

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

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**UPDATES ON RESTRUCTURING AND INTERNAL CONTROLS OF THE GROUP**

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The Board of Directors (the “**Board**” or the “**Directors**”) of Capital World Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its announcement dated 29 March 2021 in relation to the application for exemption from the requirement of Rule 719(3) of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”), made to the Singapore Exchange Regulation Pte Ltd (“**SGX RegCo**”) (the “**Previous Announcement**”), and would like to provide an update in this regard. Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meaning in the Previous Announcement.

## **1. Background**

- 1.1 Pursuant to Rule 719(3) of the Catalist Rules, the Company must establish and maintain on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits. SGX RegCo reminds the Company that the foregoing shall take into consideration surrounding circumstances, including level of operations of the Group and that it is the Audit Committee (“**AC**”) and Board’s responsibility to assess the adequacy and effectiveness of the internal controls in place.
- 1.2 The AC provides oversight for the Company’s risk management system and internal controls. For financial years prior to financial year ended 30 June 2020 (“**FY2020**”), the Company had consistently engaged an internal auditor (“**IA**”) to perform the internal audit function. In February 2019, Mazars LLP (“**Mazars**”) was appointed as the IA and internal audit reviews were conducted on the operations of Capital City Property Sdn. Bhd. (“**CCPSB**”) (being the only subsidiary with significant operations). The latest available internal audit report dated 22 August 2019 (“**FY2019 IA Report**”) was issued by Mazars. The Company confirmed that the issues highlighted and the recommendations provided in the FY2019 IA Report had been implemented. Mazars completed its scope of engagement for the FY2019 IA report on 29 February 2020.

## **2. Current Status of the Group’s operations**

- 2.1 The Company has been undergoing a court-supervised process to reorganise their liabilities pursuant to Section 211B(1) of the Companies Act (Cap. 50) since its application has been approved on 17 February 2020. Its principal subsidiary, CCPSB has been placed under the judicial management process (“**JM**”) since 13 March 2020. Further, the Group’s remaining mining business which has contributed between 7.4% and 4.9% of the Group’s revenue in FY2019 and FY2018 respectively, has temporarily ceased operation since November 2020 mainly due to the Movement Control Orders enforced by Malaysia’s government since the start of the Covid 19 pandemic. As a result of the foregoing, the Group has not been able to maintain its internal audit function.
- 2.2 After the Singapore Court’s sanction of the Scheme of Arrangement currently scheduled on 24 June 2021, the Company will implement the Scheme of Arrangement pursuant to section 71(1) of the Insolvency, Restructuring and Dissolution Act 2018 (the “**Restructuring**”). The Company targets for the Restructuring to be completed by 30 November 2021 and the Directors foresee minimal business activities taking place during this period. The Judicial Management Order (“**JMO**”) to CCPSB’s judicial manager, CRS Corporate Services Sdn Bhd as approved by Malaysian High Court will expire on 8 September 2021 and the Company expects the JM process to be completed by this date.
- 2.3 This Company expects that it will be in a better position to negotiate its Resumption Proposal pursuant to Catalist Rule 1304(1) (“**Resumption Proposal**”) post the Court’s sanction and estimates to submit the Resumption Proposal to SGX RegCo by 31 December 2021.

The Resumption Proposal shall include its new business direction and new potential businesses and the Directors expects to review and make changes to its existing internal control and risk

management systems to align with its new business direction during the implementation of its Resumption Proposal. The Directors expects that they will be in a better position to discuss the scope of the internal audit with the incoming IA for the financial year ending 30 June 2022.

### **3. Board's and AC's Views on the existing internal control systems and environment**

The Board and AC had assessed the adequacy and effectiveness of the existing internal controls in place, vis-à-vis the level of operations of the Group and its current restructuring status and are of the view that notwithstanding the absence of the internal audit function for FY2020 and financial year ending 30 June 2021, the existing internal controls addressing the Group's financial, operational, compliance and information technology controls and risk management systems are effective and adequate.

Please refer to paragraph 3 of the Company's announcement dated 29 March 2021 for further details.

**Trading in the Company's securities on the SGX-ST Catalist Board has been voluntarily suspended by the Company on 14 February 2020.**

**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**

Siow Chien Fu  
Executive Director and Chief Executive Officer  
11 June 2021

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance 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 announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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