

**RESPONSES TO SGX QUERIES**

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*Unless otherwise defined, all capitalised terms and references shall bear the same meanings ascribed to them in the previous announcements made by the Company on 5 October 2023, 30 October 2023, 3 October 2024 and 4 October 2024 in relation to the 5 Towers.*

The board of directors (the “**Board**” or the “**Directors**”) of Capital World Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) refers to the queries raised by Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 8 October 2024 regarding the Company’s announcement dated 3 October 2024 and 4 October 2024.

1) *It was announced that the Company’s subsidiary has entered into a term sheet with Growth Development & Management Sdn Bhd (“**GDM**”) for the proposed disposal of the development right and beneficial ownership of the 5 Towers (“**Proposed Disposal**”), at a disposal consideration (“**Disposal Consideration**”) of RM25 million determined based on a willing buyer willing seller basis while taking into consideration the stages of construction of the 5 Towers.*

a) *How was the Group introduced to GDM? Who are the shareholders and directors of GDM?*

**Company’s response**

The Group was introduced to GDM by the Company’s Executive Director, Mr Siow Chen Fu, through his efforts to identify a party interested in the development of the 5 Towers. Based on the Companies Commission of Malaysia report of GDM obtained by the Company, Mr Goh Boon Hwa is the sole shareholder and the director of GDM.

b) *Please elaborate on how the Disposal Consideration of RM25 million for the 5 Towers was determined.*

**Company’s response**

The Disposal Consideration was determined based on a willing buyer willing seller basis after taking into consideration, the stages of the construction of the 5 Towers and the stage of completion of the Sales and Purchase Agreement with MK Mustafa (“**SPA**”). The Company wishes to highlight that the Principal Term Sheet (“**PTS**”) is non-binding and that the final commercial terms will be subjected to further due diligence to be conducted by GDM and negotiations between the parties.

c) *Is there any valuation conducted / to be conducted? If yes, please the details. If not, why not?*

**Company’s response**

During the due diligence phase, the Company will conduct an independent property valuation of the 5 Towers on as is where is basis. At this stage, the Company has yet to identify the independent valuer. It is noted, however, that the book value of the 5 Towers is less than RM100,000 as explained in the responses to Q6 below.

2) *The Disposal Consideration for the Proposed Disposal will be satisfied in 9 tranches over 24 months.*

a) *What did the Board consider in agreeing to such extended payment terms?*

**Company's response**

As part of the commercial negotiations, it was noted that Towers A and B are partially constructed on top of the Mall and Towers C, D and E have yet to commence construction. For the comfort of GDM, they have requested for the extended payment terms to better match the expected timeline for the completion of the construction of the 5 Towers. The Company's management has agreed to such terms and the Board has no objections to the decision of the Company's management.

b) *How is this in the best interest of the Company and its shareholders?*

**Company's response**

Having considered the current working capital of the Group is dependent on the progressive receipt of consideration and completion of the SPA, the Board has considered that it is financially prudent to source for interested parties for the 5 Towers and the Proposed Disposal would provide the Company with another source of consistent cashflow during the following 24 months period.

c) *When will the rights and ownership transfer to GDM?*

**Company's response**

The development rights and ownership will only be transferred to GDM upon receipt of the full purchase consideration from GDM.

d) *What are the safeguards in the event the full Consideration is not received by the agreed timeframe?*

**Company's response**

If the Company did not receive the full purchase consideration, the Company will not transfer the development rights and ownership to GDM. The detailed terms will be formalised at the stage of the eventual sales and purchase agreement.

e) *Is the current approach in line with industry practices?*

**Company's response**

Yes. To the best of the Executive Directors' knowledge, the current approach is in line with industry practices in selling development rights and beneficial ownership of a property development project in Malaysia.

3) *How much has the Group incurred (including but not limited to, land acquisition, construction costs, fitting out costs, borrowing costs...etc) to-date in relation to the 5 Towers?*

**Company's response**

Between 2014 to 2019, the Group has incurred approximately RM51 million in relation to the land cost (apportionment based on gross development value of the integrated mixed property development project) and construction cost of the 5 Towers.

- 4) *Please elaborate on the Board's considerations and justification on how the Disposal Consideration is in the best interest of the Company and its shareholders, taking into account, amongst others, the costs incurred to-date; as well as the book value of the properties.*

**Company's response**

In FY2022, due to Covid and commercial circumstances at that period of time, the project was treated as abandoned and was assessed to be fully impaired. The book value of the 5 Towers after impairment is therefore less than RM100,000 for FY2024. Based on the current purchase consideration of RM25 million less the book value of the 5 Towers, the expected gain from disposal is approximately RM25 million. As mentioned in point 1(b), the Company will also conduct a valuation of the 5 Towers prior to the signing of the SPA.

- 5) *Please clarify if shareholders' approval will be sought for the Proposed Disposal. If not, why not.*

**Company's response**

It is in the ordinary course of business of the Group to develop and sell the 5 Towers. The intention to either self-develop or sell the 5 Towers has also been communicated to the shareholders since trading in the Company's shares resumed in October 2023 as part of its future plans. As the Proposed Disposal is in the ordinary course of property development business, the Company will not be seeking shareholders' approval.

- 6) *It was announced that the Company had assessed that the benefits of selling the development and construction rights of the 5 Towers to a third party outweighs the benefits of the Company constructing the 5 Towers. Please elaborate on the bases for the Board's opinion.*

**Company's response**

The Company has assessed the expected costs and time spent to complete the construction of the 5 Towers and the sale of the units within the 5 Towers to potential buyers. As the current working capital of the Group is dependent on the progressive receipt of consideration and completion of the SPA, the Company has considered the additional working capital required and potential financial risk of the level of expected sales of the units in the 5 Towers to potential buyers against the proposed en bloc sale to a third party.

Considering the above, the Board is of the opinion that the proposed en bloc sale of the 5 Towers to third party is more beneficial to the Company.

- 7) *It is announced that the 5 Towers consists of a retail podium and 5 blocks of hotel suites and serviced apartments. What are the assets and business remaining in the Group upon completion of the Proposed Disposal?*

**Company's response**

The Company is constantly and actively looking for new projects to develop. Based on the nature of the business, the search for projects is typically heavily dependent on the working capital available to the Company to pursue such projects. The Company will use the proceeds from the sale of the Mall and 5 Towers to pursue new projects for property development.

- 8) *What is the impact of the Proposed Disposal on the Group's retail units / retail mall?*

**Company's response**

There is no impact on the Group's retail units / retail mall and the development of the 5 Towers is on top of the Mall.

- 9) *What are the Company's future business plans. What has changed from the Company's trading resumption proposal as finalised in October 2023, as well as the Company's previously announced updates and milestones?*

**Company's response**

As mentioned in the responses to Q7, the Company plans to look for new property projects to develop.

The only change from the Company's trading resumption proposal that was finalised in October 2023, as well as the Company's previous update announcements and milestones is that the Company does not intend to continue the construction of the 5 Towers. Having considered the expected costs and time required and the financial risk of self-construction, and the benefits of the Proposed Disposal in raising additional working capital to accelerate the search for new projects in Johor, which is expected to generate a lot of interest due to the construction of the Rapid Transit System (RTS) and other Johor governmental efforts to boost the development of Johor, the Company believes that the change to sell the 5 Towers to a third party is beneficial to the Group.

- 10) *Please provide the Board' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.*

**Company's response**

The Board confirms that sufficient information has been disclosed to enable the trading of the Company's shares to continue in an orderly manner based on the non-binding PTS at current stage of commercial negotiation with GDM and subject to due diligence to be conducted by GDM. The Board undertakes to keep shareholders informed timely of any material updates of the Company.

**Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders are also advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.**

By Order of the Board  
CAPITAL WORLD LIMITED

Hoo Khee Leng  
Executive Director and Chief Executive Officer  
8 October 2024

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*This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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