
CONVERTIBLE BOND SUBSCRIPTION AGREEMENT

1. INTRODUCTION

- 1.1 The board of directors ("**Board**" or "**Directors**") of Capital World Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 7 February 2018 entered into a convertible bond subscription agreement ("**Agreement**") with Dato Sri Chong Thim Pheng (the "**Subscriber**"), pursuant to which the Subscriber has agreed to grant an interest-bearing convertible bond of up to S\$18,000,000 ("**Bond**") to the Company, convertible into 219,512,195 new ordinary shares in the share capital of the Company ("**Conversion Shares**") at a conversion price of S\$0.0820 ("**Conversion Price**").
- 1.2 The Conversion Price is equivalent to the volume weighted average price of S\$0.0820 of each ordinary share of the Company ("**Share**") based on trades done on 7 February 2018 (being the full market day on which the Agreement was signed).

2. INFORMATION ON THE SUBSCRIBER

- 2.1 The Subscriber, Dato Sri Chong Thim Pheng ("**Dato Sri Chong**"), is a Singapore citizen who is an astute investor with more than 15 years of investing experience in public listed equities with a proven track record. He is also an entrepreneur with more than 12 years experience in business management in Singapore listed entities and more than 30 years in non-listed Singapore companies. Dato Sri Chong is the former executive chairman of Hartawan Holdings Limited, now known as Wilton Resources Limited, which is listed on the Catalist board of SGX. He is also the executive chairman of REE Hotel (Cambodia) and Hotel Re! Pte Ltd, both family owned hotels.

The Subscriber was introduced to the Company by Prosper Network Co. Ltd ("**Arranger**") and is interested in subscribing the Bond from the Company for investment purposes.

- 2.2 The Subscriber has confirmed to the Company that:
- (a) he has no connection (including business relationships) with the Company, its Directors or substantial shareholders and is not a person to whom the Company is prohibited from issuing Shares to, as provided by Rule 812(1) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"); and
 - (b) he is not acting in concert with any Director or substantial shareholder of the Company or the Arranger or the Arranger's sole shareholder, Mr. Ong Kok Heng, to obtain or consolidate effective control of the Company through the Bond and/or the Facility Shares (as defined herein) (including as contemplated in the Singapore Code on Take-overs and Mergers).

As at date of this announcement, the Subscriber does not have any shareholding interests in the Company.

Assuming that the maximum amount of S\$18 million is drawn-down under the Bond and the Bond is fully converted into the Conversion Shares at the Conversion Price of S\$0.0820, the 219,512,195 Conversion Shares will represent approximately 17.31% of the Company's existing share capital of 1,268,314,067 Shares ("**Existing Share Capital**") and 13.93% of the Company's enlarged share capital of 1,575,631,140 Shares, which is computed based on the assumption of full conversion of the Bond into Conversion Shares and the issuance and allotment of 87,804,878 Facilities Shares (as defined below) ("**Enlarged Share Capital**") (as further illustrated in Section 3.1(ii) below).

The allotment and issuance of the Conversion Shares will not result in a transfer of controlling interest in the Company.

3. INFORMATION ON THE ARRANGER

3.1 The Company has on 7 February 2018 entered into an Arranger Agreement ("**Arranger Agreement**") with Prosper Network Co. Ltd, pursuant to which the Company has agreed to pay to Prosper Network Co., Ltd:

- (i) Arranger fee amounting to 5% of each drawdown amount, representing up to S\$900,000, under the Bonds in cash within 7 business day from each draw down; and
- (ii) Facility fee amounting to 40% of each drawdown amount under the Bonds, payable in new Shares ("**Facilities Shares**") to be allotted and issued by the Company. The Facilities Shares shall be issued and allotted at the volume weighted average price of S\$0.0820 ("**Facility Share Price**") of each Share based on trades done on 7 February 2018, being the full market day prior to the date on which Arranger Agreement was signed, which shall be allotted and issued within seven (7) business days from each draw down and conditional upon the approval by the SGX-ST on the additional listing and quotation of the Facilities Shares.

Assuming that the maximum amount of S\$18 million is drawn-down under the Bond, the maximum amount of facility fee would be S\$7.2 million, payable in up to 87,804,878 Facilities Shares to be allotted and issued by the Company to the Arranger at the Facility Share Price in accordance with the terms and conditions of the Arranger Agreement. Such 87,804,878 Facilities Shares represent approximately 6.92% of the Company's Existing Share Capital and 5.57% of the Company's Enlarged Share Capital.

3.2 The Arranger is a business consultancy company incorporated in Labuan, Malaysia. Pursuant to the Arranger Agreement, the Arranger shall provide services including but not limited to introducing prospective investors to the Company, facilitating discussions between the Company and prospective investors, maintaining contact with prospective investors and sustaining positive momentum in bringing the investment to completion and providing feedback to the Company and follow through the documentations and paper work where required. The sole shareholder and director of the Arranger is Mr. Ong Kok Heng ("**Mr Ong**"). Mr. Ong is a Singapore Citizen who has more than ten years of experience in business management and corporate finance, including a five year stint as a general manager at a Singapore listed company.

Mr Ong had confirmed to the Company that:

- (a) The Arranger and/or Mr. Ong have no connection (including business relationships) with the Company, its Directors or substantial shareholders and are not persons to whom the Company is prohibited from issuing Shares to, as provided by Rule 812(1) of the Catalist Rules; and
- (b) The Arranger and/or Mr. Ong are not acting in concert with any Director or substantial shareholder of the Company and/or the Subscriber to obtain or consolidate effective control of the Company through the Facilities Shares and/or Bond (including as contemplated in the Singapore Code on Take-overs and Mergers).

As at date of this announcement, the Arranger does not have any shareholding interests in the Company.

Save as disclosed below, Dato Sri Chong and Mr Ong have no connection or business relationship with each other:-

- (i) Dato Sri Chong is the father-in-law of Mr Ong.
- (ii) Dato Sri Chong and Mr Ong are common directors of the following companies:

3T Capital Holding Pte. Ltd. ("**3T Capital**"), Hotel Re! Pte Ltd ("**Hotel Re!**") and Hartawan Property Management Pte Ltd ("**Hartawan Property**"). 3T Capital is an investment holding company. Hotel Re! and Hartawan Property are in the business of hotels with restaurant and real estate activities.

The issuance and allotment of the Facilities Shares will not result in a transfer of controlling interest in the Company.

4. PRINCIPAL TERMS OF THE AGREEMENT AND BOND

4.1 The principal terms of the Agreement and the Bond, are as follows:

4.1.1 **Principal Sum of Bond:** up to S\$18,000,000 in aggregate principle amount, consisting of:

- a) Series A Bonds of an aggregate principal amount of up to S\$10,000,000 ("**Series A Bonds**") where the Subscriber had agreed to subscribe for, and the Company shall issue and deliver to or to the order of the Subscriber, in the following tranches:
 - (i) S\$4,000,000 ("**Series A Tranche 1 Bonds**");
 - (ii) S\$3,000,000 ("**Series A Tranche 2 Bonds**"); and
 - (iii) S\$3,000,000 ("**Series A Tranche 3 Bonds**").

- b) Series B Bonds of an aggregate principal amount of up to S\$8,000,000 ("**Series B Bonds**"), at the option of the Subscriber to subscribe for in the following tranches:
 - (i) S\$4,000,000 ("**Series B Tranche 1 Bonds**"); and
 - (ii) S\$4,000,000 ("**Series B Tranche 2 Bonds**").

4.1.2 **Coupon rate:** The Bonds shall bear interest from the respective date of its drawdown at the rate of ten per cent. (10%) per annum on the principal amount of the Bonds.

4.1.3 **Conversion Price:** S\$0.0820, for each Conversion Shares, subject to adjustments in accordance with the provisions of the Agreement.

(i) The Conversion Price shall from time to time be adjusted as provided in accordance with the terms and conditions in all or any of the following cases (“**Adjustment Event**”):

(a) any consolidation, subdivision or conversion of the Shares; or

(b) any issue by the Company of Shares credited as fully paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature) to its shareholders; or

(c) an offer or invitation made by the Company to its Shareholders whereunder they may acquire or subscribe for Shares by way of rights; or

(ii) Subject to the terms and conditions of the Agreement, the Conversion Price shall from time to time be adjusted in accordance with the following provisions in the event an Adjustment Event shall occur:

$$NCP = CP \times (OSC / NSC)$$

NCP : is the new Conversion Price;

CP : is the Conversion Price;

OSC : is the total number of issued Shares immediately before such event; and

NSC : is the total number of issued Shares immediately after such event.

(iii) Any adjustment to the Conversion Price will be rounded upwards to the nearest 0.1 cent. No adjustment will be made to the Conversion Price in any case in which the amount by which the same would be reduced would be less than 0.1 cent but any adjustment which would otherwise then be required will be carried forward and taken into account appropriately in any subsequent adjustment.

(iv) Without prejudice to any terms and conditions of the Agreement, in the event any adjustment to the Conversion Price would be necessary as a result of any proposed Adjustment Event, the Company shall ensure that it does not undertake such proposed Adjustment Event, save and except where all applicable governmental and regulatory approvals (including without limitation the approval of the SGX-ST and/or shareholders) required in connection with the adjustment of the Conversion Price and/or the issue of any additional Conversion Shares to be issued pursuant to the adjusted Conversion Price, is obtained and not revoked.

- 4.1.4 **Conversion Shares:** The number of Conversion Shares of up to 219,512,195 when allotted and issued in full, will represent approximately 13.93% of the Enlarged Share Capital of 1,575,631,140 Shares assuming full conversion of the Bond to Conversion Shares and the issuance and allotment of 87,804,878 Facilities Shares.
- 4.1.5 **Maturity and redemption:** One year from the date the relevant Bonds have been issued and registered, or such other date as the Company and the Subscriber may agree in writing ("**First Maturity Date**"), provided always that the Subscriber shall have the sole and absolute discretion to extend the redemption date for a further twelve (12) months from the expiry of the First Maturity Date. The Bond may not be redeemed by the Company, in whole or in part, prior to the First Maturity Date other than in accordance with Condition 10 of the Agreement (in relation to the maturity and redemption of the Bond) (but without prejudice to Condition 12 of the Agreement (in relation to events of default)).

The Bonds shall be redeemed at one hundred per cent (100%) of their principal amount, together with any unpaid interest accrued thereon ("**Redemption Amount**").

Following the occurrence of a Relevant Event (as defined below), the Subscriber will have the right, at the Subscriber's option, to require the Company to redeem all or some only of the Subscriber's Bonds on the Relevant Event redemption date (as defined below) at the Redemption Amount, together with such interest accrued or to be accrued as computed in accordance with the terms and condition of the Agreement.

A "Relevant Event" occurs:

- (i) when the Shares ceased to be listed or admitted to trading or suspended for a period equal to or exceeding twenty (20) Trading Days on the SGX-ST. Trading Day shall mean a day ending 5.00pm (Singapore time), on which the SGX-ST is open for trading in Singapore; or
- (ii) when there is a change in control. For the purpose of this condition, "Control" means the acquisition or control of more than twenty per cent (20%) of the voting rights of the issued share capital of the Company at any given time or the right to appoint and/or remove all or the majority of the members of the Company's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.

All Bonds which are redeemed or converted will forthwith be cancelled by the Company and may not be reissued or resold.

4.1.6 **Subscription Notice period:**

| S/N | Tranches | Subscription Notice period |
|-----|--------------------------|--|
| 1 | Series A Tranche 1 Bonds | commencing from the date of this Agreement and ending 15 February 2018 |
| 2 | Series A Tranche 2 Bonds | commencing 1 April 2018 and ending 30 April 2018 |
| 3 | Series A Tranche 3 Bonds | commencing 1 August 2018 and ending 31 August 2018 |
| 4 | Series B Tranche 1 Bonds | commencing from 5 May 2018 and ending 28 February 2019 |
| 5 | Series B Tranche 2 Bonds | commencing from 5 May 2018 and ending 31 August 2019 |

The subscription notice in respect of any series and tranches of the Bond shall be issued and received by the Subscriber or Company within the relevant notice period and in any case no later than 5.00pm of the last day of such period.

4.1.7 **Subscription date:**

- (a) in respect of any tranche of Series A Bond, the date falling five (5) Business Days from the relevant date of the Series A Subscription Notice has been delivered and received by the Subscriber; and
- (b) in respect of any tranche of Series B Bond, the date falling five (5) Business Days from the relevant date of the Series B Subscription Notice has been delivered and received by the Company.

4.1.8 **Cut off date:** 30 days from the date of the Agreement.

The Subscriber shall not be obliged to subscribe and pay for any Bonds unless the conditions precedent have been satisfied by the Cut-Off Date and remains satisfied on the relevant Subscription Date.

4.1.9 **Share Charge to be created in favour of the Subscriber:**

Each of the Chargor (as defined below) and the Subscriber had on 7 February 2018 entered into a share charge agreement ("**Share Charge Agreement**"):

- a) To pledge Shares held by the controlling shareholders of the Company, namely Siow Chien Fu, Tan June Teng Colin @ Chen JunTing ("**Dato' Colin Tan**") and Tan Ping Huang Edwin @ Chen BingHuang ("**Dato' Edwin Tan**") (each, a "**Chargor**"); and

- b) To be charged in connection with the subscription of each tranche of Series A Bonds or Series B Bonds (as the case may be) shall refer to such number of Shares held directly by each Chargor as computed in accordance with the following formula:

$$\text{Charged Shares} = (X / Y) \times Z$$

X: In relation to:

- (i) the Series A Tranche 1 Bonds, S\$8,000,000;
- (ii) each of the Series A Tranche 2 Bonds and the Series A Tranche 3 Bonds, S\$6,000,000; and
- (iii) each of the Series B Tranche 1 Bonds and Series B Tranche 2 Bonds, S\$8,000,000,

(the “**Secured Value**”)

Secured Value is based on the Bond to value ratio of 50%.

Y: S\$0.082.

Z: in respect of:

- (i) Mr Siow Chien Fu, 50%;
- (ii) Mr Tan June Teng Colin @ Chen JunTing, 25%; and
- (iii) Mr Tan Ping Huang Edwin @ Chen BingHuang, 25%.

50%, 25% and 25% represents the percentage of the allocation of the Shares to be pledged by each of the Chargors.

- c) The aggregate Shares pledged in respect of Series A Bonds by the respective controlling shareholders are:

| | Series A | | | |
|-----------------|---------------------------|---------------------------|---------------------------|----------------------------|
| Name | Tranche 1 Bond | Tranche 2 Bond | Tranche 3 Bond | Total |
| Siow Chien Fu | 48,780,488 | 36,585,366 | 36,585,366 | 121,951,220 |
| Dato' Colin Tan | 24,390,244 | 18,292,683 | 18,292,683 | 60,975,610 |
| Dato' Edwin Tan | 24,390,244 | 18,292,683 | 18,292,683 | 60,975,610 |
| Total | 97,560,976 | 73,170,732 | 73,170,732 | 243,902,439 ⁽¹⁾ |

Note 1: 243,902,439 Shares represents 19.23% of the Company's Existing Share Capital of 1,268,314,067 Shares.

- d) Including the Shares pledged by the controlling shareholders under the previous HK\$50 million share financing ("**Previous Share Pledge**") as announced on 1 November 2017, the total number of Shares pledged and to be pledged by the controlling shareholders are:

| Name | For Series A of the Bond | Previous Share Pledge | Total |
|-----------------|--------------------------|-----------------------|----------------------------|
| Siow Chien Fu | 121,951,220 | 83,250,000 | 205,201,220 |
| Dato' Colin Tan | 60,975,610 | 41,625,000 | 102,600,610 |
| Dato' Edwin Tan | 60,975,610 | 41,625,000 | 102,600,610 |
| Total | 243,902,439 | 166,500,000 | 410,402,439 ⁽²⁾ |

Note 2: 410,402,439 Shares represents 32.36% of the Company's Existing Share Capital of 1,268,314,067 Shares.

- e) If the value of the pledged shares shall fall below 60% of value based on the Conversion Price, the Chargor shall, immediately upon written request by the Subscriber, charge, in favour of the Subscriber, by way of first fixed charge and free from all encumbrances:
- (i) such number of additional Shares owned by the Chargor as the Subscriber may require at his sole discretion, together with all rights, title and interest attaching to or benefits and proceeds arising from or in respect of such additional Shares; or
 - (ii) cash to be deposited into such account maintained with a Singapore bank as the Subscriber may require as an escrow.

4.1.10 **Conditions Precedent:**

Notwithstanding any other provision in the Agreement, the Subscriber shall not be obliged to subscribe and pay for any Bond unless the following conditions precedent have been satisfied by the Cut-Off Date and remains satisfied on the relevant subscription date of each tranche of the Bond:

- i) the Shares of the Company remaining listed and quoted on Catalist;
- ii) the listing and quotation and other requisite approval issued by the SGX-ST for the listing and quotation of the Conversion Shares on Catalist ("**Listing Approval**") having been obtained and not being revoked or amended, and if any conditions are attached to the Listing Approval ("**Listing Conditions**"), such Listing Conditions (a) being on terms reasonably satisfactory to the Subscriber

(including there being no Listing Condition imposing any moratorium or other restriction on the Subscriber in dealing with the Bonds or any Conversion Shares), (b) which are required to be fulfilled on or before the relevant subscription dates having been fulfilled on or before that date to the satisfaction of the SGX-ST or waived by the SGX-ST;

- iii) all applicable governmental and regulatory approvals required in connection with the subscription of the Bonds, including, but not limited to, the Listing Approval having being obtained and not revoked;
- iv) all warranties being accurate and correct in all respects at each subscription date;
- v) the Company not having experienced or suffered any event or series of events on or after the date of this Agreement that, individually or in the aggregate, would reasonably be expected to have a material adverse effect on the business, operations, properties, prospects or conditions (financial or otherwise) on the Group;
- vi) each Chargor having duly executed and delivered a share charge and Form 9 charge (in respect of the charged Shares) to the Subscriber; and
- vii) each Chargor having complied at all times with his obligations as set out in the share charge.
- viii) Subscription notice in respect of each series and tranches of the Bonds has been issued and received by the Subscriber within the relevant series and tranche notice period and in any case no later than 5.00pm of the last day of such period; and
- ix) there having been no occurrence of any event of default at any time after the date of this Agreement and the subscription date of each series and tranche.

4.1.11 **Payment by the Subscriber:** On completion and against compliance and delivery of the documents, the Subscriber shall pay the Bonds issue price for the relevant Bonds to the Company by delivering a cashier's order issued by a licensed bank in Singapore drawn in favour of the Company, or via telegraphic transfer to the Company Bank Account.

4.1.12 **Conversion Right:** Subject to the Listing Approval being obtained from SGX-ST, the Bond may be converted into duly authorised, validly issued, fully paid and unencumbered Conversion Shares, at the option of the Subscriber, at any time in the event the Bonds (and any outstanding interest accrued thereon) remain outstanding upon the Maturity Date.

4.1.13 **Status of Conversion Shares:** The Conversion Shares, when allotted and issued on conversion, will rank for any dividends, rights, allotment or other distributions the record date for which is on or after the date of the issue and allotment of the Conversion Shares and (subject as aforesaid) will rank pari passu in all respects with the then existing Shares of the Company.

4.1.14 **Accrual of Interest:** Interests shall accrue on a daily basis and is payable on an half-yearly basis, the first payment to be paid on the date falling six (6) months from the date

of subscription of the relevant tranche of the Bond and subsequent interest payments to be paid on a date falling every subsequent six (6) months thereafter.

4.1.15 **Anti-Dilution and Adjustment Provisions to Conversion Price:** There are provisions for anti-dilution and adjustments to the Conversion Price in the Agreement which shall take effect upon the occurrence of certain dilutive events, for example the capitalization of profits or rights issues. Please refer to 4.1.3 of this announcement for further details.

4.1.16 Any material alteration to the terms of the Bond after issue which is to the advantage of the Subscriber shall be approved by the Company's shareholders, except where the alterations are made pursuant to the terms of the Agreement.

5. ACHWELL MORATORIUM

Pursuant to Achwell Supplemental Agreement, terms as defined in the Shareholders' Circular of the Company dated 29 March 2017 ("**Circular**") pursuant to reverse takeover which was completed on 4 May 2017, the shares of the controlling shareholder Siow Chien Fu, Dato' Colin Tan and Dato' Edwin Tan are subject to a moratorium for a period of (i) three (3) years commencing from 5 May 2017; or (ii) until the full settlement of the Achwell's entitlement sum, whichever is the earlier, not to sell, transfer or assign or create any encumbrances over the entire of the beneficial interests ("**Achwell Moratorium**").

In connection with this Agreement, Achwell Property Sdn. Bhd. ("**Achwell**") has agreed to release required number of Shares from the Achwell Moratorium for the purpose of the share pledge whilst the remaining terms under the Achwell Moratorium remains unchanged.

6. RATIONALE AND USE OF PROCEEDS

6.1 The Directors are of the opinion that, after taking into consideration all available financing proposition available, the Bond presents itself as the most suitable fund raising option for the Group at this juncture and it is in the interest of the Company to undertake the Bond issuance and pay the Arranger for the Arranger's fees and Facility Fee (in the form of New Shares) per the terms as stated in the Agreement and the Arranger Agreement, respectively, to raise additional funding for the purpose of completion of Project Capital City.

6.2 Assuming that the Bond is fully subscribed, the estimated expenses net proceeds from the Bond would be as follows:

| | S\$ | % |
|--|------------|--------|
| Gross proceeds from the Bonds | 18,000,000 | 100.00 |
| Less: | | |
| 1) Arranger's fee at 5% (to be paid in cash) | 900,000 | 5.00 |
| 2) Legal fees and others | 50,000 | 0.28 |
| Net proceeds | 17,050,000 | 94.72 |

- 6.3 The Company intends to utilize the net proceeds from the Bonds (after deducting associated expenses) of up to a maximum of S\$17,050,000 (assuming that the S\$18 million Bond is fully subscribed) entirely for its Project Capital City in the following manner:
- (i) first towards all fees, costs and expenses required for the completion of the construction of the Capital 21 Project and to secure a Certificate of Compliance and Completion in respect of the Capital 21 Project; and
 - (ii) the balance towards application of strata titles for the Capital 21 Project as set out in the development plans in respect of the Capital 21 Project.

The Company will make periodic announcement(s) as to the use of the net proceeds from the Bond as and when such proceeds are materially disbursed and whether such use is in accordance with the stated use. The Company will also provide a status report on the use of the proceeds raised from the Bonds in its interim and full-year financial statements issued under the Catalist Rules and the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

Where the net proceeds from the Bond have been used for working capital purposes, the Company will disclose a breakdown with specific details on how the Bond proceeds have been applied in the announcements and annual reports. Where there is any material deviation from the stated use of Bond proceeds, the Company will announce the reasons for such deviation.

7. AUTHORITY TO ISSUE THE CONVERSION SHARES AND FACILITIES SHARES

- 7.1 The Conversion Shares and Facilities Shares will be issued pursuant to the general mandate ("**Share Issue Mandate**") approved by the shareholders of the Company ("**Shareholders**") at the annual general meeting held on 27 October 2017 ("**2017 AGM**").
- 7.2 The Share Issue Mandate authorises the Directors to issue new Shares and/or convertible securities of not more than 100% of the total number of issued Shares (excluding treasury shares) in the capital of the Company as at the date of the 2017 AGM, of which the aggregate number of Shares to be issued other than on a pro rata basis to existing Shareholders shall not be more than 50% of the total number of Shares (excluding treasury shares) as at the date of the 2017 AGM. As at the date of the 2017 AGM, the number of issued Shares was 1,268,314,067 Shares. No Shares were previously issued under the Share Issue Mandate prior to the Agreement and as such, the total number of Shares that may be issued pursuant to the Share Issue Mandate is 1,268,314,067 Shares, of which the maximum number of Shares to be issued other than on a pro-rata basis is 634,157,033 Shares.

Based on the Conversion Price and Facility Share Price of S\$0.0820, up to 219,512,195 Conversion Shares and up to 87,804,878 Facilities Shares will be issued, and accordingly the proposed issuance and allotment of the Conversion Shares and Facilities Shares is within the limits of the Share Issue Mandate. Accordingly, specific approval from Shareholders for the issuance and allotment of the Conversion Shares and Facilities Shares is not required.

8. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Bonds (and the issuance and allotment of the Conversion Shares and Facilities Shares) will be undertaken by way of a private placement pursuant to the exemption of Section 272B of the

Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

9. **APPROVALS**

The Company, through its sponsor, PrimePartners Corporate Finance Pte. Ltd., will be making an application to the SGX-ST for the listing and quotation of the Conversion Shares and Facilities Shares on the Catalist. The Company will make the necessary announcements once the Listing Approval in respect of the Conversion Shares and Facilities Shares has been obtained.

10. **DIRECTORS' OPINION**

The Directors are of the opinion that, after taking into consideration the present bank facilities and net proceeds from the Bond, the working capital available to the Group is sufficient to meet its present requirements.

11. **FINANCIAL EFFECTS OF THE BOND**

11.1 **Assumptions**

The financial effects of the issuance and allotment of the Conversion Shares and Facilities Shares on the net assets value ("**NAV**") per share and the earnings per share ("**EPS**") of the Group are set out below. The financial effects which have been prepared based on the audited consolidated financial statements of the Group for its most recently completed financial year ended 30 June 2017 ("**FY2017**"), are purely for illustrative purposes only and do not reflect the actual financial position of the Group after the allotment and issuance of the Conversion Shares and Facilities Shares.

11.2 **NAV**

For illustrative purposes and assuming the Conversion Shares and Facilities Shares had been allotted and issued at the end of FY2017, at the Conversion Price and Facility Share Price, the NAV as at 30 June 2017 is as follows:-

| | Before the issuance of the Conversion Shares and Facilities Shares | Conversion Shares and Facilities Shares | After the issuance of the Conversion Shares and Facilities Shares |
|--------------------------|---|--|--|
| NAV (RM'000) | 236,923 | 53,442 | 290,345 |
| Number of Shares | 1,268,314,067 | 307,317,073 | 1,575,631,140 |
| NAV per Share (RM cents) | 18.68 | | 18.43 |

11.3 EPS

For illustrative purposes and assuming the Conversion Shares and Facilities Shares had been allotted and issued at the beginning of FY2017, at the Conversion Price and Facility Share Price, the EPS for FY2017 was as below:

| | Before the issuance of the Conversion Shares and Facilities Shares | Conversion Shares and Facilities Shares | After the issuance of the Conversion Shares and Facilities Shares |
|---|---|--|--|
| Profit attributable to owners of the Company (RM'000) | 70,113 | - | 70,113 |
| Number of weighted average shares | 1,102,714,000 | 307,317,073 | 1,410,031,073 |
| EPS (RM cents) | 6.36 | - | 4.97 |

12. **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or substantial Shareholders has any interest, direct or indirect, in the Agreement and Arranger Agreement (other than through their respective shareholdings in the Company).

13. **DIRECTORS' RESPONSIBILITY STATEMENT**

13.1 The Directors collectively and individually accept full responsibility (save in respect of the Subscriber and the Arranger) 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 Agreement, Arranger Agreement and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

13.2 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.

14. CAUTIONARY STATEMENT

Shareholders of the Company and potential investors should exercise caution when trading in the Shares of the Company in relation to this announcement as there is no certainty that the issuance of Bond will be completed as it is subjected to the fulfillment of terms and conditions set out in the Agreement. When in doubt as to the action they should take, Shareholders and potential investors should consult their financial, tax or other advisors.

BY ORDER OF THE BOARD

Mr. Siow Chien Fu
Executive Director and Chief Executive Officer
8 February 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 Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, 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 E-mail: sponsorship@ppcf.com.sg).