

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

ENTRY INTO SUBSCRIPTION AND OPTIONS AGREEMENT FOR THE PROPOSED ALLOTMENT AND ISSUE OF 265,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY ("SHARES") AND THE PROPOSED GRANT OF UP TO 44,000,000 OPTIONS TO SUBSCRIBE FOR NEW SHARES

1. INTRODUCTION

The board of directors (the "**Board**" or the "**Directors**") of Capital World Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcements dated 5 November 2018 and 5 December 2018 in relation to the entry into a memorandum of understanding and a term sheet, respectively, with PRG Holdings Berhad (the "**Subscriber**") (the "**Previous Announcements**"). Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meaning as ascribed to them in the Previous Announcements.

Following negotiations between the Parties, the Board wishes to announce that the Company has on 21 December 2018 entered into a subscription and options agreement (the "**Subscription and Options Agreement**") with the Subscriber in relation to:

- (a) the proposed allotment and issue by the Company of 265,000,000 new ordinary shares in the capital of the Company (the "**Shares**") (the "**Subscription Shares**") to the Subscriber at an issue price of S\$0.035 per Subscription Share (the "**Proposed Subscription**"); and
- (b) the proposed grant by the Company of up to 44,000,000 non-listed and non-transferable share options (the "**Options**") to the Subscriber for S\$1.00, with each Option carrying the right to subscribe for one (1) new Share (the "**Option Share**") at the exercise price of S\$0.035 per Option Share (the "**Options Exercise Price**") on the terms and conditions of the Subscription and Options Agreement (the "**Grant of Options**"),

(collectively, the "**Proposed Transactions**").

The allotment and issuance of the Subscription Shares and Option Shares to the Subscriber will allow the Group to raise gross proceeds of up to approximately S\$10,815,000, which will be used mainly for the Capital City project and working capital including repayment of existing loans and borrowings. Please refer to Section 5 below for a more detailed breakdown of the intended use of proceeds.

For the avoidance of doubt, in accordance with the Term Sheet, the Subscriber has an option to subscribe for up to 205,000,000 Option Shares. Further to negotiations, the Parties have mutually agreed that the Subscriber would be granted the Options to subscribe for up to 44,000,000 Option Shares.

Following the revision of the number of the Option Shares, the amount of referral fees to be paid to the Referrer in cash will be up to S\$540,750 (5% of gross proceeds). The number and terms of the 50,000,000 options to be granted to the Referrer (the "**Referrer Options**") remains unchanged as set out in the announcement dated 5 December 2018 in relation to the Term Sheet. The referral fees will not be shared with the Subscriber.

The Subscriber does not hold any Shares of the Company as at the date of this announcement. Upon completion of the Proposed Subscription, the Subscriber will hold 265,000,000 Shares representing 20.12% of the Company's existing share capital of 1,317,094,554 Shares ("**Existing Share Capital**") and 16.75% of the Company's enlarged share capital of 1,582,094,554 Shares after the completion of the Proposed Subscription. Assuming full exercise of the Options and the Referrer Options, the Subscriber will hold an aggregate of 309,000,000 Shares representing 23.46% of the Existing Share Capital and 18.44% of the Company's enlarged share capital of

1,676,094,554 Shares after the completion of the Proposed Transactions (“**Enlarged Share Capital**”).

2. PRINCIPAL TERMS OF THE PROPOSED SUBSCRIPTION AND GRANT OF OPTIONS

Save as set out below, the principal terms of the Proposed Transactions remain the same as that set out in the Term Sheet.

(i) Principal terms of the Proposed Subscription:

<p>Conditions Precedent</p>	<p>The completion of the Proposed Subscription and the Grant of Options shall be subject to, <i>inter alia</i>, the following:</p> <ul style="list-style-type: none"> a) the Company having received approval from the Board in respect of the Proposed Transactions; b) the Company having received approval from Shareholders at an extraordinary general meeting to be convened in respect of the Proposed Transactions; c) the submission of the additional listing application and the receipt of the listing and quotation notice from the SGX-ST for the listing and quotation of the Subscription Shares and the Option Shares on the Official List of the SGX-ST, and the same not being revoked or amended, and where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and the Subscriber, and to the extent that any conditions to such approval are required to be fulfilled on or before Completion, they are so fulfilled to the satisfaction of the SGX-ST or so waived by them; d) the allotment, issue and subscription of the Subscription Shares and Option Shares not being prohibited by any statute, order, rule or regulation promulgated by any applicable legislative, executive or regulatory body or authority of Singapore; e) there having been no occurrence of any event or discovery of any fact rendering any of the warranties in the Subscription and Options Agreement untrue or incorrect in any material respect as at the date of completion of the Proposed Transactions (“Completion Date”) as if they had been given again on the Completion Date; f) the Company and the Subscriber not being in breach of any of the undertakings and the covenants in the Subscription and Options Agreement as at the Completion Date; g) the completion of legal, business, financial and accounting due diligence on the Company, to the satisfaction of the Subscriber; h) the Subscriber having received approval from its board of directors in respect of the Proposed Transactions; i) the Subscriber having conducted a valuation report pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad of the Proposed Transactions; and
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	j) the Subscriber having received approval from the Central Bank of Malaysia in respect of the Proposed Transactions.
Representations, Warranties and Undertakings	Each of the Company and the Subscriber have, in the Subscription and Options Agreement, provided such representations, warranties and undertakings as are customary for transactions of the nature of the Proposed Transactions or other similar transactions.
Status of the Subscription Shares	The Subscription Shares, when issued by the Company, will rank <i>pari passu</i> in all respects with and carry all rights similar to the then existing ordinary shares of the Company, save that they will not rank for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Subscription Shares.
Long Stop Date	If the Conditions Precedent are not satisfied by 31 January 2019 (or such other date as may be mutually agreed between the Parties), the Subscription and Options Agreement shall terminate.

(ii) Principle terms of the Grant of Options:

Aggregate Number of Options	Up to 44,000,000 Options
Exercise Rights of Options	Each Option entitles the Subscriber to subscribe for one (1) Option Share at the Options Exercise Price.
Exercise Period	The period commencing on and including the date of issue of the Options, being the date of completion of the Proposed Transactions and expiring three (3) months from the completion date of the Proposed Transactions unless such date is a date on which the register of members is closed or is not a market day, in which event, such period shall end on the date prior to the closure of the register of members or immediate preceding market day (as the case may be).
Gross Proceeds to be Raised from Grant of Options (assuming the exercise of all the Options)	Up to S\$1,540,000 (assuming the exercise of all the Options)
Status of the Option Shares	The Option Shares, when issued by the Company, will rank <i>pari passu</i> in all respects with and carry all rights similar to the then existing ordinary shares of the Company, save that they will not rank for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Option Shares.
Adjustments	The Options Exercise Price is subject to certain anti-dilution adjustments under certain circumstances provided for in the terms and conditions of the Options. Such circumstances relate to, <i>inter alia</i> : a) issue by the Company of Shares credited as fully paid-up by way of capitalisation of profits or reserves;

	<p>b) a capital distribution made by the Company to Shareholders;</p> <p>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</p> <p>d) any consolidation or subdivision of Shares.</p>
Notice of Expiration	The Company shall, not later than one (1) month before the expiry of the Exercise Period, announce the same on the SGXNet. Additionally, the Company shall, not later than one (1) month before the same, take reasonable steps to notify the Subscriber in writing of the expiry date and such notice shall be delivered personally or by post to the address of the Subscriber.
Alteration to Terms	No material alteration to the terms of the Options after the issue thereof to the advantage of the Subscriber shall be made, unless the alterations are made pursuant to the terms and conditions of the Options or the prior approval of Shareholders in general meeting has been sought.
Others	The Grant of Options is subject to the same Conditions Precedent, Representations, and Warranties and Undertakings, and Long Stop Date as the Proposed Subscription.

3. EXTRAORDINARY GENERAL MEETING

The Proposed Transactions are subject to the approval of Shareholders at an extraordinary general meeting of the Company ("**EGM**") to be convened.

Shareholders should also note that following the issue of the Subscription Shares, the Subscriber will become a controlling shareholder of the Company. Among others, the Company will be seeking Shareholders' approval for the potential transfer in controlling interest to the Subscriber in accordance with Rule 803 of the Catalist Rules.

A circular to Shareholders containing more information on the Proposed Transactions, together with the notice of the EGM, will be despatched to Shareholders in due course.

4. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Proposed Subscription and Grant of Options will be undertaken pursuant to a private placement exemption under 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 and/or lodged with the SGX-ST in connection with the Proposed Subscription and Grant of Options.

5. USE OF PROCEEDS

The estimated net proceeds from the Proposed Subscription, after deducting estimated expenses (including the fees to the Referrer amounting to S\$463,750) pertaining to the Proposed Subscription, would be approximately S\$8,719,000 (the "**Net Subscription Proceeds**"). The Group, after taking into account its working capital position, intends to apply the Net Subscription Proceeds as follows:

Use of Net Subscription Proceeds	Amount (S\$'000)	Percentage of Net Subscription Proceeds
1) Capital City project	3,246 to 3,710	37% to 43%
2) Partial repayment of existing loans and borrowings	4,174 to 4,638	48% to 53%
3) General working capital purposes	371 to 1,299	4% to 15%
Total	8,719	100%

The estimated net proceeds from the Grant of Options, after deducting estimated expenses pertaining to the Grant of Options (including the fees to the Referrer of up to approximately S\$77,000), would be up to approximately S\$1,463,000 (the “**Net Option Proceeds**”). As and when the Options are exercised, the Option Proceeds may, at the discretion of the Directors, be applied towards the Capital City project and working capital including repayment of existing loans and borrowings in the proportion of 10%-20% and 80%-90%, respectively.

Pending the deployment for the uses identified above, the Net Subscription Proceeds and Net Option Proceeds (collectively, the “**Net Proceeds**”) may be deposited with banks and/or financial institutions or invested in money market instruments and/or securities, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

The Company will make periodic announcements on the utilisation of Net Proceeds as and when such funds are materially disbursed, and provide a status report on the use of the Net Proceeds from the Proposed Subscription and Grant of Options in the Company’s quarterly and full year financial statements issued under Rule 705 of the Catalist Rules and its annual reports. Where the Net Proceeds have been used for working capital purposes, the Company will disclose a breakdown with specific details on how the Net Proceeds have been applied in the announcements and status reports. Where there is any material deviation from the stated use of Net Proceeds, the Company will announce the reasons for such deviation.

6. FINANCIAL EFFECTS

The financial effects of the Proposed Subscription, Grant of Options and Referrer’s Options as set out below are strictly for illustrative purposes and are not indicative of the actual financial position and results of the Company or its subsidiaries following the Proposed Transactions.

As at the date of this Announcement, the issued and paid up share capital of the Company is approximately S\$52,683,782 divided into 1,317,094,554 Shares. Upon completion of the Proposed Subscription and Grant of Options, and the allotment and issuance of the Subscription Shares, Option Shares and Referrer Shares, the Company will have an enlarged issued share capital of approximately S\$67,043,782 comprising 1,676,094,554 Shares (assuming the Options and Referrer Options have been fully exercised). The Subscription Shares, Option Shares and Referrer Shares when issued represent approximately 27.26% of the Existing Share Capital and would represent approximately 21.41% of the Enlarged Share Capital of the Company.

Based on the latest audited financial statements of the Group for the financial year ended 30 June 2018, and assuming that the Group raises net proceeds of approximately S\$11,932,000 from the issue of 265,000,000 Subscription Shares and exercise of all Options and Referrer Options, the effect on the Group’s net tangible assets (“**NTA**”) per share and earnings per share (“**EPS**”) will be as follows:

6.1. Net Tangible Assets per Share

Assuming that the Proposed Subscription and Grant of Options were completed on 30 June 2018, and further assuming full exercise of all Options and Referrer Options, the effects of the Group's NTA per share would be as follows:

	Before Issue of Subscription Shares, Option Shares and Referrer Shares	After Issue of Subscription Shares, Option Shares and Referrer Shares
NTA (RM'000)	206,212	241,561
Number of Shares	1,302,460,408	1,676,094,554
NTA per Share (RM cents)	15.83	14.41

6.2. Earnings per Share

Assuming that the Proposed Subscription and Grant of Options was completed on 1 July 2017, and further assuming full exercise of all Options and Referrer Options, the effects of the Group's EPS would be as follows:

	Before Issue of Subscription Shares, Option Shares and Referrer Shares	After Issue of Subscription Shares, Option Shares and Referrer Shares
Profit after tax attributable to Shareholders (RM'000)	58,598	58,598
Weighted average number of Shares in issue	1,273,459,406	1,632,459,406
EPS (RM Cents)	4.60	3.59

7. DIRECTORS' CONFIRMATION

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

- (a) after taking into consideration the present bank facilities and Net Subscription Proceeds, the working capital available to the Group is sufficient to meet its present requirements; and
- (b) after taking into consideration the present bank facilities, the Net Proceeds and the proceeds from the Referrer Shares, the working capital available to the Group is sufficient to meet its present requirements.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

9. DOCUMENT AVAILABLE FOR INSPECTION

The Subscription and Options Agreement is available for inspection during normal business hours from 9.00 am to 5.00 pm at the business office of the Company at 390 Havelock Road,

#04-06 King's Centre, Singapore 169662 for a period of three (3) months from the date of this announcement.

10. LISTING AND QUOTATION OF SUBSCRIPTION SHARES, OPTION SHARES AND REFERRER SHARES

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

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed 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 announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

12. TRADING CAUTION

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

By Order of the Board
CAPITAL WORLD LIMITED

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

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

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

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