CAPITAL WORLD LIMITED
(Incorporated in the Cayman Islands)
(Company Registration No.: CT-276295)

RESPONSES TO SGX QUERIES

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meaning ascribed to them in the previous announcements dated 9 October 2023 and 11 October 2023.

The board of directors (the "**Board**" or the "**Directors**") of Capital World Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to provide the following response to the queries from the Singapore Exchange Regulation Pte. Ltd. ("**SGX RegCo**") dated 12 October 2023.

"We refer to:

(a) The announcement on 9 Oct 2023, titled: RESPONSES TO SGX QUERIES

(b) The announcement on 11 Oct 2023, titled: Annual Report and Related Documents"

(1) In (a), it is stated that there is no change to the SPA completion date of 31 December 2023 as the completion of the SPA is not related to the opening of the Mall in any way.

a. Please provide the outstanding condition(s) to the SPA which has not been satisfied to date and the target completion date.

Company's response

The conditions precedent ("**CP**") in the SPA are:

(1) The Vendor's receipt of the letter from the Relevant Authorities granting a release of the Bumi Reserved Units from being required to be sold to only Bumiputera individuals and/or entities and/or permitting the Bumi Reserved Units to be sold or transferred to any non-Bumiputera individuals and/or entities;

(2) The Purchaser obtaining the written confirmation from the Economic Planning Unit within the Prime Minister's Department of Malaysia ("**EPU**") stating that no approval from EPU is required for the sale and purchase of the Property under this Agreement;

(3) The Purchaser obtaining the approval from the State Authority in respect of the acquisition of the Property by the Purchaser from the Vendor pursuant to Section 433B of the National Land Code;

(4) The Purchaser obtaining a loan from the Financier, unless waived by the Parties in writing; and

(5) The discharge of APSB's Charge and the redemption of the Collateral Units from APSB.

Pursuant to the SPA, the Company is responsible for CP (1) and (5). As per advice from the Company's lawyers, the Company expects CP (1) to be fulfilled on or before 31 December 2023. As for CP (5), the Company has already set aside the necessary funds to discharge the APSB's charge, and this purely administrative step can only be undertaken once CP (1) is fulfilled.

Pursuant to the SPA, MK Mustafa is responsible for CP (2), (3) and (4), of which, MK Mustafa has fulfilled CP (4) as of September 2023. MK Mustafa has informed the Company that they are confident that the CPs will be fulfilled on or before 31 December 2023 based on Mustafa's lawyer representation.

Based on the above, the Company expects to complete the SPA on or before 31 December 2023.

b. *In the event that the SPA is not completed by 31 December 2023, does the Company have any recourse against MK Mustafa and / or other parties?*

i. *If yes, please elaborate. If no, please provide the reasons.*

Company's response

The SPA specifies that the completion of the SPA is conditional upon the fulfilment of all the CPs. As stated in the Company's announcement dated 4 August 2023, CCPSB and MK Mustafa had entered into a supplemental letter on 4 August 2023 to extend the Conditional Period stated in the SPA to 31 March 2024, and the parties intend to complete the SPA by 31 December 2023.

In the circumstances, the Conditional Period has been extended to 31 March 2024. If, for any unforeseen reasons the CP are still unfulfilled by 31 March 2024, the Company and MK Mustafa have expressed their commitment to extend the Conditional Period until such time as all the CP are fulfilled.

Accordingly, the matter of possible recourse against MK Mustafa and/or other parties does not arise.

ii. *How will it impact the Group's cash flow and revenue?*

Company's response

The Company remains confident that the SPA will be completed by 31 December 2023. If for any reason any unforeseen delay occurs, the Company and MK Mustafa (guided by the advice of their lawyers) fully expect the SPA to be completed shortly after 31 December 2023 and before the end of the extended Conditional Period, namely 31 March 2024.

In the event that the SPA was to be delayed till 31 March 2024, based on the Group's cash balances of RM46 million as at 30 June 2023 and estimated monthly general and administrative expenses of RM1 million (which is relatively low), the Group would still have sufficient working capital. Consequently, the Group's revenue will be recognised upon the completion of the SPA.

iii. *What is the implication and impact on the tenancy agreement with MK Mustafa?*

There is no implication and/or impact. The tenancy agreement with MK Mustafa remains valid and binding on the parties until the completion of the SPA.

(2) *In (b), the Company's Annual Report 2023, it is stated that for the 12 months ended 30 June 2023, total revenue was in the negative of RM3.8 million and total cost of sales was a negative of RM1.3 million due to the cancellation of units that were sold previously. The cancellation of units was due to the Group's effort to purchase back the units so that the Group can enter into another sale and purchase agreement with MK Mustafa to sell the cancelled units. This resulted in a gross loss of RM2.6 million for the 12 months ended 30 June 2023.*

a. *Why were these "cancelled units" not onward sold to MK Mustafa concurrently?*

Company's response

In total, there were seven "cancelled units". Six purchasers had repudiated their purchase during the period CCPSB was under judicial management in 2020, primarily because they purchased Bumi lots for which Bumi approval had not been granted. The Judicial Manager accepted their repudiation. The remaining cancelled unit resulted from a purchaser who had sued CCPSB for repudiation, and CCPSB entered into a settlement agreement with the said purchaser on legal advice.

In respect of all seven units, the relevant deeds of release were only finalised in 2023, and accordingly, the financial impact relating to these units were taken up in the financial statements for FY2023.

Four of the "cancelled units" are units in the Mall ("**Cancelled Retail Units**"), and the remaining three "cancelled units" are Suites in Tower B.

The Cancelled Retail Units were not onward sold due to the following reasons:

(i) The deeds of release as set out above was only finalised after February 2023. Given that the SPA with MK Mustafa was being negotiated in 4Q 2022 and finalised in January 2023, these units were not incorporated into the initial SPA with MK Mustafa; and

(ii) The expected purchase consideration for the four "cancelled units" is insignificant when compared to the consideration of the SPA.

Nevertheless, the Company is in negotiations for a separate SPA with MK Mustafa who is interested to purchase the four "cancelled units" in the Mall. MK Mustafa has indicated they will be able to sign a separate SPA to purchase the four "cancelled units" as soon as the completion of the SPA has taken place.

b. When does the Company intend to enter into the new sale and purchase agreement with MK Mustafa in relation to such "cancelled units"?

Company's response

The decision is based on an ongoing commercial negotiation between the Company and MK Mustafa, and based on current understanding, the Company intends to enter into a separate SPA with MK Mustafa sometime in first quarter 2024.

c. What's rationale for such arrangements? Is this in the best interest of the Company and its shareholders?

Company's response

As set out above, six of the cancelled units were repudiation cases during the time CCPSB was under judicial management, and the remaining unit arose from a settlement of a court case.

The Company understands that following the completion of the SPA, MK Mustafa has expressed its interest to secure additional units within the Mall. It is therefore in the best interest of the Company and shareholders to re-sell the four "cancelled units" in the Mall to MK Mustafa, thus generating additional revenue for the Company.

Trading in the Company's securities on the SGX-ST has been voluntarily suspended by the Company since 14 February 2020. The Company will make further announcements as appropriate or when there are any material developments.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders are also advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board
CAPITAL WORLD LIMITED

Hoo Khee Leng
Executive Director and Chief Executive Officer
16 October 2023

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*This document has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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