

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

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**ENTRY INTO TERM SHEET IN RELATION TO THE PROPOSED ALLOTMENT AND ISSUE OF NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY TO PRG HOLDINGS BERHAD**

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**1. INTRODUCTION**

The board of directors (the “**Board**” or the “**Directors**”) of Capital World Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 5 November 2018 in relation to the entry into a memorandum of understanding with PRG Holdings Berhad.

The Board wishes to announce that the Company has on 5 December 2018 entered into a term sheet (the “**Term Sheet**”) with PRG Holdings Berhad (the “**Subscriber**” and together with the Company, the “**Parties**”) which sets out the key terms of the proposed allotment and issue by the Company of 265,000,000 new ordinary shares in the capital of the Company (the “**Shares**”) (the “**Subscription Shares**”) to the Subscriber at an issue price of S\$0.035 per Subscription Share (the “**Tranche 1 Subscription**”), and an option for the Subscriber to further subscribe for up to 205,000,000 new Shares (“**Option Shares**”) at an issue price of S\$0.035 per Option Share (the “**Option Shares Subscription**”) within three (3) months upon completion of the Tranche 1 Subscription, further details of which are set out in paragraph 5 of this announcement (the Tranche 1 Subscription and Option Shares Subscription, collectively, the “**Proposed Subscription**”).

The issue price of the Subscription Shares and Option Shares of S\$0.035 represents a 34.0% discount to the volume weighted average price of S\$0.0530, based on the trades done on the Shares on the Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the full market day on 5 December 2018, being the date on which the Term Sheet is signed.

The Term Sheet is binding as to the commercial terms set out therein, subject to negotiation and execution of a definitive subscription agreement in respect of the Proposed Subscription in the form and substance satisfactory to the Parties.

**2. RATIONALE**

The rationale for issuing the Subscription Shares to the Subscriber is to allow the Group to raise gross proceeds of S\$9,275,000 from the Tranche 1 Subscription. The use of proceeds from the Tranche 1 Subscription is estimated as follows:-

Description	%
1) Transaction expenses relating to the Proposed Subscription	6
2) Capital City Project	35-40
3) Partial repayment of existing loans and borrowings	45-50
4) Working capital	4-14
<b>TOTAL</b>	<b>100</b>

The additional gross proceeds of up to S\$7,175,000 from the Option Shares Subscription shall be utilised for the Capital City project and working capital including repayment of existing loans and borrowings in the proportion of 10-20% and 80-90%, respectively.

Pending the deployment of the net proceeds from the Proposed Subscription and the Referrer Shares (as defined herein) (after deducting relevant transaction expenses) for the purposes mentioned above, the net proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions or for any other purpose on a short-term basis as the directors may in their absolute discretion deem appropriate in the interests of the Group. The

Company will make periodic announcements on the utilisation of the net proceeds as and when they are materially disbursed and provide a status report on the use of the net proceeds in the Company's quarterly and full-year financial statements issued under Rule 705 of the Listing Manual (Section B: Rules of Catalist) of the SGX-ST ("**Catalist Rules**") and the Company's annual report and whether such a use is in accordance with the stated use and in accordance with the stated percentage allocated.

### 3. THE SUBSCRIBER

The Subscriber is an investment holding company incorporated under the laws of Malaysia and is listed on the Main Market of Bursa Malaysia. The Subscriber and its subsidiaries are principally engaged in the manufacturing and sale of webbings, yarn, furniture components, rubber strips and fabrics, healthcare, as well as being involved in property development and construction. The Subscriber was introduced to the Company through the Referrer (as defined herein) and is participating in the Proposed Subscription for its own investment purposes.

The Subscriber does not hold any Shares of the Company as at the date of this announcement. Upon completion of the Proposed Subscription, the Subscriber will hold an aggregate of 265,000,000 Subscription Shares and 205,000,000 Option Shares (assuming the maximum scenario), representing 35.68% of the Company's existing share capital of 1,317,094,554 Shares ("**Existing Share Capital**") and 26.30% of the Company's enlarged share capital of 1,787,094,554 Shares ("**Enlarged Share Capital**").

The Subscriber, its directors and controlling shareholders are not related to any of the Directors, substantial shareholders of the Company, or their respective associates. The Subscriber is not a restricted person under Rule 812 of the Catalist Rules, and is not co-operating or acting in concert with any other shareholders of the Company to obtain or consolidate effective control of the Company through the Proposed Subscription.

There is also no past or present connection (including business relationship) between the Company, its subsidiaries, its Directors or substantial shareholders and the Subscriber.

### 4. REFERRAL FEE

The Company has agreed to pay a referral fee amounting to 5% of the total gross proceeds to be raised from the Proposed Subscription to One World Corporation Limited, a company incorporated in Hong Kong and in the business of providing marketing consultancy services (the "**Referrer**"), and to grant the Referrer options to subscribe for 50,000,000 new Shares ("**Referrer Shares**") at the exercise price of S\$0.035 per Referrer Share within two (2) years from the date of completion of the Proposed Subscription. The Referrer Shares represent 3.79% of the Existing Share Capital and 2.78% of the Enlarged Share Capital. Assuming the Referrer Shares are exercised, the gross proceeds of S\$1.75 million will be utilised for working capital purposes.

The Referrer's sole director and shareholder is Mr. Liu Xing Ping. The Referrer, its director and shareholder are not related to any of the Directors, substantial shareholders of the Company, or their respective associates. The Referrer (including its director and shareholder) is not a restricted person under Rule 812 of the Catalist Rules, and is not co-operating or acting in concert with any other shareholders of the Company to obtain or consolidate effective control of the Company through the Referrer Shares. There is also no past or present connection (including business relationship) between the Company, its subsidiaries, its Directors or substantial shareholders and the Referrer (including its director and shareholder).

### 5. PRINCIPAL TERMS OF THE PROPOSED SUBSCRIPTION

The principal terms of the Term Sheet are summarised as follows:

<b>Tranche 1 Subscription</b>	The Subscriber is proposing to subscribe for 265,000,000 Subscription Shares at the issue price of S\$0.035 for each Subscription Share, on the terms and subject to the conditions to
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	be set out in a definitive agreement to be entered into between the Parties.
<b>Option Shares Subscription</b>	The Subscriber has the option to subscribe for up to 205,000,000 Option Shares at the issue price of S\$0.035 for each Option Share within three (3) months from the date of completion of the Tranche 1 Subscription, on the terms and subject to the conditions to be set out in a definitive agreement to be entered into between the Parties.
<b>Consideration from Tranche 1 Subscription</b>	The sum of S\$9,275,000 in cash, payable in the following manner:-  a) A deposit of S\$5,000,000 within seven (7) days from the date of the Term Sheet (the “ <b>Deposit</b> ”); and  b) The balance amount of S\$4,275,000 when the Subscription Agreement becomes unconditional in respect of the Tranche 1 Subscription.
<b>Deposit</b>	The Deposit can be utilised by the Company for the Capital City project and for working capital purposes, subject to an undertaking from the Company to the Subscriber on the following:-  a) Prior to the completion of the Proposed Subscription, the Company undertakes to provide the Subscriber with collateral (subject to sub-paragraph (b) below) comprising available retail units in the Capital City project amounting to S\$15,000,000 (“ <b>Collateral</b> ”). The undertaking will be terminated upon the completion of the Proposed Subscription; and  b) In the event that the Proposed Subscription does not proceed, the Company undertakes to formalise the Collateral and repay the Subscriber the Deposit within one (1) month from the date of the termination of the Proposed Subscription. And in such event, the Company undertakes to pay the Investor (i) a one-off fee amounting to 6% of the Deposit and (ii) interest at a rate of 8.5% per annum on the Deposit from the date of the Deposit until the Deposit is repaid.
<b>Definitive Documents</b>	The Subscription is subject to the Parties finalising and entering into a legally binding subscription agreement (“ <b>Subscription Agreement</b> ”) incorporating all the terms of the Proposed Subscription, including (without limitation) the matters set out in the Term Sheet.  The Parties shall as soon as practicable from the date of the Term Sheet and in good faith, negotiate and settle the terms of the Subscription Agreement.
<b>Conditions Precedent</b>	The Proposed Subscription is conditional upon, <i>inter alia</i> , the following:  a) the execution of the Subscription Agreement;  b) any third party, regulatory or tax consents or approvals in Singapore and Malaysia necessary for the Proposed Subscription being received on terms reasonably satisfactory to the Parties, including but not limited to any approval from

	<p>statutory authorities, the Company's Sponsor, the Parties' shareholders and the Singapore Exchange Securities Trading Limited, such consents and approval remaining in full force and effect;</p> <p>c) there being no material adverse change in the business, operations, assets, position, profits or prospect of the Company between the date of the Term Sheet and the completion of the Proposed Subscription;</p> <p>d) no government or other person having enacted or proposed any legislation (including any subordinate legislation) or order, or imposed any conditions which would prohibit, materially restrict or materially delay the completion of the Proposed Subscription; and</p> <p>e) receipt of a listing and quotation notice from the SGX-ST for the listing of the Subscription Shares, Option Shares and Referrer Shares.</p>
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## 6. DIRECTORS' CONFIRMATION

In respect of the Proposed Subscription, the Directors are of the opinion that:-

- i. after taking into consideration the present bank facilities and the net proceeds from the Tranche 1 Subscription, the working capital available to the Group is sufficient to meet its present requirements; and
- ii. after taking into consideration the present bank facilities, the net proceeds from the Tranche 1 Subscription, and the proceeds from the Option Shares Subscription and Referrer Shares, the working capital available to the Group is sufficient to meet its present requirements.

## 7. APPLICATION TO THE SGX-ST

The Company will be submitting an application, through its sponsor, together with the conforming documents to the SGX-ST for the listing and quotation of the Subscription Shares, Option Shares and Referrer Shares on the Official List of the SGX-ST at the appropriate time. The Company will make the necessary announcements upon the receipt of the listing and quotation notice from the SGX-ST.

Subject to entry by the Parties into the Subscription Agreement, the Proposed Subscription is subject to the approval by the shareholders of the Company ("**Shareholders**") at an extraordinary general meeting of the Company to be convened.

## 8. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Proposed Subscription will be undertaken by way of private placement in Singapore in accordance with Section 272B of the Securities and Futures Act (Chapter 289). As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore in connection with the Proposed Subscription.

## 9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Subscription, other than through their respective directorships and/or shareholdings in the Company.

## 10. DOCUMENT AVAILABLE FOR INSPECTION

The Term Sheet is available for inspection during normal business hours from 9.00 am to 5.00 pm at the registered office of the Company at 390 Havelock Road, #04-06 King's Centre, Singapore 169662 for a period of three (3) months from the date of this announcement.

## **11. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Subscription, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

## **12. TRADING CAUTION**

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

By Order of the Board  
**CAPITAL WORLD LIMITED**

Siow Chien Fu  
Executive Director and Chief Executive Officer  
5 December 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Ms. Tan Pei Woon, Senior Manager, Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and Email: sponsorship@ppcf.com.sg).*