

These analyses indicate that the Proposed Disposal consideration is consistent with the prevailing market value and is therefore fair and reasonable.

<u>Section 2.5</u>

6) For item 2.5(B)(i), to state the respective date of applications submitted to PDC and Penang State Authority and the expected timeline to obtain the approvals. If such applications have yet to be made, please indicate the planned submission date/timeline.

Reply:

The application to PDC will be submitted upon receipt of the duly stamped Sale and Purchase Agreement from the Purchaser's solicitors, which is targeted to be submitted by 10 November 2025, with approval expected by 10 December 2025. Once PDC's consent is obtained, the Purchaser will proceed to apply for the Foreigner's State Authority Consent to Transfer, with approval targeted by 10 February 2026. Upon obtaining the Foreigner's State Authority Consent, SkyGate Integration will then submit its application for the State's Consent to Transfer, with approval targeted by 10 March 2026.

7) **For item 2.5(C)(ii), to clarify the rationale for permitting the Purchaser to commence renovation works immediately upon the Delivery Date, notwithstanding that the sale and purchase of the Property has not yet been completed, and to use the Property as the Purchaser deems fit, subject to fulfilment of the prescribed conditions. To also provide the recourse to SKYGATE in the event the Proposed Disposal is not completed.**

Reply:

The Purchaser shall be permitted to commence renovation works only upon payment of fifty percent (50%) of the Purchase Price, i.e., RM19,900,000.00, provided that the Purchaser shall be responsible for the maintenance of the Property, including security, lift maintenance, and fire safety equipment. In the event that the Proposed Disposal cannot be completed due to the default of the Purchaser, including but not limited to the failure to pay the remaining fifty percent (50%) of the Purchase Price, SkyGate Integration shall be entitled to forfeit ten percent (10%) of the Purchase Price and to claim reimbursement of the PDC approval fee and/or the application fee for the State Authority's Consent. Furthermore, SkyGate Integration shall not be required to reimburse the Purchaser for any renovation costs incurred and shall be entitled to the re-delivery of vacant possession of the Property together with all interest accrued on the fifty percent (50%) portion of the Purchase Price paid.

<u>Section 3</u>

8) **To provide greater visibility on SKYGATE's intended investment in high-growth projects by providing the description/nature of such projects and some quantification on the expected returns from such projects to enhance the Group's profitability.**

Reply:

SkyGate Integration Sdn. Bhd. continues to strengthen its investment in advanced material handling automation. The Company is a comprehensive warehouse automation solutions provider, offering integrated systems that combine state-of-the-art technologies to optimise every aspect of warehouse operations.

Its warehouse automation solutions incorporate Automated Storage and Retrieval Systems (AS/RS) and conveyor systems to ensure seamless material flow, while robotic applications perform tasks such as palletising and sorting with high precision and efficiency.

The newly developed advanced AS/RS system is expected to generate revenue in the range of RM10 million to RM20 million for the financial year ending 2026 and is anticipated to further enhance the Group's overall profitability.

<u>Section 4</u>

9) **To include the potential risk on the opportunity cost arising from the Proposed Disposal as follows:**

(i) The potential risk in relation to the operation of SkyGate Integration/SKYGATE Group together with the measures taken/to be taken factors in the event the Property is currently used for the Group's manufacturing activity; or

Reply:

No significant risk in relation to the operation of SkyGate Group as the management has rented factory buildings at Perai and in the process of relocating the manufacturing activities.

(ii) If the Property is currently rented out to a third party, please include some write-up on the potential loss of rental income and the measures taken/to be taken to address the income loss.

Reply:

Not relevant as the Property is currently used for the Group's manufacturing activity.

10) To also provide the termination and applicable penalty clauses as well as the warranty clause relating to rectification/repair of the factory, if any.

Reply:

There was no rectification or repair works to the factory agreed to be carried out by SkyGate. The Purchaser has agreed to purchase the Property on an "as is where is" basis. SkyGate Integration only warrants that the Property will be sold free from all encumbrances, charges, liens, caveats, and/or prohibitory orders of whatsoever nature.

Section 5.2.1

11) To quantify the expected gain/loss on disposal to the Group together with a quantitative illustration showing how such gain/loss on disposal is computed.

Reply:

The calculation of the expected gain on the Proposed Disposal is as below:

	RM'000	**RM'000**
Considerations		39,800
(-) Cost of properties:		
Acquisition cost in 2017	14,500	
(+) Incidental cost (professional fees)	700	
(+) Renovation cost incurred throughout the years	5,800	
(-) Depreciation throughout the years	(2,000)	
(-) Net book value of property		(19,000)
(-) Other incidental cost pertaining to the Proposed Disposal (professional fees, consent fees and agent fees)		(1,300)
(-) RPGT		(1,750)
Expected gain before relocation existing plant		17,750
(-) Relocation existing plant		(3,000)
Expected net gain		14,750