

RESPONSES TO QUERIES FROM THE SGX-ST

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 30 January 2019 (the “**Previous Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Previous Announcement.

The Board would like to provide the following information in response to further queries raised by the SGX-ST on 3 February 2019.

Query 1:

In section 3 of the Previous Announcement, it was mentioned that given resolution 5 was voted down, the Settlement Agreement will not be completed, and the CBSA and Share Charge Agreements will remain in full force as a result. With that, in the event that the additional Shares that are requested to be charged in favor of Dato Chong are not fulfilled by the Chargors, this will constitute an EOD under the CBSA. Dato Chong can then declare the bonds to be immediately due and payable.

- (a) Please clarify the Company’s ability to immediately repay such amount due and payable in the above scenario, being the principal amount of Series A Bonds together with accrued interest. Please also clarify the Company’s position taking into account the announcement on 23 Nov 2018 on the entry into the Settlement Agreement whereby one of the conditions require the Company to *‘on, or before 21 Feb 2019, repay Dato Chong the entire principal amount of the Bonds outstanding, together with such interest accrued or to be accrued as computed in accordance with Condition 6 of the Terms and Conditions of the Bonds’*.

Company’s response to Query 1(a):

If the principal amount of Series A Bonds together with accrued interest is immediately payable today, then the Company is not in a position to repay the sum immediately. However, if the principal amount of Series A Bonds together with accrued interest is payable after the completion of PRG’s subscription, then the Company will be able to repay the amount using part of the proceeds generated from PRG’s subscription together with the cash generated from the Group’s operations or funds from other financing options. In the announcement of 23 Nov 2018, the Company had planned to repay the Series A Bonds using part of the proceeds generated from PRG’s subscription together with the cash generated from the Group’s operations or funds from other financing options.

- (b) If the Company is able to repay such amount due, how does the Company intend to fulfil such repayment of debt?

Company’s response to Query 1(b):

The Company intends to fulfil such repayment of debt using part of the proceeds generated from PRG’s subscription together with the cash generated from the Group’s operations or funds from other financing options.

- (c) Please clarify, in the event that the Chargors oblige with providing the additional Shares to be charged in favor of Dato Chong, given the clarifications in section 2 of the Previous Announcement, which of the operation contracts, joint venture agreements with the land owners/APSB, loan agreements will the Company be in breach of? Are there any other cross-defaults/implications arising from such provision of additional Shares charged to Dato Chong?

Company's response to Query 1(c):

In the event that the Chargors oblige with providing the additional Shares to be charged in favor of Dato Chong, there will be no breach of any operation contracts or the joint venture agreements except for having to obtain consent from APSP as these additional Shares are under moratorium with APSP. The Company believes that there is no other cross-defaults/implication arising from such provisions of additional Shares Charge to Dato Chong.

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.

Query 2:

In the Company's FY2018 Annual Report, as at 30 Jun 2018, the Auditors expressed concerns over material uncertainty relating to going concern of the Company, given that the Group's current liabilities exceed current assets by RM68m, and the Group's 1Q19 results also reported a net current liability position of RM49m. Arising from the latest developments, does the Company has going concerns issue?

Company's response to Query 2:

The net current liability position is mainly due to deferred revenue which is a non-cash liability item on the balance sheet. Deferred revenue relates to the progress billing of the project and will be recognised as revenue in the future periods based on the percentage of completion method.

As disclosed in Group's 1Q2019 results under Section 8, a review of the performance of the Group, the net current liability of RM49.3 million as at 30 September 2018 was mainly due to deferred revenue of RM57.7 million.

The Company has no going concerns issue on the assumption that the bonds are not required to be paid immediately. The Company's operation will be funded on the proceeds from PRG's subscription, cash generated from the Group's operations or funds from other financing options.

By Order of the Board
CAPITAL WORLD LIMITED

Siow Chien Fu
Executive Director and Chief Executive Officer
8 February 2019

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.

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