

CIRCULAR DATED 15 MAY 2019

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings ascribed to them in the section entitled "Definitions" of this Circular.

If you have sold or transferred all your ordinary shares in the capital of Capital World Limited (the "**Company**") represented by physical share certificate(s), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

*This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

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

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and Email: sponsorship@ppcf.com.sg).



CAPITAL WORLD LIMITED

(Company Registration No.: CT-276295)
(Incorporated in the Cayman Islands on 15 March 2013)

CIRCULAR TO SHAREHOLDERS

in relation to:

THE PROPOSED VARIATION TO THE TERMS OF THE JOINT VENTURE AGREEMENT (AS AMENDED BY THE SUPPLEMENTAL AGREEMENTS) BETWEEN ACHWELL PROPERTY SDN BHD, A WHOLLY OWNED SUBSIDIARY OF GADANG HOLDINGS BHD, AND CAPITAL CITY PROPERTY SDN BHD (THE "PROPOSED VARIATION"), A WHOLLY OWNED SUBSIDIARY OF CAPITAL WORLD LIMITED (TOGETHER, THE "PARTIES")

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	29 May 2019 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	31 May 2019 at 10.00 a.m.
Place of Extraordinary General Meeting	:	390 Havelock Road, #04-06, King's Centre, Singapore 169662.

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DEFINITIONS

For the purposes of this Circular, the following definitions apply throughout unless the context requires otherwise:

“Agreements”	:	Collectively referring to the Settlement Agreement, the Call Option Agreement, and the Put Option Agreement
“APSB”	:	Achwell Property Sdn Bhd
“Board”	:	The board of Directors
“Call Option Agreement”	:	The Call Option Agreement entered into between CCPSB and APSB dated 29 March 2019, the details of which are set out in Section 2.7.3 of this Circular.
“Catalist”	:	The Catalist board of the SGX-ST, being the sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	The Listing Manual (Section B: Rules of Catalist) of the SGX-ST, as amended, modified or supplemented from time to time
“Cayman Companies Law”	:	All applicable laws and regulations relating to the governance of companies incorporated in the Cayman Islands
“CCPSB”	:	Capital City Property Sdn Bhd
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 15 May 2019
“Company” or “CWL”	:	Capital World Limited
“Conditional Period”	:	The period ending six months after the entry into the Settlement Agreement, or such other extended period as may be mutually agreed between APSB and CCPSB
“Conditions Precedent”	:	The Conditions Precedent set out in the Settlement Agreement
“Convertible Bond Subscription Agreement”	:	The Convertible Bond Subscription Agreement between the Company and Dato’ Chong Thim Peng.
“Depositor Proxy Form”	:	The proxy form attached to this Circular to be used by depositor(s) (being corporations) and/or depositor(s) (being individuals who are unable to attend the EGM personally) who wish to appoint person(s) to attend the EGM and vote on its/his/her behalf
“Directors”	:	The directors of the Company as at the date of this Circular and “Director” shall be construed accordingly
“Disposal”	:	The disposal of 408 Identified Retail Units (as defined at Section 2.3 below) by CCPSB to APSB as consideration for the Acquisition of the Said Land
“EGM”	:	The extraordinary general meeting of the Company to be held on 31 May 2019 at 10 a.m. at 390 Havelock Road, #04-06, King’s Centre, Singapore 169662
“EPS”	:	Earnings per share

DEFINITIONS

“FY”	:	The financial year ended or ending 30 June, as the case may be
“Gadang”	:	Gadang Holdings Bhd
“GDV”	:	Gross development value
“Group”	:	The Company and its subsidiaries
“Joint Venture Agreement”	:	The joint venture agreement dated 26 December 2013 between CCPSB and APSB in relation to the Project
“JVAs”	:	The Joint Venture Agreement as amended by the Supplemental Agreements
“Latest Practicable Date”	:	2 May 2019, being the latest practicable date prior to the printing of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Notice of EGM”	:	The notice of EGM in this Circular
“NTA”	:	Net tangible assets, being the total assets less total liabilities and intangible assets
“Option Period”	:	Calculable as at Section 2.7.3 below
“Ordinary Resolutions”	:	The ordinary resolutions set out in the Notice of EGM
“Previous Shareholders”	:	The previous shareholders of CCPSB, being Mr. Siow Chien Fu, Dato’ Tan June Teng Colin @ Chen Junting (“ Dato’ Colin Tan ”) and Dato’ Tan Ping Huang Edwin @ Chen Binghuang (“ Dato’ Edwin Tan ”)
“Proposed Transactions”	:	The proposed entry by the Company into the Settlement Agreement, the Put Option Agreement, and the Call Option Agreement
“Project”	:	The Capital City Project, an integrated property project comprising a retail mall, hotel and serviced suites and serviced apartments on the Said Land
“Put Option Agreement”	:	The Put Option Agreement entered into between CCPSB and APSB dated 29 March 2019, the details of which are set out in Section 2.7.3 of this Circular
“Register of Members”	:	Register of members of the Company
“Said Land”	:	The single title held under Geran 544822 lot 48975 Bandar Johor Bahru Daerah Johor Bahru Negeri Johor
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
“Securities and Futures Act”	:	Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time
“Settlement Agreement”	:	The Settlement Agreement entered into between CCPSB and APSB dated 29 March 2019, the details of which are summarised at Section 2.3 of this Circular

DEFINITIONS

- “**SGX-ST**” : The Singapore Exchange Securities Trading Limited
- “**Shareholders**” : Registered holders of Shares except that where the registered holder is CDP, the term “**Shareholders**” shall, in relation to such Shares and where the context admits, mean the Depositors whose direct Securities Accounts maintained with CDP are credited with Shares
- “**Share(s)**” : Ordinary share(s) in the capital of the Company
- “**Supplemental Agreements**” : Supplemental agreements entered into between CCPSB and APSB dated 13 March 2017, 31 October 2017, 7 February 2018 and 28 June 2018
- “**Substantial Shareholder**” : A person (including a corporation) who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share or those shares is not less than 5.0% of the total votes attached to all voting shares of the Company

Currencies and Units of Measurements

- “**S\$**” and “**cents**” : Singapore dollars, the lawful currency of the Republic of Singapore
- “**RM**” and “**RM cents**” : Malaysian Ringgit, the lawful currency of Malaysia
- “**%**” : Per centum or percentage

The terms “**Depositor**”, “**Depository Register**” and “**Depository Agent**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Cayman Companies Law, the Securities and Futures Act or the Catalist Rules or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning ascribed to it under the Cayman Companies Law, the Securities and Futures Act or the Catalist Rules or such modification thereof, as the case may be.

Any reference to a time of a day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the figures in this Circular between the figures listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Exchange Rates:

Unless otherwise stated, the exchange rate between RM and S\$ was RM3.0394: S\$1 as at the Latest Practicable Date. This exchange rate should not be construed as a representation that the RM amounts could have been, or could be, converted into Singapore dollars as the rate stated, or at all, and vice versa.

DEFINITIONS

Cautionary Note on Forward-Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the Catalist Rules and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

CAPITAL WORLD LIMITED

(Company Registration No.: CT-276295)
(Incorporated in the Cayman Islands on 15 March 2013)

Board of Directors

Mr. Tan Eng Kiat Dominic (*Independent Non-Executive Chairman*)
Mr. Siow Chien Fu (*Executive Director and CEO*)
Mr. Yong Dennis (*Executive Director*)
Mr. Aw Eng Hai (*Independent Director*)

Registered Office

The offices of Codan Trust
Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

15 MAY 2019

TO: THE SHAREHOLDERS OF CAPITAL WORLD LIMITED

DEAR SIR/MADAM

(1) THE PROPOSED VARIATION TO THE TERMS OF THE JVAS BETWEEN APSB, A WHOLLY OWNED SUBSIDIARY OF GADANG, AND CCPSB (THE “PROPOSED VARIATION”)

1. INTRODUCTION

1.1 The Proposed Variation of the terms of the JVAs

On 1 April 2019, the Board announced (the “**Variation Announcement**”) that CCPSB, a wholly-owned subsidiary of the Company, had on 29 March 2019 entered into the Settlement Agreement, the Call Option Agreement and the Put Option Agreement, pursuant to which CCPSB had agreed on the principal terms to, subject to the satisfaction or waiver of the Conditions Precedent, the proposed variation to the terms of the JVAs between CCPSB and APSB. A copy of the Variation Announcement is available on the website of SGX-ST at www.sgx.com.

It is a Condition Precedent of the Settlement Agreement that the approval of the Company’s shareholders be obtained (if necessary) to enter into the Proposed Variation. The Board believes, as a matter of prudence and for good corporate governance, the Company ought rightly to seek the approval of its Shareholders for the Proposed Variation. The Company has taken this step for the following reasons:

- (a) the aggregate value of the consideration given for the Said Land, calculated using RM312 million less RM149.79 million, being APSB’s Entitlement Paid Sum, is 91.94% of the Company’s market capitalization, based on the Company’s closing price of 29 March 2019, being the date of the Settlement Agreement. Under Rule 1014(2) read with 1006(c) of the Catalist Rules, the Company is required to obtain the approval of its Shareholders in general meeting, unless the acquisition of the Said Land is in the Group’s ordinary course of business; and
- (b) notwithstanding that the transactions contemplated by the Proposed Variation are in the Company’s ordinary course of business, the transfer of the Said Land by CCPSB will constitute a significant change in the Company’s and Group’s business model.

LETTER TO SHAREHOLDERS

The purpose of this Circular is to provide Shareholders with the relevant information pertaining to the Proposed Variation including, *amongst others*, the salient terms and conditions of the Settlement Agreement, the Put Option Agreement, and the Call Option Agreement; information on the Said Land; the rationale and the financial effects of the Proposed Transactions.

2. THE PROPOSED VARIATION

2.1 Background

As announced in the Variation Announcement, CCPSB and APSB entered into the Joint Venture Agreement on 26 December 2013 for the development of the Said Land for the Project.

The Project comprises, *inter alia*:

- (a) a retail podium of 13 levels of retail with car park and one (1) level of facilities measuring in aggregate approximately 283,261 square metres ("**Retail Podium**"). The Retail Podium commenced business on 17 October 2018;
- (b) three (3) tower blocks of office suites comprising 15 floors each, measuring in aggregate approximately 18,140 square metres per block ("**Office Suites Tower Blocks**"); and
- (c) two (2) tower blocks of hotel suites comprising 15 floors each, measuring in aggregate approximately 23,548 square metres and 33,817 square metres respectively ("**Hotel Suites Tower Blocks**")

Under the Joint Venture Agreement, CCPSB, being the developer of the Project, had agreed to pay APSB a total value equivalent to 16.7% of the final gross development value ("**GDV**") of the Project and up to a maximum of RM323,999,999 as APSB's entitlement sum from the Project (the "**APSB Entitlement Sum**"). The APSB Entitlement Sum was to be paid within 66 months from 26 August 2014. CCPSB was also required to complete the construction of the project not later than 66 months from 26 August 2014 (the "**Commencement Date**"), i.e. 25 February 2020 (the "**Project Completion Date**"). The material terms of the Joint Venture Agreement have been disclosed to the Shareholders at, *inter alia*, Appendix G of the Company's RTO Circular dated 29 March 2017.

Further to the Joint Venture Agreement, the Parties have entered into supplemental agreements dated 13 March 2017, 31 October 2017, 7 February 2018 and 28 June 2018 (the "**Supplemental Agreements**") setting out further terms governing the Project and the Parties' rights, interests, duties and obligations under the Joint Venture Agreement. These included variation to various components of the Project (including the Hotel Suites Tower Blocks, and the construction of new tower blocks for serviced suites and serviced apartments), as detailed below:

- (a) a 16-storey hotel suites tower comprising 315 units of hotel suites ("**Revised Hotel Suites Tower Block**");
- (b) a 18-storey serviced suites tower comprising 630 units of serviced suites ("**Serviced Suites Tower Block**"); and
- (c) three (3) tower blocks of serviced apartments comprising 15 floors each with 690 units of serviced apartments in aggregate ("**Serviced Apartments Tower Blocks**"),

(together with the Retail Podium, collectively referred to as the "**Revised Project**").

As at the date of this Circular, CCPSB has commenced construction works for the Revised Hotel Suites Tower Block and the Serviced Suites Tower Block but not the Serviced Apartments Tower Blocks. However, due to the soft property market conditions in Johor Bahru, the completion of the construction works for the Revised Hotel Suites Tower Block, Serviced Suites Tower Block and Serviced Apartments Tower Blocks is expected to be delayed and completed beyond the Project Completion Date.

LETTER TO SHAREHOLDERS

2.2 Information on the Said Land

The Said Land comprises eighty four (84) parcels of land located along Jalan Tampoi (adjacent to Damansara Aliff), Tampoi, Johor Bahru, Johor Darul Takzim. The said parcels of land have since been amalgamated into a single title held under Geran 544822, Lot 48975, Bandar Johor Bahru, Daerah Johor Bahru, Johor Darul Takzim on 22 November 2016.

Further details on the Said Land are set out in the table below.

Particulars	Description
Property type, address and location	The Said Land was previously an en-bloc development land consisting of 84 parcels of land located along Jalan Tampoi (adjacent to Damansara Aliff), Tampoi, Johor Bahru, Johor Darul Takzim. Geographically, the Said Land is situated approximately 8.5 kilometres north-west of Johor Bahru City Centre.
Title particulars	<p>Subsequently, the Said Land was amalgamated and registered under a single title on 22 November 2016.</p> <p>The Said Land was previously held under 84 titles, namely Lot no. 24850, 24852, 24853, PTB 20603, Lot no. 24855 to 24916 (inclusive) and Lot no. 24919 to 24936 (inclusive), Title no. Geran 442911, Geran 449212, Geran 449213, HS(D) 401366, Geran 449215 to Geran 449248 (inclusive), Geran 340210, Geran 340209, Geran 340211 to Geran 340214 (inclusive), Geran 340217 to Geran 340221 (inclusive), Geran 340223 to Geran 340225 (inclusive), Geran 340227, Geran 340230, Geran 340231, Geran 340233 to Geran 340240 (inclusive), Geran 340242, Geran 340244, Geran 340247, Geran 340215, Geran 340216, Geran 340222, Geran 340243, Geran 340248 to Geran 340250 (inclusive), Geran 340252 to Geran 340257 (inclusive) and Geran 340259 to Geran 340263 (inclusive) respectively, all in the township and district of Johor Bahru, Johor Darul Takzim.</p> <p>The Said Land has been amalgamated and registered under a single title held under Geran 544822, Lot 48975, Bandar Johor Bahru, District of Johor Bahru, Johor Darul Takzim on 22 November 2016.</p>
Tenure	Freehold
Registered owner	APSB
Land area	Approximately 12.0 acres (equivalent to approximately 522,720 square feet)
Category of land use	“Bangunan”, which means “Building” in English
Encumbrances	Caveat lodged by the Registrar vide presentation no. 41199/2014 on 8 December 2014
Existing/Proposed use	<p>The Said Land has been approved for commercial development comprising a Retail Podium, a Revised Hotel Suites Tower Block, a Serviced Suites Tower Block and three (3) Serviced Apartments Tower Blocks.</p> <p>CCPSB had completed the construction of the Retail Podium following the issuance of the certificate of completion and compliance for the same on 26 April 2018. CCPSB has commenced construction works for the Revised Hotel Suites Tower Block and the Serviced Suites Tower Block but not the Serviced Apartments Tower Blocks.</p>

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Particulars	Description
Market value	<p>RM70.60 million as at 12 December 2013.</p> <p>The valuation of the Said Land was performed on 12 December 2013 by Asettz Sdn Bhd (“Valuer”), an independent valuer registered with the Board of Valuers, Appraisers and Estate Agents Malaysia.</p> <p>The basis of the valuation was the market value. Market value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.</p> <p>The comparison method was used where the value of the Said Land was derived from comparing the values of other similar properties that were sold recently and those that were currently offered for sale in vicinity.</p>
Restriction in interest	<p>(i) The owner of the Said Land is not permitted to offer or sell the parcels of the building which will be built on the Said Land unless the building is built in accordance with the building plan approved by the relevant local authority.</p> <p>(ii) Immediately upon the transfer of parcels of the building on the Said Land to a Bumiputera individual or company, such parcels shall not be sold, charged or transferred to a non-Bumiputera individual or company without the prior approval of the state authority.</p> <p>(iii) The eighty-four parcels of land comprising the Said Land cannot be sold or transferred to non-citizens or foreign companies without the prior approval of the state authority.</p>

2.3 Framework of the Proposed Variation

As at 29 March 2019, being the date of the Settlement Agreement, CCPSB has paid a sum of approximately RM149.79 million to APSB towards the settlement of the APSB Entitlement Sum.

CCPSB intends to raise additional financing to complete the construction of the remaining components of the Revised Project and to fund the operations of the Retail Podium, such that it can fulfil its obligations to APSB under the JVAs including the payment of the APSB Entitlement Sum. In this regard, CCPSB has requested APSB to consider the transfer of the Said Land to CCPSB to enable it to raise financing for the Revised Project and the operations of the Retail Podium through a charge on the Said Land to a reputable financial institution (“**Financier**”). The transfer of the Said Land to CCPSB would be effected by, *inter alia*, the full and final settlement of the APSB Entitlement Sum by the *contra* of 408 identified units in the Retail Podium (the “**Identified Retail Units**”). The Identified Retail Units was chosen by APSB from the unsold units of Retail Podium.

CCPSB and APSB would further enter into the Put Option and Call Option Agreements. APSB has been granted a conditional put option to sell and require CCPSB to purchase from APSB the Identified Retail Units which remain unsold by APSB prior to the exercise of the said option (“**Remaining Units**”), during the Option Period (“**Put Option**”) (“**Put Option Agreement**”). Similarly, CCPSB has been granted a call option to buy and require APSB to sell to CCPSB the Remaining Units during the Option Period (“**Call Option**”) (“**Call Option Agreement**”).

LETTER TO SHAREHOLDERS

To that end, CCPSB and APSB have on 29 March 2019 agreed to enter into the following agreements to effect the Proposed Variation:

- (a) a conditional settlement agreement to vary the terms of the Joint Venture Agreement and the Supplemental Agreements ("**Settlement Agreement**");
- (b) the Put Option Agreement; and
- (c) the Call Option Agreement.

2.4 Rationale for the Proposed Variation

CCPSB and APSB had originally entered into the JVAs to, among other things, unlock the value of the Said Land through the integrated development of the Project with an estimated GDV of RM1.80 billion in 2014 ("**Original Estimated GDV**"). Pursuant to the JVAs, CCPSB is responsible for the overall development, construction, funding and completion of the Project including the securing of financing for the Project.

However, the property market in Malaysia has experienced a slowdown in the last few years and this may continue for the next couple of years. The slowdown, especially in Johor has affected the progress of the Project, with only the Retail Podium being completed as at the date of this Announcement. In view of the weak demand and oversupply of offices within the vicinity of the Said Land as well as the higher demand for serviced apartments as these are governed under the Housing Development (Control and Licensing) Act 1966 as opposed to office suites which are not deemed as residential units. CCPSB had on 28 June 2018, approached APSB and APSB had agreed to the variation to the remaining milestones (i.e. the Revised Project).

Under the JVAs, CCPSB is required to complete the construction of the Revised Project by the Project Completion Date, and CCPSB is required to pay APSB the full APSB Entitlement Sum within the same period. However, as at the date of this announcement, CCPSB has only completed the construction of the Retail Podium while the completion of the construction works for the Revised Hotel Suites Tower Block, Serviced Suites Tower Block and Serviced Apartments Tower Blocks are expected to be delayed and completed beyond the Project Completion Date.

The Board has been exploring various ways to obtain financing for the Project, including for the completion of the construction of the other components of the Project and to fulfil CCPSB's obligations under the JVAs. The Proposed Variation is therefore carried out to facilitate the request of CCPSB to transfer the Said Land to CCPSB in order for it to raise financing to achieve the said objectives.

In consideration of APSB's agreement to transfer the Said Land to CCPSB to be used as security for the credit facilities, the Parties agreed, *inter alia*, to revise APSB's Entitlement Sum to RM250 million (the "**Revised Entitlement Sum**"). As CCPSB has, to date, paid APSB approximately RM149.79 million ("**APSB's Entitlement Paid Sum**"), the amount remaining due and owing from CCPSB to APSB under the JVAs is approximately RM100.21 million (the "**Outstanding Entitlement Sum**"). The Parties have agreed to settle the Outstanding Entitlement Sum in kind through the *contra* of the Identified Retail Units. The Identified Retail Units shall not include any units on the ground floor of the Retail podium (the "**Ground Floor Retained Units**").

The Proposed Variation, and the entry into the Settlement Agreement and the Put Option Agreement and Call Option Agreement will allow CCPSB to achieve the foregoing objectives. Notably, the transfer of the Said Land to CCPSB will allow CCPSB to charge the Said Land as security for credit facilities to be obtained. Moreover, the payment of the Outstanding Entitlement Sum (as described below) to APSB will alleviate CCPSB's and the Group's existing outstanding liabilities.

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Further, the settlement of the Outstanding Entitlement Sum *via* the *contra* of the Identified Retail Units will lift the moratorium imposed on the shares held by the shareholders of the Company (as described at Section 2.7.6 below). This will further aid and facilitate CCPSB and the Group in raising additional funding both for the Project and for other purposes, should any end-financiers require the pledge of such shares for additional funding.

Accordingly, the Directors believe that the Proposed Variation provides an opportunity for the Group to acquire the Said Land and to secure financing for the Revised Project.

2.5 Revised Entitlement Sum

The Revised Entitlement Sum of RM250,000,000 was arrived at after taking into consideration of the revised estimated gross development value ("**Revised Estimated GDV**") of the Revised Project of approximately RM1.47 billion as opposed to the estimated GDV of the Project of RM1.80 billion in 2014. Under the Original Estimated GDV of RM1.80 billion in 2014, Retail Podium accounts for 73.89% amounting to RM1.33 billion, whereas under the Revised Estimated GDV of RM1.47 billion, Retail Podium accounts for 68.03% amounting to RM1.00 billion. The lower estimated GDV of the Revised Project is mainly due to decrease in average net selling prices of 24.81% of the units within the Retail Podium given or to be given to existing or potential purchasers to boost demand for the units in view of the soft property market in Johor. The Revised Hotel Suites Tower Block, the Serviced Suites Tower Block and the Services Apartments Tower Blocks have an estimated aggregate GDV of RM0.47 billion. The reduction in GDV has the effect of reducing the APSB Entitlement Sum (which is calculated at the rate of 16.7% multiplied by the GDV) from RM300.60 million to approximately RM245.54 million. As a result, the Parties have mutually agreed to the Revised Entitlement Sum of RM250,000,000.

The Directors are of the view that an updated valuation of the Said Land is not required due to the following reasons:

- a. The value of the Said Land is not used to compute APSB's Entitlement Sum in the JVAs. APSB's Entitlement Sum (and accordingly the cost for transferring the Said Land to the Group) is computed based on 16.7% of GDV of the Project; and
- b. APSB's Revised Entitlement Sum is computed to be RM250 million based on the Revised Estimated GDV.

2.6 Risk Factors

Risks arising from the volatility of Johor Bahru property market

Malaysia's property development industry, in particular, Johor Bahru, is rapidly evolving. Competition among such players may result in, inter alia, oversupply of properties in Johor Bahru, a decrease in property prices, a slowdown in the rate at which new property developments in Johor Bahru will be approved and/or reviewed by the relevant government authorities, an increase in construction costs and difficulties in securing the services of high quality consultants, contractors and other professionals and qualified employees.

While the Group seeks to remain competitive in enhancing the value of properties and having an established network of business relationships with third party contractors, consultants and other professionals, there is no assurance that such measures can be effective in mitigating the potential adverse effects of competition on its business operations, strategies, financial performance and market position. If the Group is unable to compete effectively, its business operations, strategies and financial position may be adversely affected.

LETTER TO SHAREHOLDERS

Settlement risks

The Proposed Variations will enable the Group to possess the legal title of the Said Land at an earlier date. There is no significant risk associated with the Proposed Variation and the Proposed Transactions, other than that there being an increase in the gearing ratio of the Group if and when the Group takes on financing (with the Said Land as collateral).

Risks resulting from the material variation of the Group's business

The JVAs have given the Group an advantage of minimizing the initial capital outlay at the start of the Project as the land cost payment has been on progressive basis. As the Project and business condition have evolved over time, the entry into the Proposed Variation is necessary. There is no significant change to the Group's operations other than the contra of Identified Retail Units which may impact the Group's cash flow as all the proceeds from sales of these Identified Retail Units will be received by APSB, instead of 30% of the sale proceeds as stipulated in the JVAs.

2.7 Terms of the Proposed Variation

A comparison of the key revised terms constituting the Proposed Variation, as compared to CCPSB's existing obligations, are summarized below.

No.	Key terms	As set out in the JVAs	As amended through the Agreements
1.	APSB Entitlement Sum	<p>CCPSB shall pay to APSB a total value equivalent to 16.7% of the final GDV of the Project and up to a maximum sum of RM323,999,999 only which includes the market value of the Said Land⁽¹⁾ as APSB's entitlement from the Project.</p> <p><i>For information purposes, based on the estimated GDV of the Project of RM1.80 billion (as mentioned in the Circular), the estimated APSB Entitlement Sum would be RM300.60 million. As such, the maximum sum of RM323,999,999 represents a premium of 7.8% over the aforesaid estimated APSB Entitlement Sum.</i></p>	<p>The APSB Entitlement Sum will be adjusted from a maximum of RM323,999,999 to RM250,000,000 only. However, the Call Option Agreement and Put Option Agreement (as defined below) will enable APSB to realise a total of RM312,000,000 in cash at the end of the Option Period.</p>

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No.	Key terms	As set out in the JVAs	As amended through the Agreements
2.	Mode of payment	<p>The APSB Entitlement Sum shall be paid in the following manner:</p> <p>(i) RM2.00 million upon execution of the Joint Venture Agreement; and</p> <p>(ii) the balance consideration (“Balance Consideration”) shall be paid in either of the manner below:</p> <p>(a) APSB shall have the option to elect up to 20% of the Balance Consideration in kind via contra of units within the Project (“APSB Entitlement Units”) and the balance thereof to be paid by CCPSB in cash; or</p> <p>(b) APSB shall be paid in cash for the full Balance Consideration.</p> <p>If APSB shall elect to receive the Balance Consideration in the manner as set out in paragraph (ii)(a) above, APSB shall have the right to preselect the APSB Entitlement Units before CCPSB launches the sales of any of the units of the Project. The number of APSB Entitlement Units to be delivered by CCPSB to APSB towards settlement of up to 20% of the Balance Consideration shall be determined based on the net selling price of the units listed in the master price list of CCPSB subject a further discount of 5%.</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 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 (as defined in Section 2.7.1 of this Circular) to be released and returned to CCPSB.</p> <p>Pursuant to the 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. However, APSB is allowed to substitute any of the Identified Retail Units in the manner as set out in Section 2.7.2 below. 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>

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No.	Key terms	As set out in the JVAs	As amended through the Agreements
		<p>In terms of the timing of payment towards the Balance Consideration or net Balance Consideration (i.e. Balance Consideration less the APSB Entitlement Units, to be paid by CCPSB to APSB in cash) (as the case may be), immediately after the first 10% of the progressive claims of the selling price of each unit as reflected in the sale and purchase agreement (“SPA”) to be entered into with the end purchaser for the purchase of unit(s) within the Project, CCPSB shall pay APSB 30% of every subsequent progressive amount claimed on work done pursuant to the schedule of payments referred to in the said SPA and in the manner as set out in the Joint Venture Agreement (“Mode of Payment”).</p>	<p>It is also agreed that prior to the settlement of the Outstanding Entitlement Sum via the execution of the sale and purchase agreements 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 the Requisite Events (as defined at Section 2.7.2 below)</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 the Balance 1/3 Sum will eventually be deducted from the purchase price under the Call Option Agreement and/or the Put Option Agreement.</p>
3.	Encumbrance/ transfer of the Said Land	No Party shall create any charge or encumbrances over the Said Land.	APSB agrees to transfer the legal and beneficial ownership of the Said Land to CCPSB in exchange for the settlement of the Outstanding Entitlement Sum in the manner as set out in the Settlement Agreement.
4.	Moratorium shares	<p>All the ordinary shares held by the previous shareholders of CCPSB, namely Siow Chien Fu, Tan June Teng Colin @ Che JunTing and Tan Ping Huang Edwin @ Chen BingHuang in the Company are subject to moratorium. The foregoing shareholders are not allowed to sell, transfer or assign or create any encumbrances over any of their shares held in the Company from the completion date of the Acquisition of CCPSB by CWL (as defined in note (2) below) (“Completion Date”) until the full settlement of the APSB Entitlement Sum or until the expiry of a period of three (3) years commencing from the Completion Date, whichever is earlier (“Moratorium”).</p>	APSB agrees to uplift the Moratorium and CCPSB shall be responsible to effect the said upliftment at its own cost and expense, subject to the terms and conditions of the Settlement Agreement.

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No.	Key terms	As set out in the JVAs	As amended through the Agreements
5.	Other major terms and conditions	<p>(i) A management committee shall be established by CCPSB and APSB for the purposes of coordinating and monitoring the development of the Project.</p> <p>(ii) Involvement of an independent quantity surveyor arranged by APSB.</p>	<p>(i) This shall cease upon the occurrence of the Requisite Events (as defined in at Section 2.7.2 below) of this Announcement).</p> <p>(ii) This shall cease upon the following conditions being fulfilled:</p> <p style="padding-left: 20px;">(a) the receipt by APSB of a letter of undertaking from CCPSB that the final contract sum for the construction of the Revised Hotel Suites Tower Block and Serviced Suites Tower Block shall not exceed RM209,918,368.33; and</p> <p style="padding-left: 20px;">(b) CCPSB shall notify APSB within seven (7) days of any contract(s) awarded to any sub-contractor(s) and/or nominated sub-contractor(s) for the construction of the Revised Hotel Suites Tower Block and Serviced Suites Tower Block.</p>

Notes:

- (1) For information purposes, the market value of the Said Land as set out in the Joint Venture Agreement was RM57.50 million. The valuation of the Said Land was performed on 12 December 2013 by Asetz Sdn Bhd (“**Valuer**”), an independent valuer registered with the Board of Valuers, Appraisers and Estate Agents Malaysia, using the comparison method. The valuation was based on the existing state of the Said Land then as a vacant commercial land without the recognition of the potential for higher density development. The Valuer had subsequently revised the market value of the Said Land as at 12 December 2013 to RM70.60 million after taking into consideration the potential for higher density development based on the conditional planning permission issued by Majlis Bandaraya Johor Bahru vide both its letters dated 19 November 2013 with Reference No. MJB/J/2013/63/KBM/PS/108 () ID PERMOHONAN: 100964-1 and Reference No. MJB/J/2013/63/KBM/PS/109 () ID PERMOHONAN: 100965-1 for the purpose of the development of the Project. The revision of the market value of the Said Land did not change the value of the APSB Entitlement Sum.
- (2) In 2017, the previous shareholders of CCPSB (the “**Previous Shareholders**”) had disposed CCPSB to the Company (formerly known as Terratech Group Limited) in exchange for new shares in the Company (“**CWL Shares**”) (“**Acquisition of CCPSB by CWL**”). As a result of the Acquisition of CCPSB by CWL, CCPSB and APSB had on 13 March 2017, entered into a supplemental agreement to, among others, subject the CWL Shares held by the Previous Shareholders of CCPSB to the Moratorium.

On 31 October 2017 and 7 February 2018, the Parties entered into supplemental agreements to allow the Previous Shareholders to conditionally uplift part of the CWL Shares held by them from the Moratorium, such that CCPSB/ CWL can pledge the same for the purposes of raising financing for the CWL group of companies (including CCPSB).

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2.7.1 Conditions Precedent

The Settlement Agreement is conditional upon the following conditions being fulfilled within six (6) months from the date of the Settlement Agreement or such other date as shall be mutually agreed upon:-

- (a) CCPSB obtaining 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:-
 - (i) For a Loan amount equal to or less than RM100 million, the Covenanted Sum shall be RM20 million;
 - (ii) 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
 - (iii) For a Loan amount of more than RM150 million, the Covenanted Sum shall be RM35 million;
- (b) the approval of the shareholders of the Company to enter into the Proposed Variation; and
- (c) APSB obtaining the approval of the shareholders of its holding company, Gadang Holdings Berhad, a company listed on the main market of Bursa Malaysia Securities Berhad to enter into the Settlement Agreement.

If any of the Conditions Precedent is not fulfilled within the Conditional Period (i.e. six months after the Settlement Agreement, or such other extended period as may be mutually agreed between CCPSB and APSB) the Settlement Agreement shall automatically lapse and be null and void.

2.7.2 Payment of the Outstanding Entitlement Sum via Contra of Identified Retail Units

APSB has agreed to receive from CCPSB the Outstanding Entitlement Sum in kind via the contra of 408 completed retail units in the Retail Podium not already sold to individual purchasers (the “**Identified Retail Units**”). The total built-up area of the Identified Retail Units is 196,166 square feet.

CCPSB has agreed to transfer to APSB, free from any encumbrances and with vacant possession, the beneficial ownership of such Identified Retail Units. Identified Retail Units proportional to the value of the Covenanted Sum shall be returned to CCPSB on the cash payment of the Covenanted Sum by CCPSB to APSB.

The purchase price stated in each of the sale and purchase agreements for the Identified Retail Units to be entered between APSB (or its nominee) and CCPSB shall be deemed settled and paid upon execution of the said sale and purchase agreements, and the beneficial ownership of the Identified Retail Units shall be transferred thereafter to APSB. CCPSB shall also obtain the relevant letters of disclaimer from the Financier disclaiming the interest of APSB (or its nominee) in the Identified Retail Units in the event the Said Land has been charged to the Financier.

APSB shall, at any time before the transfer of the Said Land from APSB to CCPSB, be at liberty to choose, in substitution thereof, any other unit(s) (excluding the Ground Floor Retained Units) that shall become 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. In addition, at any time when CCPSB offers to sell or shall sell any of the Ground Floor Retained Units to any party, APSB shall be at liberty to choose, in substitution thereof, any of such units with any of the Identified Retail Units held.

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APSB shall be entitled to sell, transfer, lease, rent or in any way deal with the Identified Retail Units in any manner as it shall determine as absolute beneficial owner. Nevertheless, CCPSB shall be granted a right of first refusal on the sale of any Identified Retail Units by APSB to any third-party purchaser.

The value of the Identified Retail Units of RM100.21 million was arrived based on a willing-buyer-willing-seller basis after taking into consideration of the following:

- (a) Current transacted price of the units within the Retail Podium (which has taken into consideration the size, location and frontage of the respective units); and
- (b) Additional discounts and rebates of approximately 40% of the value of the Identified Retail Units given to APSB to compensate APSB for the following:
 - (i) Holding cost and opportunity cost as it will take time for APSB to realise the value of the Identified Retail Units. This is because (i) the Identified Retail Units are unsold units with large floor area and are located at less strategic locations within the Retail Podium; and (ii) approximately 76.23% of the Identified Retail Units are Bumiputera units and hence, any disposal to third-party non-Bumiputera purchasers will require the consent from the state government for the release of such units to the said purchasers. Such approvals will necessarily take time.
 - (ii) CCPSB has elected to pay the Outstanding Sum by set-off against the value of the Identified Retail Units, instead of in cash. This deprives APSB of the immediate benefits of interest savings it would otherwise be entitled to should it have used such cash to repay the bank borrowings of its group of companies. This has the added advantage of clearing the CCPSB's outstanding liabilities to APSB.
 - (iii) CCPSB continues to benefit from the rent collected from tenants and lessees of the Identified Retail Units during the period up to the expiration of the CCPSB's and APSB's respective Options under the respective Put Option Agreement and Call Option Agreement (the "**Holding Period**").
 - (iv) In addition to the foregoing, CCPSB and APSB have further agreed to enter into the Call Option Agreement and the Put Option Agreement, the details of which are set out below.

In addition, APSB agrees to pay two-third (2/3) of the Progressive Payments to CCPSB until the Settlement of the Revised Entitlement Sum, subject to all the following having occurred:

- (a) execution of the Agreements;
- (b) execution of all the SPAs of the Identified Retail Units;
- (c) APSB receiving a duly executed letter of guarantee by CWL, to guarantee the repayment of the Option Purchase Price in the event the exercise of the Put Option or Call Option is exercised ("**Letter of Guarantee**"); and

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- (d) APSB receiving a duly executed letter of undertaking from the Previous Shareholders that prior to the release of 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 and the creation of a charge in favour of the Financier of the Said Land (“**Release of the Land Title**”):
- (i) they will promptly notify APSB in writing should there be any change in their shareholdings in CWL or should they intend to further encumber their shares in CWL collectively by not more than 30%; or
 - (ii) they will not vary their collective shareholdings in CWL or to further encumber their shares in CWL collectively by more than 30% unless with the written approval of APSB,

(collectively referred to as the “**Requisite Events**”).

APSB will continue to collect the Balance 1/3 Sum from CCPSB until the settlement of the Revised Entitlement Sum. However, such sum will eventually be deducted from the Option Purchase Price.

2.7.3 Call Option and Put Option

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 (as the case may be).

The salient terms of the Put Option Agreement and Call Option Agreement are as follows:

Option Period

The Option Period is the earliest of:

- (a) The period commencing from the expiry of 36 months from the date of the Call Option Agreement and/or Put Option Agreement respectively, and ending on the expiry of 39 months from this same date; or
- (b) The date that CCPSB achieves the following:
 - (i) sale of the Ground Floor Retained Units which amounts to more than RM150.00 million (in aggregate) to any party/(ies); or
 - (ii) sale of the Ground Floor Retained Units and/or the units of the Revised Hotel Suites Tower Block and/or the Serviced Apartments Tower Blocks which amounts to more than RM200.00 million (in aggregate) to any party/(ies);

and expiring 3 months thereafter; or

- (c) The period commencing immediately upon APSB receiving notice that (i) the Previous Shareholders collectively hold less than 33.33% of the shares in the Company; or (ii) the Company holds less than 50% of the shares of CCPSB, and expiring 3 months thereafter.

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Terms

During the Option Period:

Call Option

- (a) CCPSB shall have the right to exercise a call option (the “**Call Option**”) to require AP SB to sell to CCPSB the remaining Identified Retail Units at the purchase price (the “**Option Purchase Price**”) calculated as follows:

$$RM312 \text{ million} - (A + B + C + D)$$

A is the AP SB’s Entitlement Paid Sum.

B is the Covenanted Sum.

C is the proceeds from the sale of the Identified Retail Units.

D is the Balance 1/3 Sum.

- (b) Provided that CCPSB does not breach any of the provisions under the Settlement Agreement, CCPSB shall be entitled to exercise the Call Option at any time and from time to time by serving a written notice on AP SB within the Option Period. The Parties agree that upon any breach by CCPSB of any of the provisions of the Settlement Agreement, the Call Option shall immediately be rescinded and deemed null and void.
- (c) Upon the exercise of the Call Option by CCPSB, the Parties shall complete the sale and purchase of the Remaining Units within 90 days after the date of exercise of the Call Option (the “**Call Option Completion Period**”).

Put Option

- (a) AP SB shall have the right to exercise a put option (the “**Put Option**”) to require CCPSB to purchase from AP SB the remaining Identified Retail Units at the Option Purchase Price. Provided that AP SB does not breach any of the provisions under the Settlement Agreement, AP SB shall be entitled to exercise the Put Option at any time and from time to time by serving a written notice on CCPSB within the Option Period. The Parties agree that upon any breach by AP SB of any of the provisions of the Settlement Agreement, the Put Option shall immediately be rescinded and deemed null and void.
- (b) Upon the exercise of the Put Option by AP SB, the Parties shall complete the sale and purchase of the Remaining Units within 90 days after the date of exercise of the Put Option (“**Put Option Completion Period**”).

The performance and payment of the purchase price by CCPSB in the event of the exercise of the Call Option or the Put Option shall be guaranteed by the Company.

Completion of the sale and purchase of the Remaining Units

Completion of the sale and purchase of the Remaining Units shall take place on or before the last day of the Put Option Completion Period or the Call Option Completion Period, as the case may be, in the following manner:

- (a) CCPSB shall pay to AP SB’s solicitors as stakeholders the Option Purchase Price for the Remaining Units;

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- (b) APSB's solicitors shall use the Option Purchase Price or any part thereof to redeem any or all the Remaining Units that may be encumbered and/or assigned to any financial institution or any third party as security for credit facilities granted to APSB;
- (c) simultaneously upon payment of the Option Purchase Price by CCPSB, APSB shall deliver to APSB's solicitors such relevant documents and forms to transfer the beneficial ownership of the Remaining Units to CCPSB at CCPSB's sole cost and expense. If CCPSB elects to have the individual SPAs revoked instead of effecting the transfer of the beneficial ownership for the Remaining Units, APSB shall execute the relevant deeds of revocation for the same; and
- (d) upon the execution by APSB of the documents and forms in accordance with paragraph (c) above and where all or any of the Remaining Units are encumbered and/or assigned to any financial institution or third parties, upon the completion of the redemption of the said Remaining Units from the same and the delivery of all requisite documents incumbent on APSB to CCPSB to effect the change in ownership to CCPSB, APSB's solicitors shall be authorised to release the Option Purchase Price (less any sum paid towards redemption of any or all of the Remaining Units) to APSB.

2.7.4 Shareholders' Undertakings

In consideration of APSB entering into the Settlement Agreement, the current major shareholders of the Company, who are also the Previous Shareholders, have covenanted, for the period up to the release by APSB of the original issue document of title of the Said Land (in accordance with the terms set out at Section 2.7.5 below) *inter alia* to:-

- (a) save for the proposed issue and allotment of up to 94 million new shares in the Company relating to the investment by PRG Holdings Bhd ("**PRG**") comprising of i) 44 million option shares to PRG and ii) 50 million option shares to One World Corporation Limited and the proposed issue and allotment of 39,024,390 new shares to the arranger pursuant to the settlement of the Convertible Bonds Subscription Agreement entered between the Company and Dato Chong Thim Peng to notify APSB promptly in writing of any further change in their shareholding in the Company, the aggregate being less than 30% of the shares in the Company ("**Shares**") held by the Previous Shareholders collectively, or any further encumbrance of the Shares held by the Previous Shareholders, the aggregate being less than 30% of the Shares held by the Previous Shareholders collectively; and
- (b) seek the prior written approval of APSB in the event of a desire to vary the number of Shares held by the Previous Shareholders collectively beyond 30%, or to further encumber more than 30% of the Shares held by the Previous Shareholders collectively, which approval shall not be unreasonably withheld.

2.7.5 Surrender of the Said Land

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:

- (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;

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- (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 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;
- (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;
- (g) execution of the Agreements together with all other related documents pursuant thereto, making of filings, announcements and notices and obtaining all approvals from all relevant parties;
- (h) APSB receiving the Letter of Guarantee; and
- (i) no event of default by CCPSB should have occurred.

2.7.6 Consequential Provisions

Following the execution of (i) the Settlement Agreement, (ii) the Call Option and Put Option Agreements, (iii) the sale and purchase agreements for the Identified Retail Units, (iv) the respective guarantees by the Company, and (v) the provision by the Previous Shareholders of the necessary undertakings as described above:

- (a) APSB agrees to release the Previous Shareholders from the Moratorium;
- (b) APSB and CCPSB agree to the cessation of the Management Committee, as originally required to be constituted under the JVAs;
- (c) the conditional cessation of the involvement of quantity surveyors arranged by APSB;
- (d) APSB agrees to pay CCPSB two-thirds of the Progress Payments, with the Balance 1/3 Sum to be retained by APSB. Such balance sum shall be aggregated and shall be relevant in the calculation of the purchase price stated to be payable under the Put Option and Call Option agreements.

2.7.7 Other covenants, terms, undertakings and provisions

CCPSB also agrees, covenants and undertakes the following:

- (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;

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- (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 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
- (c) prior to the Release of the Land Title, to:
 - (i) promptly notify APSB in writing should 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
 - (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%.

2.7.8 Tenancy/Lease of the Identified Retail Units

In the event any of the Identified Retail Units have been tenanted and/or leased to third parties, the Parties agree that:

- (a) if such Identified Retail Unit remains unsold during the Holding Period, such rent collected from the tenant or lessee during this period shall be for the benefit of CCPSB; and
- (b) if such Identified Retail Unit is sold to third party purchaser within the Holding Period, the rent payable by the tenant or lessee shall be assigned and be for the benefit of the purchaser of such unit upon completion of the respective SPA.

For information purposes, in view of the large number of Identified Retail Units used as settlement of the Final Outstanding Sum that APSB has required CCPSB to maintain and the Maintenance Payments to be borne by CCPSB, APSB agrees that the rent collected from the tenant or lessee for the Identified Retail Units during the Holding Period shall be for the benefit of CCPSB.

2.7.9 Sale of the Identified Retail Units

In the event any third party desires to purchase any of the Identified Retail Units (“**Third Party Intended Purchaser**”) at a purchase price mutually negotiated by APSB and the Third Party Intended Purchaser (“**Offer Price**”), APSB shall first give notice to CCPSB for the right of first refusal to purchase the said unit at the Offer Price (“**First Notice**”).

- (a) If CCPSB wishes to purchase the said unit, CCPSB shall give notice of the same within three (3) working days from the date of the First Notice (“**Acceptance Notice**”) and shall do the following:
 - (i) pay to APSB a forfeitable earnest deposit of a sum equivalent to 2% of the Offer Price simultaneously with the issuance of the Acceptance Notice;
 - (ii) pay to APSB a sum equivalent to 8% of the Offer Price upon execution of a deed of revocation or SPA (as the case may be) for the same or within 30 days of the Acceptance Notice, whichever is earlier (“**Deposit Payment Date**”); and
 - (iii) pay to APSB the balance 90% of the Offer Price within three (3) months from the Deposit Payment Date with an automatic extension of one (1) month to pay the same, subject to CCPSB paying an interest at 8% per annum.

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- (b) If CCPSB fails to accept or respond to the First Notice within three (3) working days from the date of the First Notice, APSB shall be at liberty to sell the said unit at a price not below the Offer Price to the Third Party Intended Purchaser or to any other interested party.

2.7.10 Securitisation of the Identified Retail Units

In the event APSB shall at any time after the execution of the SPA for the Identified Retail Units with CCPSB, desire to raise financing from any financial institution(s) or third party/(ies) using any or all of the Identified Retail Units as security, APSB shall be allowed to do so subject to the following:

- (a) within the first 12 months from the date of the Settlement Agreement, APSB shall only be allowed to use such number of Identified Retail Units as required as security to secure a maximum credit facility of RM25.00 million only (in aggregate).
- (b) after the expiry of 12 months from the date of the Settlement Agreement, APSB shall be allowed to use any or all of the Identified Retail Units for the said purpose as APSB shall deem fit without any restriction.

2.7.11 Events and consequences of default

By CCPSB

In the event:

- (a) CCPSB defaults on any provisions of the JVAs and/or the Settlement Agreement;
- (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;
- (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 Option Purchase Price as per paragraph (b) above;
- (d) an event of insolvency occurs on the part of CCPSB and/or CWL; or
- (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:

- (a) to claim for specific performance of the Settlement Agreement at the sole cost and expense of CCPSB;
- (b) 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
- (c) 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.

LETTER TO SHAREHOLDERS

By APSB

In the event:

- (a) APSB defaults on any provisions of the Settlement Agreement;
- (b) APSB refuses or fails to complete the sale of the Remaining Units to CCPSB in accordance with the relevant Option Agreements; or
- (c) an event of insolvency occurs on the part of APSB,

then CCPSB shall be entitled to the following remedies:

- (a) to claim for specific performance of the Settlement Agreement at the sole cost and expense of APSB; or
- (b) to terminate the Settlement Agreement and claim damages.

3. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

The pro forma financial effects of the Proposed Transactions on the Company are for illustrative purposes only and are not intended to reflect the actual future financial position of the Company or the Group following the completion of the Proposed Variation and grant of the Call Option Agreement and the Put Option Agreement.

The pro forma financial effects in this section are based on the latest audited financial statements of the Group for the financial year ended 30 June 2018, and on the assumption that the Identified Retail Units contra value of RM100.21 million are considered as valid sales with the cost of the Said Land valued at RM312 million, the effect on the Group's share capital, net tangible assets ("NTA") per share, earnings per share ("EPS") and gearing will be as follows:

3.1. Net tangible assets per share

Assuming that the proposed transactions were completed on 30 June 2018, the effects of the Group's NTA per share would be as follows:

	Before the proposed transactions	After the proposed transactions
NTA (RM'000)	206,212	222,246
Number of Shares	1,302,460,408	1,302,460,408
NTA per Share (RM cents)	15.83	17.06

3.2. Earnings per share

Assuming that the proposed transactions were completed on 1 July 2017, the effects of the Group's EPS would be as follows:

	Before the proposed transactions	After the proposed transactions
Profit after tax attributable to Shareholders (RM'000)	58,598	61,718
Weighted average number of Shares in issue	1,273,459,406	1,273,459,406
EPS (RM Cents)	4.60	4.85

LETTER TO SHAREHOLDERS

3.3 Gearing

Assuming that the Proposed Transactions were completed on 30 June 2018 and the Loan of RM150 million was obtained, the effect on the gearing of the Group would be as follows:

	Before the Proposed Transactions	After the Proposed Transactions
Borrowings (RM)	49,263	199,263
Total equity (RM)	302,000	302,000
Gearing ratio (%)	16.31	65.98

3.4 Share capital

The Proposed Variation has no impact to the Company's shares capital.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of Directors and Substantial Shareholders are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	%(¹)	No. of Shares	%(¹)
Directors				
Tan Eng Kiat Dominic	–	–	–	–
Siow Chien Fu	503,745,713	31.84	–	–
Yong Dennis	–	–	–	–
Aw Eng Hai	–	–	–	–
Substantial Shareholders other than Directors				
Tan June Teng Colin @ Chen JunTung ⁽²⁾	250,892,857	15.86	–	–
Tan Ping Huang Edwin @ Chen BingHuang ⁽²⁾	250,892,857	15.86	–	–
PRG Holdings Berhad ⁽³⁾	15,000,000	0.95	250,000,000	15.80
Dato' Chong ⁽⁴⁾	17,668,800	1.12	243,902,439	15.42

Notes:

- (1) Based on the Existing Share Capital of 1,582,094,554 Shares (excluding treasury shares).
- (2) Dato' Colin Tan and Dato' Edwin Tan are brothers. The aggregate Shares held by them, as parties acting in concert, account for approximately 31.72% of the total issued Shares.
- (3) PRG Holdings Berhad is deemed interested in the shares held under the nominee of Maybank Kim Eng Securities (Pte) Ltd.
- (4) Dato' Chong is deemed interested in the share charge granted by Mr. Siow Chien Fu, Mr. Tan June Teng Colin @ Chen Junting and Mr. Tan Ping Huang Edwin @ Chen Binghuang.

Shareholders should note that the Company had, on 7 May 2019, announced a proposed subscription of 250 million new ordinary shares of the Company by the main contractor of CCPSB. There will be a change in shareholdings of Directors and Substantial Shareholders upon the allotment and issuance of the 250 million shares. SGX's LQN approval was obtained on 10 May 2019 as announced on the same day. Relevant announcements on the change in shareholdings of Directors and Substantial Shareholders will be made in due course.

Save as disclosed in this Circular, and save for the uplift on the Moratorium on the Previous Shareholders, none of the Directors and Substantial Shareholders has any interests, direct or indirect, in the Proposed Transactions, other than through each of their respective shareholding interests, direct and/or indirect, in the Company.

LETTER TO SHAREHOLDERS

5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is enclosed herein, will be held on 31 May 2019 at 10:00 am at 390 Havelock Road, #04-06, King's Centre, Singapore 169662, for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolutions set out in the Notice of EGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint proxies to attend and vote at the EGM on their behalf should complete, sign and return the proxy form attached to this Circular in accordance with the instructions printed thereon. The completed and signed proxy form should be returned as soon as possible and in any event so as to arrive at the office of the Company's Singapore share registrar and share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the EGM. Shareholders who have completed and returned the proxy form may still attend and vote in person at the EGM, if they so wish, in place of their proxies. A proxy need not be a Shareholder.

Depositors (other than depositors which are corporations) whose names are listed in the depository register as at 48 hours before the time of the EGM may attend and vote as CDP's proxies at the EGM without having to complete or return any form of proxy. A depositor which is a corporation and who wishes to attend and vote at the EGM must complete and return the attached Depositor Proxy Form, for the nomination of person(s) to attend and vote at the EGM on its behalf as CDP's proxy, in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Share Registrar and Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time fixed for the EGM.

If an individual depositor is unable to attend the EGM personally and wishes to appoint nominee(s) to attend the meeting and vote on his behalf, he must complete, sign and return the attached Depositor Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Singapore Share Registrar and Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time fixed for the EGM.

The completion and return of the Depositor Proxy Form by a depositor (who is an individual) will not prevent him from attending and voting in person at the EGM as a proxy of CDP if he subsequently wishes to do so, and in which event the Depositor Proxy Form submitted bearing his name shall be deemed to be revoked.

7. ABSTENTION FROM VOTING

As the uplift in the Moratorium directly impacts the Previous Shareholders, and as a matter of good corporate governance, the Previous Shareholders (being Mr. Siow, Dato' Colin Tan, and Dato' Edwin Tan) shall abstain from, and procure that their associates abstain from, voting at the EGM, whether by representative or proxy.

8. DIRECTORS' RECOMMENDATION

As described at Section 7 above, due to the impact that the uplift of the Moratorium will have on Mr. Siow, Mr. Siow has abstained from making any recommendation to Shareholders in respect of the Proposed Variation and/or the Proposed Transactions.

Save for Mr. Siow, the Directors having considered, amongst others, the terms and conditions, rationale, intended use of proceeds and financial effects of the Proposed Variation *vide* the Proposed Transactions, are of the view that the Proposed Variation *vide* the Proposed Transactions is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of the resolutions as set out in the Notice of EGM.

LETTER TO SHAREHOLDERS

9. CAUTIONARY STATEMENT

Shareholders, in deciding whether to vote in favour of the Ordinary Resolution, should carefully read the terms and conditions, rationale and financial effects of the Proposed Transactions, which should be considered in the context of the entirety of this Circular. In giving the above recommendation, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As Shareholders would have different investment objectives, the Directors recommend that any Shareholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the business office of the Company at 390 Havelock Road, #04-06, King's Centre, Singapore 169662 during normal business hours from the date of this Circular to the time and date of the EGM:

- (a) The JVAs;
- (b) The Agreements;
- (c) The Annual Report of the Company for FY2018; and
- (d) The Constitution of the Company.

Yours faithfully,

For and on behalf of the Board of Directors of
CAPITAL WORLD LIMITED

Yong Dennis
Executive Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

CAPITAL WORLD LIMITED

(Company Registration No.: CT-276295)
(Incorporated in the Cayman Islands on 15 March 2013)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**EGM**”) of Capital World Limited (the “**Company**”) will be held on 31 May 2019 at 10:00 am at 390 Havelock Road, #04-06, King’s Centre, Singapore 169662 for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions:

*All capitalised terms in this Notice of EGM which are not defined herein shall have the same meaning as ascribed to them in the Company’s circular dated 15 May 2019 (the “**Circular**”).*

AS ORDINARY RESOLUTION

1. **THE PROPOSED VARIATION TO THE TERMS OF THE JVAS BETWEEN APSB, A WHOLLY OWNED SUBSIDIARY OF GADANG, AND CCPSB (THE “PROPOSED VARIATION”)**

THAT:

- (a) approval be and is hereby given for the entry of the Company’s wholly-owned subsidiary, Capital City Property Sdn Bhd, to enter into the Settlement Agreement, the Call Option Agreement, and the Put Option Agreement (the “**Agreements**”) on the terms and subject to the conditions set out in the Agreements, the principal terms of which are set out in the Circular;
- (b) the Directors and each of them be and are hereby authorised to do all such acts and things and to execute all such documents which they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving of effect to the Agreements and the transactions contemplated thereunder, including, without limitation, to negotiate, execute and authorise the release of, in the name of and on behalf of the Company, all such agreements, deeds, undertakings, forms, circulars, announcements, instruments, notices, communications and other documents and things, and to approve any amendment, alteration or modification to any such document.

**BY ORDER OF THE BOARD
CAPITAL WORLD LIMITED**

Yong Dennis
Executive Director

15 May 2019

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTES:

1. A member entitled to attend and vote at the EGM and who holds two (2) or more Shares is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company. Such member should complete, sign and return the Shareholder Proxy Form in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the office of the Company's Singapore share transfer agent Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 48 hours before the time fixed for the EGM. The appointment of a proxy by a member does not preclude him from attending and voting in person at the EGM if he so wishes in place of the proxy. For the avoidance of doubt, the Shareholder Proxy Form should not be used by depositors ("**Depositors**"). Depositors who wish to attend and vote at the EGM should refer to paragraphs 2 and 3 below.
2. A depositor (other than Depositors which are corporations) holding Shares through the CDP and whose name appears in the depository register (as defined in Section 81SF of the Securities and Futures Act of Singapore) not earlier than 48 hours prior to the time fixed for the meeting who wishes to attend and vote at the EGM may do so as CDP's proxy without having to complete or return any form of proxy.
3. (i) A depositor which is a corporation and who wishes to attend and vote at the EGM or (ii) an individual depositor who is unable to attend the EGM personally and wishes to appoint person(s) to attend the meeting and vote on his behalf, should complete sign and return the Depositor Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive the office of the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 48 hours before the time fixed for the EGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.