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**Capital World Limited**  
(Incorporated in the Cayman Islands)  
Company Registration Number: CT-276295

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High Street Centre  
Singapore 179094

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## **PROPOSED DISPOSAL OF 80% SHAREHOLDING INTEREST IN MCM STUDIO ENTERTAINMENT GROUP SDN BHD**

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The Board of Directors (the “**Board**”) of Capital World Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 8 January 2020, entered into a sale and purchase agreement (“**SPA**”) with Ms Shermaine Phang Kitt Yan (“**Purchaser**” or “**Ms Shermaine**”) to dispose its entire 80% equity interest in MCM Studio Entertainment Group Sdn Bhd (“**MCM Studio**”), to Ms Shermaine, for a cash consideration of RM60 (“**Proposed Disposal**”). Ms Shermaine is currently the Director of MCM Studio and is not related to the Company, the Board and the controlling shareholders of the Company.

### **Background and Rationale**

MCM Studio was incorporated in Malaysia and it has four wholly-owned subsidiary, namely: MCM Cartoon Planet Sdn Bhd, MCM Movie Planet Sdn Bhd, MCM Music Planet Sdn Bhd and MCM Events Sdn Bhd (together referred to as “**MCM Group**”). The core business of the MCM Group is the provision of indoor theme park business. The shareholders’ deficit of MCM Group which had been consolidated into the Group’s latest unaudited consolidated accounts for the first quarter ended 30 September 2019 was approximately RM4,903,000.

The consideration of RM60 was arrived at after arm’s length negotiations with Ms Shermaine on a willing-buyer, willing-seller basis, and after taking into consideration the historical financial position of MCM Group. Based on the consideration of RM60, the gain on disposal and the excess of the proceeds over the book value is approximately RM3,924,000.

The Proposed Disposal will allow the Group to reallocate its resources to focus on its core property development business with the aim of enhancing shareholders’ value.

Upon completion of the Proposed Disposal, MCM Group will cease to be subsidiaries of the Company.

## Salient terms of the Proposed Disposal

The salient terms of the Proposed Disposal are summarised as follows:

<b>Purchaser</b>	Ms Shermaine Phang Kitt Yan
<b>Vendor</b>	Capital World Limited
<b>Sales consideration</b>	RM60 in cash
<b>Sales Stake</b>	60 Ordinary shares of MCM Studio, representing 80% of equity interest held by the Vendor in MCM Studio
<b>Long Stop Date</b>	31 January 2020
<b>Conditions Precedent</b>	<p>The completion of the sale and purchase of the Sale Stake is conditional:</p> <ol style="list-style-type: none"><li>1) on the approval being obtained from the shareholders of the Vendor, if required.</li><li>2) upon the Vendor delivering following documents (“Completion Deliverables”) to the Purchaser:<ol style="list-style-type: none"><li>i) The registrable instrument of transfer shares duly executed by the Vendor in favour of the Purchaser; and</li><li>ii) The original share certificate in favour of the Purchaser for the shares.</li></ol></li></ol> <p>In the event that the Vendor is unable to deliver the Completion Deliverables at the Long-Stop Date, the non-defaulting Party may at its discretion:</p> <ol style="list-style-type: none"><li>i) Defer the Long Stop Date to a date not more than 28 days after the said date; or</li><li>ii) Rescind this agreement without prejudice to any other rights or remedies of the non-defaulting party against the defaulting party.</li></ol>
<b>Undertakings by the Purchaser</b>	<p>The Purchaser hereby undertakes to the Vendor as follows:</p> <p>For the amount owing by MCM Studio to Capital City Property Sdn Bhd (“CCPSB”), a wholly-owned a subsidiary of the Vendor, of RM5,436,261.66 as at the date of this agreement, the Purchaser hereby undertakes to procure MCM Studio to pay CCPSB within one year from the date of the SPA. In the event there is no payment by the MCM Studio, the Purchaser shall pay this sum to CCPSB (“<b>Repayment Undertaking</b>”).</p>

### Use of Proceeds

As the consideration of the Proposed Disposal is only RM60, it will not be meaningful to disclose the intended use of such proceeds.

### Relative Figures under Rule 1006 of the Catalist Rules

Based on the Group's latest announced financial statements for the quarter ended 30 September 2019 ("1Q2020"), the relative figures of the disposal computed on the bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (the "Catalist Rules") are as follows:

Catalist Rule	Relative Figures
1006(a)	
The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	(1.34)% <sup>(1)</sup>
1006(b)	
The net profits <sup>(2)</sup> attributable to the assets disposed, compared with the Group's net profits <sup>(2)</sup>	9.58% <sup>(3)</sup>
1006(c)	
The aggregate value of the consideration received, compared with the issuer's market capitalization based on the total number of issued shares excluding treasury shares	0.00013% <sup>(4)</sup>
	13.96% <sup>(5)</sup>
1006(d)	
The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable
1006(e)	
The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not Applicable

**Notes:**

- (1) Computed based on the unaudited consolidated financial statements of the Company as at 30 September 2019, the net liability value of MCM Studio attributable to the Group is approximately RM3,922,000, being 80% of RM4,903,000, and the net asset value of the Group is approximately RM293,612,000.
- (2) "Net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (3) Computed based on the unaudited consolidated financial statements of the Group for 1Q2020, the net losses attributable to MCM Studio is RM753,000 and the net losses of the Group is RM7,863,000.
- (4) Computed based on the consideration of RM60 divided by the market capitalization of RM38.9 million, being 1,832,094,554 shares at S\$0.007 per share (based on the weighted average price for trades done on 7 January 2020, being the last market day on which the Company's shares were traded preceding the date of the SPA), translated at exchange rate of 3.0363 as at 7 January 2020. The Company does not have treasury shares.
- (5) Computed based on the consideration of RM60 together with the Repayment Undertaking of approximately RM5,436,321.66, divided by the market capitalization of RM38.9 million, being 1,832,094,554 shares at S\$0.007 per share (based on the weighted average price for trades done on 8 January 2020, being the last market day on which the Company's shares were traded preceding the date of the SPA), translated at exchange rate of 3.0363 as at 7 January 2020. The Company does not have treasury shares.

Pursuant to Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Rule 1006 is a negative figure, Chapter 10 of the Catalist Rules may still be applicable to the transaction at the discretion of the Exchange. Notwithstanding the relative figure computed under Rule 1006(a) of the Catalist Rules is a negative figure, the disposal relates to a non-core and loss-making asset of the Group. Hence, the disposal is in the best interests of the Company and its shareholders. As the relative figures computed for Rules 1006(b) and 1006(c) of the Catalist Rules are more than 5.0%, the disposal of MCM Group is a "Discloseable Transaction" for the purposes of Chapter 10 of the Catalist Rules.

**Financial Effects****Net Tangible Assets ("NTA") per Share**

Assuming that the Proposed Disposal were completed on 30 June 2019, the effects of the Group's NTA per share would be as follows:

	<b>Before Proposed Disposal</b>	<b>After Proposed Disposal</b>
NTA (RM'000)	275,658	280,895
Number of Shares	1,832,094,554	1,832,094,554
<b>NTA per Share (RM cents)</b>	15.05	15.33

### Earnings Per Share (“EPS”)

Assuming that the Proposed Disposal was completed on 1 July 2018, the effects of the Group’s EPS would be as follows:

	<b>Before Proposed Disposal</b>	<b>After Proposed Disposal</b>
Profit after tax attributable to Shareholders (RM'000)	56,585	56,673
Weighted average number of Shares in issue	1,273,459,406	1,273,459,406
<b>EPS (RM Cents)</b>	4.44	4.45

### Service Contracts

No person will be appointed to the board of directors of the Company in connection with the Proposed Disposal and accordingly, no service contracts in relation thereto will be entered into by the Company.

### Documents for Inspection

The SPA is available for inspection during normal business hours from 9.00 am to 5.00 pm at the business 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.

### Directors and Controlling Shareholders’ Interests

None of the directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the Proposed Disposal.

### 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 Disposal, 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.

### **BY ORDER OF THE BOARD**

Siow Chien Fu  
Executive Director and Chief Executive Officer  
8 January 2020

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*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 Catalyst.*

*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](mailto:sponsorship@ppcf.com.sg)).*