

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

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**ENTRY INTO NON-BINDING TERM SHEET IN RELATION TO CONVERTIBLE LOAN  
RANGING FROM S\$5.2 MILLION TO S\$5.5 MILLION**

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**1. INTRODUCTION**

The board of directors (the “**Board**” or the “**Directors**”) of Capital World Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 3 September 2019 entered into a non-binding term sheet (the “**Term Sheet**”) with Dato’ Seri Chong Thim Pheng and Ong King Sin (the “**Investors**” and together with the Company, the “**Parties**”), pursuant to which, the Investors have agreed to grant an interest-bearing convertible loan of ranging from S\$5.2 million to S\$5.5 million to the Company (the “**Convertible Loan**”), convertible into a maximum of 362,538,561 new ordinary shares in the share capital of the Company (the “**Conversion Shares**”) at conversion price of approximately S\$0.01517 per share (the “**Conversion Price**”).

The Conversion Price was decided based on an 8% discount to the volume weighted average price (“**VWAP**”) of S\$0.01649 for each share, based on the last five trading days immediately prior to the date of the Term Sheet. The Conversion Price represents an approximate 6.93% discount to the VWAP of S\$0.0163 for each share, based on trades done on the SGX-ST on 3 September 2019, being the full market day on which the Term Sheet was signed.

**2. RATIONALE**

The rationale for the Convertible Loan is to allow the Group to raise gross proceeds up to S\$5.5 million (the “**Convertible Loan Amount**”). After deducting estimated expenses (including the facility fee of S\$385,000), the use of net proceeds of approximately S\$5.05 million from the Convertible Loan is estimated as follows:-

<b>Descriptions</b>	<b>%</b>
1) Repayment of outstanding convertible bond pursuant to convertible bond subscription agreement as announced on 8 February 2018	90 to 95
2) Working capital	5 to 10
<b>TOTAL</b>	<b>100</b>

The Company will make periodic announcements on the utilisation of the net proceeds as and when they are materially disbursed and provide a status report on the use of the net proceeds in the Company’s quarterly and full-year financial statements issued under Rule 705 of the Listing Manual (Section B: Rules of Catalist) of the SGX-ST (“**Catalist Rules**”) and the Company’s annual report and whether such a use is in accordance with the stated use and in accordance with the stated percentage allocated. Where the proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how such proceeds have been applied. Where there is any material deviation from the stated use of proceeds, the Company will make the necessary announcement for the reasons for such deviation.

### 3. THE INVESTORS

#### Dato' Seri Chong Thim Pheng ("DS Chong")

DS Chong is the subscriber of the convertible bond subscription agreement as announced on 8 February 2018.

DS Chong is a Singapore citizen who is an astute investor with more than 16 years of investing experience in public listed equities with a proven track record. He is also an entrepreneur with more than 12 years of experience in business management in Singapore listed entities and more than 30 years in non-listed Singapore companies. DS Chong is the former executive chairman of Hartawan Holdings Limited, now known as Wilton Resources Limited, which is listed on the Catalist board of SGX. He is also the executive chairman of Hotel Re! Pte Ltd.

#### Ong King Sin ("Mr. Ong")

Mr. Ong is currently the Chairman of Ong King Sin Investment Pte Ltd and also the Chairman of local grown construction company Hock Guan Cheong Builders Pte Ltd. His participation in the Convertible Loan is for personal investment purposes.

The Investors were introduced to the Company through the Arranger (as defined below) and are participating in the Convertible Loan for their own investment purposes.

None of the Investors holds any Shares of the Company as at the date of this announcement, other than the deemed interest of DS Chong which arose from the charge of 243,902,439 controlling shareholders' shares in the Company pursuant to the convertible bond subscription agreement as announced on 8 February 2018. The share charge of 243,902,439 will be released as part of the agreed terms under the Term Sheet.

Assuming that the maximum amount of S\$5.5 million is drawn-down under the Convertible Loan and the Convertible Loan is fully converted into the Conversion Shares at the Conversion Price of S\$0.01517, 362,538,561 Conversion Shares will represent approximately 19.79% of the Company's existing share capital of 1,832,094,554 Shares ("**Existing Share Capital**") and 16.52% of the Company's enlarged share capital of 2,194,633,115 Shares, which is computed based on the assumption of full conversion of the Convertible Loan into Conversion Shares ("**Enlarged Share Capital**").

The Investors are not related to any of the Directors, substantial shareholders of the Company, or their respective associates. The Investors are not restricted persons under Rule 812 of the Catalist Rules, and are not co-operating or acting in concert with any other shareholders of the Company to obtain or consolidate effective control of the Company through the Convertible Loan.

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

There is also no past or present connection (including business relationship) between the Company, its subsidiaries, its Directors or substantial shareholders and the Investors, other than the convertible bond subscription agreement entered between the Company and DS Chong as announced on 8 February 2018.

#### 4. FACILITY FEE

The Company has on 3 September 2019 entered into an Arranger Agreement (“**Arranger Agreement**”) with Prosper Network Co. Ltd (the “**Arranger**”), pursuant to which the Company has agreed to pay to Prosper Network Co., Ltd a facility fee (the “**Facility Fee**”) of 7% of Convertible Loan Amount, amounting up to S\$385,000, in cash within five (5) business days from the disbursement of Convertible Loan.

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

As at date of this announcement, the Arranger holds 269,587 shares in the Company.

Save as disclosed below, DS Chong, Mr. Ong and Mr. Kok Heng have no connection or business relationship with each other:-

- (i) DS Chong is the father-in-law of Mr. Kok Heng.
- (ii) DS Chong and Mr. Kok Heng are common directors of the following companies:

Hotel Re! Pte Ltd (“**Hotel Re!**”) and Hartawan Property Management Pte Ltd (“**Hartawan Property**”). Hotel Re! and Hartawan Property are in the business of hotels with restaurant and real estate activities.

No part of Facility Fee would be shared with any Investor.

#### 5. PRINCIPAL TERMS OF THE TERM SHEET

The principal terms of the Term Sheet are summarised as follows:

Investors	1) DS Chong; and 2) Mr. Ong
Convertible Loan Amount	1) DS Chong: S\$4.2 million – S\$4.5 million; and 2) Mr. Ong: S\$1.0 million
Conversion Shares	1) DS Chong: Up to 296,622,459 Conversion Shares representing 13.52% of the Enlarged Share Capital based on the maximum of S\$4.5 million Convertible Loan; and  2) Mr. Ong: 65,916,102 Conversion Shares representing 3.00% of the Enlarged Share Capital.  Any Conversion Share shall be issued free of encumbrance and shall rank pari passu in all respects with Shares existing as at the date of issue of the Conversion Shares save that they will not rank for any dividend, rights, allotments or other distributions, the record date of which falls on or before the date of allotment and issue of the Conversion Shares.

Interest	Fifteen per cent (15%) per annum on the then outstanding balance of the Convertible Loan, payable on half yearly basis in cash and in arrears.
Maturity Date	Twelve (12) months from the date of the drawdown of the Convertible Loan on the then outstanding balance of the Convertible Loan and payable in cash.
Facility Fee	A facility fee equivalent to 7% of the Convertible Loan amount shall be payable in cash to Prosper Network Co. Ltd as the arranger within five (5) business days from the disbursement of Convertible Loan.
Due Diligence ("Due Diligence")	Upon execution of this Term Sheet up to and including the date falling 30 days from the date of this Term Sheet ("Long Stop Date"), the Company shall grant the Investors access to such information, agreement, deed, instrument, document and personnel that the Investors may require to carry out legal, business, financial and accounting due diligence on the Company. The parties may extend the Long Stop Date to such date as they may mutually agree in writing.
Conditions Precedent	<p>The grant of Convertible Loan shall be condition upon the satisfaction of the following:</p> <ul style="list-style-type: none"> <li>(i) execution of the definitive agreements;</li> <li>(ii) completion of Due Diligence, to the satisfaction of the Investors;</li> <li>(iii) the Company having obtained a listing and quotation notice from the Singapore Exchange Securities Trading Limited for the listing and quotation of the Conversion Shares; and</li> <li>(iv) all necessary consents and approvals for the transactions contemplated herein being granted by third parties, governmental, regulatory or other authorities and no statute, regulation or decision which would prohibit, restrict or delay the entering into and performance of the Investment or the operation of the Company having been proposed, enacted or taken.</li> </ul>
Definitive Agreements	<p>The definitive document(s) to be executed in respect of the Convertible Loan shall include a subscription agreement between the Investor and the Company:</p> <ul style="list-style-type: none"> <li>(i) Convertible Loan Agreement; and</li> </ul>

	(ii) Discharge of Charge for the discharge of Shares pledged in favour of DS Chong as security for the convertible bond subscription agreement as announced on 8 February 2018.
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## 6. GENERAL MANDATE AND STATUS OF CONVERSION SHARES

The Conversion Shares will be allocated and issued pursuant to the general share issue mandate (“General Mandate”) granted by the shareholders of the Company to the Directors at the last annual general meeting of the Company held on 31 October 2018 (the “2018 AGM”). As at the 2018 AGM, the issued and paid-up share capital of the Company (excluding treasury shares) (the “Previous Share Capital”) comprised 1,317,094,554 ordinary shares (“Shares”). According to the terms of the General Mandate, the aggregate number of Shares that may be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed such number of Shares representing 50% of the Previous Share Capital.

The Conversion Shares to be allotted and issued to the Investors represent approximately 27.53% of the Previous Share Capital of 1,317,094,554 Shares, and approximately 16.52% of the Enlarged Share Capital of 2,194,633,115 Shares after the allotment and issue of the Conversion Shares. The company currently has no treasury shares.

The Company had since its 2018 AGM issued 250,000,000 Shares under the General Mandate. Following the issuance of the 250,000,000 Shares, the remaining total number of Shares that may be issued pursuant to the General Mandate obtained at 2018 AGM on a non pro-rata basis is 408,547,277 Shares. Accordingly, the total number of Conversion Shares of 362,538,561 falls within the limits of the General Mandate.

The Sponsor of the Company, PrimePartners Corporate Finance Pte Ltd, will be making an additional listing application for and on behalf of the Company to the SGX-ST for the listing and quotation of the Conversion Shares on the Catalist board of the SGX-ST. The Company will make the necessary announcement upon receipt of the approval from the SGX-ST for the listing and quotation of the Conversion Shares.

## 7. DIRECTORS’ CONFIRMATION

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

## 8. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Convertible Loan will be undertaken by way of private placement in Singapore in accordance with Section 272B of the Securities and Futures Act (Chapter 289). As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore in connection with the Convertible Loan.

## 9. 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 Convertible Loan other than through their respective directorships and/or shareholdings in the Company.

## 10. DOCUMENT AVAILABLE FOR INSPECTION

The Term Sheet is available for inspection during normal business hours from 9.00 am to 5.00 pm at the registered office of the Company at 1 North Bridge Road, #24-09, High Street Centre, Singapore 179094 for a period of three (3) months from the date of this announcement.

## 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 Convertible Loan, 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  
4 September 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") 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 announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes 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. 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).*