

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

ENTERING INTO SETTLEMENT AGREEMENT BETWEEN ACHWELL PROPERTY SDN BHD (“APSB”), A WHOLLY-OWNED SUBSIDIARY OF GADANG HOLDINGS BERHAD (“GADANG”), AND CAPITAL CITY PROPERTY SDN BHD (JUDICIAL MANAGER) (“CCPSB”), A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY (THE “PROPOSED VARIATION”)

Reference is made to the Company’s announcements on 1 April 2019 and circular dated 15 May 2019 in relation to the conditional settlement agreement, put option agreement and call option agreement entered into between the Parties on 29 March 2019 to vary the terms of the JVAs (collectively, the “**First Settlement Agreement**”) and approved by Shareholders at an extraordinary general meeting held on 31 May 2019. Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meaning in the aforementioned announcements.

1. BACKGROUND

The board of directors (the “**Board**” or the “**Directors**”) of Capital World Limited (“**CWL**”, the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the joint venture agreement entered into between APSB and CCPSB (collectively, the “**Parties**”) on 26 December 2013 (“**Joint Venture Agreement**”) and the various supplemental agreements to vary, among others, certain components of the Project are hereinafter collectively referred to as the “**JVAs**”).

CCPSB and APSB had originally entered into the JVAs to, among other things, unlock the value of an en-bloc development land which was made up of 84 parcels of land located along Jalan Tampoi (adjacent to Damansara Aliff), Tampoi, Johor Bahru, Johor Darul Takzim which were subsequently amalgamated and registered under a single title held under Geran 544822, Lot 48975, Bandar Johor Bahru, District of Johor Bahru, Johor Darul Takzim (“**Development Land**” or “**Said Land**”) through the development and construction of an integrated development project comprising a retail podium, three (3) tower blocks of office suites and two (2) tower blocks of hotel suites (“**Project**”), with an estimated gross development value of RM1.80 billion.

Pursuant to the JVAs, CCPSB is responsible for the overall development, construction, funding (including the securing of financing) and completion of the Project. However, the property market in Malaysia has experienced a slowdown in the last few years, especially in Johor, has affected the progress of the Project, with only the retail podium being completed as at the date of this Announcement. The completion of the construction works for the hotel suites tower block, serviced suites tower block and serviced apartments tower blocks have been delayed beyond the Project completion date of 25 February 2020.

On 13 February 2020 that the Company has filed to apply to the High Court of the Republic of Singapore (the “**Singapore Court**”) to propose a Scheme of Arrangement for the purposes of implementing and facilitating the restructuring of the debt obligations and liabilities (the “**Sanction Application**”).

On 17 February 2020, that the Company has commenced a court-supervised process to organise their liabilities by filing application in the Singapore Court for a moratorium pursuant to Section 211B(1) of the Companies Act (Cap. 50) (the “**Singapore Companies Act**”) (the “**Application**”).

Due to the weak sentiment of property market in Johor, CCPSB had not been able to sell the retail units and hence it faced difficulty in generating sufficient cashflow to pay its liabilities. CCPSB had on 14 February 2020 filed an application in the High Court of Malaya, Kuala Lumpur (“**Malaysia High Court**”) for an order to place itself under judicial management (“**JM Proceedings**”). Pursuant to an order of the Judicial Commissioner of the Malaysia High Court dated 13 March 2020 (“**JM Order**”), CCPSB was placed under judicial management and a judicial manager (“**Judicial Manager**” or “**JM**”) was appointed to manage the affairs, business and property of CCPSB during the period of the JM Order.

APSB had then on 22 May 2020 filed an application to the Malaysia High Court to, *inter alia*, intervene in the JM Proceedings and set aside the JM Order. While the Malaysia High Court allowed the said intervener application, the application to set aside the JM Order was dismissed by the Malaysia High Court on 23 April 2021]. Later on, the Judicial Manager had on 7 August 2020 filed an application for, among others, an extension of the JM Order which was then allowed by the Malaysia High Court. On 10 September 2020, APSB had then filed appeals against the High Court's dismissal of the application to set aside the JM Order and the Malaysia High Court's decision to allow the extension of the JM Order (collectively, the "**APSB's Appeals**").

JM informed APSB that CCPSB is unable to complete the construction of the Project within the targeted completed date due to poor market conditions. On 15 May 2020, APSB issued a Notice of Default (the "**Notice**") to CCPSB. JM informed APSB that the JM has been appointed as a proactive measure to undertake an orderly restructuring of CCPSB's obligations with its creditors and APSB as its joint venture partner. With the lapse of the First Settlement Agreement, JM initiated discussions with APSB and negotiated the Final Settlement Agreement with APSB.

2. RATIONALE FOR AND BENEFITS OF ENTERING INTO SETTLEMENT AGREEMENT

The Board is of the view that the entry into the Final Settlement Agreement by the JM is in the best interests of the Company and the Group for the following reasons:

- (a) Upon signing of the Final Settlement Agreement with CCPSB, the APSB Appeals has been withdrawn at the Court of Appeal on 24 June 2021 and this led to the sanction of the Sanction Application and extension of the moratorium by the Singapore Court.
- (b) Pursuant to the Final Settlement Agreement, the settlement of the RM40 million is scheduled over the period of 4 years, which will give time for
 - (i) Malaysia's economy and property market to recover from the Covid 19 pandemic and provide a more conducive market for CCPSB to sell the retail units to generate cashflow or to raise funding or to get financing to repay; and
 - (ii) the Group to focus on implementing the Scheme of Arrangement to restructure the debts and liabilities to improve the financial position of the Group; and
- (c) APSB will allow CCPSB to charge the Development Land as security for credit facilities if required.
- (d) The reduction in APSB Entitlement Sum is expected to led to improvements in Net Tangible Assets per Share and Loss Per Share of the Group.
- (e) As illustrated in the comparison table below, the Board is of the view that the Final Settlement Agreement is more favourable to the Company compared to the previously approved First Settlement Agreement.

3. THE KEY TERMS OF THE SETTLEMENT AGREEMENT

The Board wishes to announce that the Judicial Manager of CCPSB, had on 28 July 2021 entered into a conditional Settlement Agreement with APSB which sets out the terms and conditions governing the payment of the Final Settlement Sum and other matters ("**Final Settlement Agreement**" or "**FSA**").

Under the JVAs, CCPSB had agreed to pay APSB a total value equivalent to 16.7% of the final gross development value of the Project, and up to a maximum sum of RM323,999,999 as APSB's entitlement from the Project ("**APSB Entitlement Sum**").

The Company had received shareholder's approval for the First Settlement Agreement at an extraordinary general meeting held on 31 May 2019. On 1 April 2020, the Company had announced that due to the then negative business environment, as the conditions precedent had not been fulfilled by 28 March 2020, the First Settlement Agreement, together with the Call Option and Put Option, have lapsed. The lapse of the First Settlement Agreement has resulted in the

Joint Venture Agreement reverting to status quo and the terms of the Joint Venture Agreement between APSB and CCPSB has not and is not completed as envisaged. *Please refer to paragraph 2.7 of the circular dated 15 May 2019 for a comparison of the key revised terms of the then proposed variation.

After months of numerous discussions and negotiations between APSB and the JM, on 22 May 2021, CCPSB and APSB entered into a binding term sheet whereby both Parties had agreed for, among others, CCPSB to settle and pay RM40 million ("**Final Settlement Sum**") and in addition to approximately RM150 million paid to-date to APSB, totalling RM190 million shall be the full and final settlement of APSB's entitlement from the Project ("**APSB Final Entitlement Sum**") and all other rights, interests and/or benefits that APSB may have under the Project, the Development Land and the JVAs and/or against CCPSB.

A comparison of the key terms contained in the First Settlement Agreement and the Final Settlement Agreement are summarised as below.

No. Key terms	As set out in the *First Settlement Agreement	As sets out in the Final Settlement Agreement
1. APSB Entitlement Sum	<p>The APSB Entitlement Sum will be adjusted from a maximum of RM323,999,999 to a fixed sum of RM 250 million of which approximately RM150 million has already been paid.</p> <p>There is a disparity between the expected APSB Entitlement Sum (which was expected to be around RM300.60 million, with a maximum sum of RM323,999,999) at the time the Joint Venture Agreement was entered into, and the Revised Entitlement Sum (which is RM250 million). CCPSB and APSB have therefore agreed to enter into Call Option Agreement and Put Option Agreement which would enable APSB to realise an additional RM62 million in cash from the disposal of the Identified Retail Units, therefore bringing APSB's total entitlement to RM312 million upon the exercise of either the Put Option or the Call Option (each an "Option" or collectively, the "Options").</p>	<p>The APSB Final Entitlement Sum will be adjusted from RM250 million to RM190 million comprising RM150 million which has already been paid and RM40 million to be paid.</p> <p>This marked a reduction of approximately RM60 million according to the First Settlement Agreement and a reduction of RM122 million under the Options and at the end of the Option Period.</p>

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	Details of the Call Option Agreement and Put Option Agreement can be found in paragraph 2.7.3 of the Company's Circular dated 15 May 2019.	
2. Encumbrance/ transfer of the Development Land	<p>APSB agrees to transfer the legal and beneficial ownership of the Development Land to CCPSB in exchange for the settlement of the estimated RM100.21 million ("Outstanding Entitlement Sum") in the manner as set out in the First Settlement Agreement.</p> <p>One of the conditions precedent of the First Settlement Agreement to be fulfilled within six (6) months from the date of the Settlement Agreement or such other date as shall be mutually agreed upon was for CCPSB to obtain a grant of credit facilities from a reputable financial institution for a loan sum of not less than RM50 million (the "Loan"), and which part of the Loan granted shall be directly disbursed to APSB on the first drawdown (the "Covenanted Sum") as follows:-</p> <p>For a Loan amount equal to or less than RM100 million, the Covenanted Sum shall be RM20 million;</p> <p>For a Loan amount of more than RM100 million but equal to or less than RM150 million, the Covenanted Sum shall be RM30 million; and</p> <p>For a Loan amount of more than RM150 million, the Covenanted Sum shall be RM35 million;</p>	<p>APSB agrees to transfer the legal and beneficial ownership of the Development Land to CCPSB upon the full payment of the Settlement Sum of RM 40 million in the manner as set out in the Final Settlement Agreement.</p> <p>In this regard, the following shall take place on the Settlement Date:</p> <ul style="list-style-type: none"> (i) the Memorandum of Transfer ("MoT") of the Development Land in favour of CCPSB, the original title to the Development Land, the separate documents of title/strata titles to the individual units of the Project (as the case may be) and all the relevant documents required for the transfer of the Development Land from APSB to CCPSB shall be released to CCPSB or its appointed solicitors, to enable CCPSB to effect the transfer of the Development Land and/or the individual units of the Project to CCPSB; (ii) APSB shall release any Collateral Unit(s) remaining from the Debenture and return the beneficial ownership of such Collateral Unit(s) to CCPSB; (iii) CCPSB shall have, at its own costs and expenses, caused the release of any undertaking given by APSB to any end-financier and/or third party in its capacity as the registered owner of the Development Land and/or the individual units of the Project pursuant to the tripartite SPAs executed by CCPSB, APSB and the individual purchasers and/or otherwise for sale of any units within the Project; (iv) APSB shall not file afresh the APSB's Appeals which were withdrawn on 24 June 2021; and (v) APSB shall ensure that the Development Land is free from any encumbrance subject to the terms of the FSA. <p>Upon registration of the MoT of the Development Land in favour of CCPSB by the relevant authority, APSB and CCPSB shall revoke the Power of Attorney for the Remaining Blocks and the costs and expenses in connection with the</p>

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	<p>APSB shall only release the original issue document of title of the Said Land to the appointed solicitors of the Financier for the sole purpose of transferring the Said Land to CCPSB and the creation of a charge in favour of the Financier on the Said Land, subject always to the following:</p> <ul style="list-style-type: none"> (a) the Conditions Precedent being fulfilled; (b) execution of all the SPAs of the Identified Retail Units by the Parties; (c) APSB receiving a letter of undertaking from the Financier to pay the Covenanted Sum to APSB upon first drawdown of the loan granted to CCPSB; (d) APSB receiving a letter of disclaimer from the Financier confirming that there is no redemption sum payable for the Identified Retail Units and that the Financier has no claim and/or interest in the Identified Retail Units and that they will exclude the Identified Retail Units from any foreclosure proceedings pursuant to the Financier's charge of the Said Land; (e) APSB receiving evidence that the relevant letters of disclaimer have been issued by the Financier to all the respective end purchasers for the units already sold under the Revised 	<p>said revocation shall be borne by CCPSB. The stamp duty and registration fees in connection with the MoT of the Development Land to CCPSB shall also be borne by CCPSB.</p> <p>Notwithstanding that the registration of the MoT of the Development Land can only be transferred to CCPSB after the Settlement Date, CCPSB shall be liable to pay all outgoings for the Development Land including quit rent, assessment (if any), maintenance costs and charges for the sewage treatment plant situated therein and all other rates and charges in relation to the Development Land and the buildings erected thereon from the date of the FSA.</p>

No. Key terms	As set out in the *First Settlement Agreement	As sets out in the Final Settlement Agreement
	<p>Project confirming that there is no redemption sum payable for all the said units sold and that the Financier has no claim and/or interest in all the said units sold and that they will exclude all the said units sold from any foreclosure proceedings pursuant to the Financier's charge of the Said Land;</p> <p>(f) APSB receiving a copy each of the notices from CCPSB to all the end purchasers and end financiers of all the units sold within the retail podium and for which the respective SPAs have been executed notifying such end purchasers and end financiers of the intention of the Parties to transfer the Said Land to CCPSB and that APSB's obligation to apply and obtain the strata title for the respective units and the transfer of the strata title thereof shall cease and that the said obligation shall then be undertaken solely by CCPSB and to notify these end purchasers and request these end financiers to release APSB of any other obligation or undertakings given by APSB to them in the capacity of the proprietor of the Said Land;</p> <p>(g) execution of the Agreements together with all other related documents pursuant thereto, making of</p>	

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	<p>filings, announcements and notices and obtaining all approvals from all relevant parties;</p> <p>(h) APSB receiving the Letter of Guarantee; and</p> <p>(i) no event of default by CCPSB should have occurred.</p>																			
3.	<p>Mode of payment</p> <p>In consideration of APSB's agreement to transfer the Said Land to CCPSB to be used as security for the credit facilities, the Parties agree to settle the Outstanding Entitlement Sum via the contra of the 408 completed units in the retail podium ("Identified Retail Units").</p> <p>The final contra value of the Identified Retail Units will be adjusted to reflect the Outstanding Entitlement Sum less the agreed cash payment by CCPSB to APSB that will be disbursed directly to APSB upon the first drawdown of the loan to be obtained by CCPSB from the end-financier.</p> <p>APSB will then choose such number of Identified Retail Units with a total value corresponding to the Covenanted Sum to be released and returned to CCPSB.</p> <p>Pursuant to the First Settlement Agreement, the Parties have agreed that 408 Identified Retail Units with a total built-up area of approximately 196,166 square feet will be used to contra the Outstanding Entitlement Sum</p>	<p>The Settlement Sum shall be paid in accordance to the following schedule (the "Repayment Schedule"): </p> <table border="1" data-bbox="798 817 1372 1346"> <thead> <tr> <th>Tranche</th><th>Amount</th><th>Date</th></tr> </thead> <tbody> <tr> <td>Tranche 1</td><td>RM5 million</td><td>Within six (6) months of the date of the Final Settlement Agreement ("Execution Date")</td></tr> <tr> <td>Tranche 2</td><td>RM5 million</td><td>Within twelve (12) months of the Execution Date.</td></tr> <tr> <td>Tranche 3</td><td>RM10 million</td><td>Within twenty-four (24) months from the Execution Date.</td></tr> <tr> <td>Tranche 4</td><td>RM10 million</td><td>Within thirty-six (36) months from the Execution Date.</td></tr> <tr> <td>Tranche 5</td><td>RM10 million</td><td>Within forty-eight (48) months from the Execution Date</td></tr> </tbody> </table> <p>The date on which the full Settlement Sum of RM40 million together with interest (if any) and all sums due and owing by CCPSB to APSB pursuant to and under this Settlement Agreement is paid to APSB shall be referred to as the "Settlement Date".</p> <p>On the Settlement Date, the Parties shall have no further claims of whatsoever nature against each other under the JVAs, the Project, the Development Land and/or the FSA.</p> <p>In the event of CCPSB's default in payment of the Settlement Sum in accordance with the Repayment Schedule, and subject always to the fulfilment of the Conditions Precedent, without prejudice to any other remedies available to APSB, CCPSB shall pay to APSB interest on the outstanding Settlement Sum at a rate of five (5) per centum per annum commencing from the date of default until the date of full and final satisfaction thereof of the respective tranches.</p>	Tranche	Amount	Date	Tranche 1	RM5 million	Within six (6) months of the date of the Final Settlement Agreement (" Execution Date ")	Tranche 2	RM5 million	Within twelve (12) months of the Execution Date.	Tranche 3	RM10 million	Within twenty-four (24) months from the Execution Date.	Tranche 4	RM10 million	Within thirty-six (36) months from the Execution Date.	Tranche 5	RM10 million	Within forty-eight (48) months from the Execution Date
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	<p>APSB is allowed to substitute any of the Identified Retail Units that should be available for sale due to but not limited to non-payment of the purchase price or any part thereof by any third party purchaser of the said unit. Further, as the Outstanding Entitlement Sum will eventually be adjusted to deduct the Covenanted Sum and as such, the actual number of the Identified Retail Units cannot be fixed at this juncture and is still subject to change.</p> <p>It is also agreed that prior to the settlement of the Outstanding Entitlement Sum via the execution of the SPAs for the Identified Retail Units ("Settlement of the Revised Entitlement Sum"), CCPSB will continue paying APSB 30% of every subsequent progressive amount claimed on work done pursuant to the schedule of payments referred to in the SPA entered/to be entered into with the end purchasers for the purchase of the units within the Project (the "Progressive Payments"). However, APSB agrees to pay two-third (2/3) of the Progressive Payments to CCPSB subject to the occurrence of certain requisite events.</p> <p>APSB will continue to collect the balance of one-third (1/3) of the Progressive Payments from CCPSB until the Settlement of the Revised Entitlement Sum ("Balance 1/3 Sum") and</p>	<p>Notwithstanding the creation of the Debenture on the Collateral Units, CCPSB is entitled to sell any of the Collateral Units at any time and CCPSB has the absolute right to fix and/or determine the price for such sale as it deems fit including the terms of the sale and purchase subject always to the proviso that 70% of the Remaining Sale Proceed 1 (hereinafter defined) is not less than the redemption sum for the particular unit.</p> <p>In the event CCPSB is able to procure purchaser(s) to purchase any of the Collateral Units, the following shall take place:-</p> <p>CCPSB shall forthwith notify APSB of such proposed sale;</p> <p>APSB, as the registered owner of the Land, shall execute the sale and purchase agreement without any delay;</p> <p>Simultaneous with the execution of the sale and purchase agreement, APSB shall issue a letter of disclaimer addressed to such purchaser(s) or the end-financier(s), as the case may be, stating that subject to and upon APSB's receipt of its portion under (iv) below, APSB shall have no further claim of whatsoever nature against the said Collateral Unit and shall immediately discharge, release and/or disclaim the said Collateral Unit from the Debenture. For this purpose, APSB shall execute the relevant documents required under Section 360 of the Malaysia Companies Act in order to discharge, release and/or disclaim the said Collateral Unit; and</p> <p>APSB shall be entitled to seventy per centum (70%) of the Remaining Sale Proceeds 1 from the sale of such Collateral Unit, which shall be utilised to settle such part of that particular tranche of the Settlement Sum accordingly. The remaining thirty per centum (30%) of the Remaining Sale Proceeds 1 from the sale of such Collateral Unit shall belong solely to CCPSB. For purposes of clarity, CCPSB shall be entitled to retain 8% of the gross selling price of such Collateral Unit whereby it shall be utilised by CCPSB to defray all fees and expenses payable in respect of such sale and purchase transaction. The remaining 92% of the gross selling price of such Collateral Unit shall be deemed as the "Remaining Sale Proceeds 1". The Remaining Sale Proceeds 1 shall be paid into the designated</p>

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	<p>the Balance 1/3 Sum will eventually be deducted from the purchase price under the Options.</p>	<p>account and shall be apportioned according to the agreed ratio and APSB's portion shall be paid to APSB via the standing instruction given to the said bank.</p> <p><u>Balance Unsold Units</u> As at the date of this announcement, there are approximately 705 retail units in the retail podium which remain unsold. Of the 705 retail units, 101 units have been earmarked as the Collateral Units, 278 units have been designated for CCPSB's contra with creditors under the judicial management and 326 units remain available for sale ("Balance Unsold Units").</p> <p>In the event CCPSB is able to procure purchaser(s) to purchase any of the Balance Unsold Units at any time after the commencement of this Settlement and at such sale price to be fixed and/or determined and upon such terms and conditions as determined by CCPSB for such sale as it deems fit, the following shall take place:-</p> <p>i) CCPSB shall forthwith notify APSB of such proposed sale;</p> <p>ii) APSB, as the registered owner of the Land, shall execute the sale and purchase agreement;</p> <p>iii) APSB shall be entitled to thirty per centum (30%) of the Remaining Sale Proceeds 2 (hereinafter defined) from the sale of such Balance Unsold Unit, which shall be utilised to settle that particular tranche of the Settlement Sum accordingly. The remaining seventy per centum (70%) of the Remaining Sale Proceeds 2 from the sale of such Balance Unsold Units shall belong solely to CCPSB. For purposes of clarity, CCPSB shall be entitled to retain 8% of the gross selling price of such Balance Unsold Unit whereby it shall be utilised by CCPSB to defray all fees and expenses payable in respect of such sale and purchase transaction. The remaining 92% of the gross selling price of such Balance Unsold Unit shall be deemed as the "Remaining Sale Proceeds 2". The Remaining Sale Proceeds 2 shall be paid into the designated account and shall be apportioned according to the agreed ratio and APSB's portion shall be paid to APSB via the standing instruction given to the said bank and</p> <p>iv) Upon APSB's receipt of thirty per centum (30%) of the Remaining Sale Proceeds 2, APSB shall utilise the said sum to settle the particular tranche(s) of the Settlement Sum (in order of maturity) which shall be applied towards</p>

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		<p>payment of the redemption sum of the particular tranche Collateral Unit(s) in sequential order as listed under the relevant tranches in list of Collateral Unit(s) (starting from No. 1) and for the corresponding units therein to be released from the Debenture. For this purpose, APSB shall execute the relevant documents required under Section 360 of the Malaysia Companies Act in order to discharge, release and/or disclaim the relevant Collateral Unit.</p> <p>CCPSB may offer the Balance Unsold Units to the financial institution(s) and/or third party as security on the following terms:-</p> <p>(a) thirty per centum (30%) of the facility obtained by CCPSB from the financial institution(s) and/or third party shall be utilised to settle that particular tranche of the Settlement Sum; and</p> <p>(b) the financial institution(s) and/or third party shall give an undertaking in writing addressed to APSB that thirty per centum (30%) of the facility amount shall be released to APSB directly.</p> <p><u>Remaining 5 Blocks</u></p> <p>In the event of a sale of all or any of the Remaining 5 Blocks on an “en-bloc” basis to any third party of CCPSB’s choice and at such price to be fixed and/or determined and upon such terms and conditions as determined by CCPSB, the following shall take place:-</p> <p>CCPSB shall forthwith notify APSB of such proposed sale;</p> <p>APSB, as the registered owner of the Land, shall execute the sale and purchase agreement within four (4) business days from the date of CCPSB’s notification to APSB; and</p> <p>APSB shall be entitled to thirty per centum (30%) of the Remaining Sale Proceeds 3 (hereinafter defined) from the sale of all or any of the Remaining 5 Blocks on an “en-bloc” basis up to a maximum sum of Ringgit Malaysia Ten Million (RM10,000,000.00) only, which shall be utilised to settle that particular tranche of the Settlement Sum accordingly.</p>

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		<p>The remaining seventy per centum (70%) of the Remaining Sale Proceeds 3 from the sale of all or any of the Remaining 5 Blocks on an “en-bloc” basis shall belong solely to CCPSB.</p> <p>For purposes of clarity, CCPSB shall be entitled to retain 8% of the gross selling price of all or any of the Remaining 5 Blocks whereby it shall be utilised by CCPSB to defray all fees and expenses payable in respect of such sale and purchase transaction.</p> <p>The remaining 92% of the gross selling price of all or any of the Remaining 5 Blocks shall be deemed as the “Remaining Sale Proceeds 3”. The Remaining Sale Proceeds 3 shall be paid into the designated account and shall be apportioned according to the agreed ratio and APSB’s portion shall be paid to APSB via the standing instruction given to the said bank.</p> <p>The parties hereby agree and acknowledge that pursuant to the Remaining 5 Blocks PA, CCPSB is entitled to and shall have the power to enter into any form of arrangements including but not limited to joint venture with any third party of CCPSB’s choice to enable CCPSB to continue with the development of the Remaining 5 Blocks or any part thereof and/or to assign to any third party of its choice, all or any of its rights and liabilities under the Remaining 5 Blocks on an “en-bloc” basis provided that CCPSB has notified APSB of the same.</p> <p><u>Power of Attorney</u></p> <p>In consideration of the parties agreeing to enter into this Final Settlement Agreement to set out the terms and conditions for settlement of the Settlement Sum by CCPSB to APSB and in consideration of RM10.00 paid by CCPSB to APSB, simultaneous with the execution of this Settlement Agreement, APSB shall execute in favour of CCPSB an irrevocable power of attorney in relation to the Remaining 5 Blocks (“Remaining 5 Blocks PA”). The Remaining 5 Blocks PA shall empower CCPSB, amongst others, at CCPSB’s sole and absolute discretion, to continue with the development and sale of the Remaining 5 Blocks and to execute:-</p> <p>(i) joint venture agreements, contracts, documents and/or deeds for purposes of entering into joint venture with any third party of CCPSB’s choice, to continue with</p>

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			<p>the development of the Remaining 5 Blocks or any part thereof; and</p> <p>(ii) sale and purchase agreement, instruments, deeds and/or documents, in the name of the registered owner of the Land, for purposes of transferring and vesting the legal and beneficial ownership of the parcels of the Remaining 5 Blocks with the various prospective purchasers and to collect and receive from the prospective purchasers the purchase money payable under the relevant sale and purchase agreement.</p> <p>CCPSB shall cause the Remaining 5 Blocks PA to be registered with the registry of the High Court of Malaya and at such other places as may be required or expedient to enable CCPSB to do all or any of its powers under the Remaining 5 Blocks PA.</p> <p>For the avoidance of doubt, APSB is entitled to a maximum of RM 40million and any applicable interest payable, to be satisfied by the Remaining Sales proceeds 1, 2 and/or 3 .</p>
4.	Security for the Settlement Sum	No collateral	<p>As security for the settlement of the Final Settlement Sum, a first fixed charge will be created for one hundred and one (101) retail units of the retail podium, with an estimated total value equivalent to RM100 million (the “Collateral Units”) in favour of and for the benefit of APSB on the Unconditional Date (“Debenture”). CCPSB has executed a debenture simultaneously with the execution of the FSA whereby a first fixed charge will be created over the Collateral Units in favour of APSB. CCPSB will then lodge the statement of particulars of charge after the Unconditional Date in accordance with the terms of the FSA. Unconditional Date refers to the date where all the Parties’ rights, obligations and liabilities arising out of the JVAs shall then be extinguished and superseded by the terms set out in the FSA upon fulfilment of all the conditions precedent of the FSA.</p> <p>Pursuant to the Debenture, CCPSB shall not execute any form of charge, mortgage, debenture (whether fixed or floating), pledge or lien in respect of any of the Collateral Units without APSB’s written consent. However, upon settlement of any of the scheduled tranche of the</p>

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			<p>Final Settlement Sum by CCPSB, APSB shall immediately discharge and release the Collateral Units identified by CCPSB and as agreed to by APSB from the Debenture as security in accordance with the terms of the FSA.</p> <p>However, if Tranche 1 of the Final Settlement Sum is unpaid and remains unpaid on the due date of Tranche 2 of the Final Settlement Sum, APSB shall not be entitled to enforce the security created under the Debenture during such period, provided that CCPSB shall be liable to pay the interest of 5 % arising from such late payment and no other event of default (as set out in item 5 below) has occurred. Subject to the paragraph above, if CCPSB defaults in its payment of any tranche of the</p> <p>If CCPSB fails to remedy the default within the stipulated period, APSB shall then be entitled to enforce the security created under the Debenture and proceed to sell the remaining Collateral Units which are not already released from the Debenture and use the said sale proceeds to settle the entire outstanding Final Settlement Sum together with any interest thereon and all other sums due and payable by CCPSB to APSB under the FSA and the Debenture. APSB shall thereafter return the balance sale proceeds (if any) to CCPSB.</p>
5.	Event and consequences of default	<p>By CCPSB</p> <p>In the event:</p> <p>(a) CCPSB defaults on any provisions of the JVAs and/or the Settlement Agreement;</p> <p>(b) CCPSB fails to pay the Option Purchase Price for the Remaining Units under the Option (if exercised) in accordance with the relevant Option Agreements;</p> <p>(c) CWL fails to pay the Option Purchase Price for the Remaining Units pursuant to the Letter of Guarantee if CCPSB fails to pay the</p>	<p>By CCPSB</p> <p>In the event:</p> <p>(a) CCPSB defaults and/or neglects to pay the Final Settlement Sum in accordance with the terms of the FSA;</p> <p>(b) CCPSB is in breach of any term and/or condition of the FSA and/or the Debenture and/or fails to observe or perform any of the agreements, covenants, stipulations, terms, undertakings and conditions in the FSA and/or in the Debenture on its part;</p> <p>(c) CCPSB refuses, fails and/or omits to execute and/or perfect the Debenture;</p> <p>(d) CCPSB creates or permits to subsist any mortgage, pledge, charge, encumbrance, lien or security interest in any or all of the Collateral Units (other than the first fixed charge in favour of APSB pursuant to the Debenture);</p> <p>(e) CCPSB is unable to pay its debts as defined in the Companies Act 2016 ("Malaysia</p>

No. Key terms	As set out in the *First Settlement Agreement	As sets out in the Final Settlement Agreement
	<p>Option Purchase Price as per paragraph (b) above;</p> <p>(d) an event of insolvency occurs on the part of CCPSB and/or CWL; or</p> <p>(e) a change of the Previous Shareholders of CCPSB and/or their shareholdings in CWL has occurred without the prior written consent or approval of APSB, as the case may be, in accordance with the terms and conditions of the Settlement Agreement, then APSB shall be at liberty to avail itself to the following remedies:</p> <p>(i) to claim for specific performance of the Settlement Agreement at the sole cost and expense of CCPSB;</p> <p>(ii) to terminate the Settlement Agreement whereby it is agreed that APSB shall continue to assume absolute beneficial and legal ownership over the Remaining Units free from encumbrances and any claims from CCPSB or any third parties but without prejudice to APSB's right to claim against CWL under the Letter of Guarantee; and/or</p>	<p>Companies Act") after the proposal for regularisation made by the Judicial Manager has commenced and/or the Malaysia High Court has ordered the winding-up of CCPSB under Section 465 of the Malaysia Companies Act;</p> <p>(f) CCPSB enters into any voluntary arrangement or composition or arrangement with or for the benefit of its creditors or a resolution has been passed for the voluntary winding-up of CCPSB;</p> <p>(g) it becomes unlawful for CCPSB to perform its obligations under the FSA;</p> <p>(h) the first fixed charge over the Collateral Units in favour of APSB pursuant to the Debenture cannot be registered or is invalid for any reason whatsoever attributable to CCPSB's fault;</p> <p>(i) there is a material change in CCPSB's financial condition which will prejudice the ability of CCPSB to perform its obligations under the FSA;</p> <p>(j) any order is made or resolution is passed or other action is taken for the dissolution of CCPSB; or</p> <p>(k) save for the JM Proceedings, a liquidator, trustee, judicial manager, administrator or receiver and/or manager is appointed in respect of all or any part of the undertakings or property of CCPSB pursuant to any charge, debenture or otherwise,</p> <p>APSB shall give CCPSB a written notice to remedy such default and CCPSB shall:</p> <p>(aa) remedy such default within the Remedy Period; and</p> <p>(bb) be liable to pay the late payment interest on the outstanding Settlement Sum of that particular tranche in accordance with Section 2 above, during the Remedy Period.</p> <p>If CCPSB is unable to remedy the default within the Remedy Period, APSB may, at its absolute discretion, grant a further extended period of not more than one (1) month from the expiry of the Remedy Period to enable CCPSB to remedy the default. However, if CCPSB fails to remedy the default within the stipulated period, APSB shall notify CCPSB in writing that an event of default has occurred and the following shall occur:</p>

No. Key terms	As set out in the *First Settlement Agreement	As sets out in the Final Settlement Agreement
	<p>(iii) to terminate the Settlement Agreement whereby it is agreed that APSB's rights and remedies under the JVAs shall immediately be restored and shall subsist, and APSB shall be at liberty to pursue all or any of the remedies contained therein against CCPSB or any other party and for damages for all loss suffered therein.</p> <p>By APSB</p> <p>In the event:</p> <p>(a) APSB defaults on any provisions of the Settlement Agreement;</p> <p>(b) APSB refuses or fails to complete the sale of the Remaining Units to CCPSB in accordance with the relevant Option Agreements; or</p> <p>(c) an event of insolvency occurs on the part of APSB, then CCPSB shall be entitled to the following remedies:</p> <p>(i) to claim for specific performance of the Settlement Agreement at the sole cost and expense of APSB; or</p> <p>(ii) to terminate the Settlement Agreement and claim damages.</p>	<p>(A) the outstanding Final Settlement Sum (including interest thereon) and all other sums due and payable by CCPSB under the FSA shall immediately become payable by CCPSB to APSB; and</p> <p>(B) APSB shall be entitled to recover the monies in item (A) above and to exercise its rights and powers upon CCPSB's default under the FSA, the Debenture and as provided by law.</p> <p>By APSB</p> <p>If APSB is in breach of any term and/or condition of the FSA, CCPSB shall at its absolute discretion be entitled to take such action as may be available to CCPSB at law, to apply for and to enforce specific performance of the FSA against APSB and all remedies following therefrom (including but not limited to a claim for damages).</p>

No. Key terms	As set out in the *First Settlement Agreement	As sets out in the Final Settlement Agreement
6. Other major terms and conditions	<p>CCPSB also agrees, covenants and undertakes the following:</p> <p>(a) to apply and obtain, at its own cost and expense, the strata titles for all the units within the retail podium and shall obtain and transfer the strata titles of the Identified Retail Units and all other sold units free from all encumbrances in due course and shall keep APSB fully indemnified if CCPSB fails to do so;</p> <p>(b) to pay, on behalf of APSB, the maintenance/service charges and sinking fund contribution, all rates, utility charges, assessments, quit rent and insurance premiums, utility deposits, contributions towards any advertising fund to the relevant parties or relevant authorities for the Identified Retail Units ("Maintenance Payments") up to the expiration of the Parties' respective options under the respective Option Agreements ("Holding Period"). For the avoidance of doubt, CCPSB's undertaking to pay the Maintenance Payments shall cease to apply to the Identified Retail Units validly sold to third party purchasers; and</p> <p>© prior to the Release of the Land Title, to:</p> <p>(i) promptly notify APSB in writing should</p>	None

No.	Key terms	As set out in the *First Settlement Agreement	As sets out in the Final Settlement Agreement
		<p>there be any change in the shareholding of the Previous Shareholders of CCPSB in CWL or should the Previous Shareholders of CCPSB further encumber their shares in CWL collectively by not more than 30%; or</p> <p>(ii) seek the written approval from APSB should there be any desire to vary the respective number of shares held by the Previous Shareholders of CCPSB in CWL or to further encumber their shares in CWL collectively by more than 30%.</p> <p>In consideration of APSB entering into the Settlement Agreement, the current major shareholders of the Company, have covenanted, for the period up to the release by APSB of the original issue document of title of the Development Land to provide certain Shareholder's undertaking as detailed in paragraph 2.7.4 of the Company's circular dated 15 May 2019</p> <p>Involvement of an independent quantity surveyor arranged by APSB shall cease upon the following conditions being fulfilled:</p> <p>the receipt by APSB of</p> <p>(a) letter of undertaking from CCPSB that the final contract sum for the construction of the Revised Hotel Suites Tower Block and</p>	<p>None</p> <p>None</p>

No.	Key terms	As set out in the *First Settlement Agreement	As sets out in the Final Settlement Agreement
		<p>Serviced Suites Tower Block shall not exceed RM209,918,368.33; and</p> <p>(b) CCPSB shall notify APSB within seven (7) days of any contract(s) awarded to any sub-contractor(s) and/or nominated subcontractor(s) for the construction of the Revised Hotel Suites Tower Block and Serviced Suites Tower Block.</p>	

4. CONDITIONS PRECEDENT TO THE PROPOSED VARIATION

4.1 The Settlement Agreement shall be subject to and conditional upon the fulfilment and/or satisfaction of the following conditions precedent (the “**Conditions Precedent**”):-

- (a) CCPSB to obtain the sanction of the Malaysia High Court of this Settlement Agreement and to grant approval to allow CCPSB to create a first fixed charge over the Collateral Units (hereinafter defined) in favour of APSB, to secure the settlement of the Settlement Sum, pursuant to Section 414 of the Malaysia Companies Act and to obtain any other approvals which may be required by CCPSB to perform this Settlement Agreement for which CCPSB shall be caused to comply therein to satisfy the fulfilment of this condition precedent; and
- (b) APSB shall obtain and procure its ultimate holding company, Gadang’s shareholders’ approval, in an extraordinary general meeting to authorise APSB to enter into this Settlement Agreement with CCPSB.

4.2 The parties hereby agree that the Conditions Precedent shall be fulfilled and/or obtained within six (6) months from the date of this Settlement Agreement (the “**Conditional Period**”) Provided Always that if any of the Conditions Precedent is not

fulfilled and/or obtained by the expiry of the Conditional Period, the parties hereby agree to enter into negotiations in good faith for a period of one (1) month from the expiry of the Conditional Period (“the **Extended Conditional Period**”) to consider alternative or other arrangements.

In the event that the Conditions Precedent cannot be obtained or complied with within the Conditional Period and/or any other or alternative arrangements cannot be agreed upon within the Extended Conditional Period, as the case maybe, then this Settlement Agreement shall be deemed mutually terminated and the JVA shall immediately be reinstated to govern the parties’ rights, obligations, benefits and liabilities under the Project and the Land.

5. FINANCIAL EFFECTS

The financial effects of the Proposed Variation set out below are strictly for illustrative purposes and are not indicative of the actual financial position and results of the Group.

Based on the latest announced financial statements of the Group for the financial year ended 30 June 2020, and on the assumption with the land cost valued at RM190 million, the effect on the Group’s net tangible assets (“**NTA**”) per share and loss per share (“**LPS**”) will be as follows:

5.1. Net Tangible Assets per Share

Assuming that the Proposed Variation were completed on 30 June 2020, the effects of the Group’s NTA per share would be as follows:

	Before the Proposed Variation	After the Proposed Variation
NTA (RM'000)	151,224	190,116
Number of Shares	1,832,094,554	1,832,094,554
NTA per Share (RM cents)	8.25	10.38

5.2. Loss per Share

Assuming that the Proposed Variation were completed on 1 July 2019, the effects of the Group’s LPS would be as follows:

	Before the Proposed Variation	After the Proposed Variation
Loss after tax attributable to Shareholders (RM'000)	152,370	140,831
Weighted average number of Shares in issue	1,832,094,554	1,832,094,554
LPS (RM Cents)	8.32	7.69

The Proposed Variation has no impact to the Company’s share capital and Group’s gearing.

6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Variation.

7. 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 Variation, 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.

8. DOCUMENTS FOR INSPECTION

A copy of the Final Settlement Agreement, Joint Venture Agreement, JVAs and First Settlement Agreement are available for inspection at the Company's registered office at 1 North Bridge Road, #24-09 High Street Centre, Singapore 179097 for a period of three (3) months from the date of this announcement.

Trading in the Company's securities on the SGX-ST has been voluntarily suspended by the Company on 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

Siow Chien Fu
Executive Director and Chief Executive Officer
3 August 2021

*This announcement and its contents have 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**"). The Exchange assumes 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. Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.