CAPITAL WORLD LIMITED
Company Registration Number: CT-276295
(Incorporated in the Cayman Islands)
(the "**Company"**)

DISPOSAL OF PROPERTY RETAIL UNITS OF CAPITAL CITY MALL BY CAPITAL CITY PROPERTY SDN BHD TO MK MUSTAFA CENTRE SDN BHD

A. 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's wholly owned subsidiary, Capital City Property Sdn Bhd ("**CCPSB**"), has on 26 January 2023 entered into a sale and purchase agreement ("**SPA**") with MK Mustafa Centre Sdn Bhd (the "**Purchaser**"). Pursuant to the terms of the SPA, CCPSB agrees to sell, and the Purchaser agrees to purchase, the following assets in Capital City Mall ("**Retail Podium**"):

(a) 591 unsold retail units ("**Unsold Retail Units**");

(b) 374 accessory parcels; and

(c) 2,181 car parking spaces,

all within the Retail Podium (collectively referred to as the "**Property**").

B. SALIENT TERMS

1. Pursuant to (i) a commercial option to purchase dated 18 November 2022 made between CCPSB and the Purchaser which took effect on 18 December 2022; and (ii) the SPA, CCPSB has agreed to sell, and the Purchaser has agreed to purchase, the Property for the consideration and upon the terms and subject to the conditions contained in the SPA (hereinafter referred to as the "**Transaction**").

2. CCPSB has agreed to sell and the Purchaser has agreed to purchase the Property for the aforesaid consideration of Ringgit Malaysia Three Hundred and Sixty-Eight Million (RM368,000,000.00) only ("**Purchase Price**"), which is based on the independent valuation report dated 15 August 2022 prepared by VPC Alliance (JB) Sdn Bhd. The Purchase Price shall be paid by the Purchaser directly to CCPSB as follows:

   (a) prior to the execution of the SPA, the Purchaser paid to CCPSB a sum of Ringgit Malaysia Ten Million (RM10,000,000.00) as earnest deposit ("**Earnest Deposit**");

   (b) a sum of Ringgit Malaysia Sixty-Three Million and Six Hundred Thousand (RM63,600,000.00) being the balance deposit ("**Balance Deposit**") within thirty (30) days from the date of the SPA; and

   (c) a sum of Ringgit Malaysia Two Hundred and Ninety-Four Million and Four Hundred Thousand (RM294,400,000.00) being the balance of the Purchase Price ("**Balance Sum**") on 30 June 2023 or such other date as the parties may agree in writing on which the Vendor receives the following in full from the Purchaser: (a) the Balance Sum; (b) the interest, at the rate of five per centum (5%) per annum calculated from the day immediately after the expiry of due date to the date of payment, payable on any unpaid Balance Deposit or Balance Sum; and (c) the quit rent, assessment, sewerage, water, electricity, maintenance and service charges and all other outgoings in respect of the Property. Apportioned to be payable by the Purchaser on the completion date of the SPA (the "**Completion Date**").

3. The Completion of this Agreement shall be conditional upon the fulfilment of all the following conditions precedent ("**Conditions Precedent**") within five (5) months from the date of this Agreement or such other period as the parties may agree in writing ("**Conditional Period**"):

(a) the CCPSB's receipt of the letter from the relevant authorities granting a release of the retail units reserved for sales to Bumiputra individual or entities ("**Bumi Reserved Units**") from being required to be sold to only Bumiputera individuals and/or entities and/or permitting the Bumi Reserved Units to be sold or transferred to any non-Bumiputera individuals and/or entities;

(b) the Purchaser obtaining the written confirmation from the Economic Planning Unit within the Prime Minister's Department of Malaysia (the "**EPU**") stating that no approval from the EPU is required for the sale and purchase of the Property under this Agreement;

(c) the Purchaser obtaining the approval from the governmental authority of Johor in respect of the acquisition of the Property by the Purchaser from the CCPSB pursuant to Section 433B of the National Land Code (Revised, 2020);

(d) the Purchaser obtaining a loan or credit facility from the a licensed bank or financial institution or lending house, unless waived by the parties in writing; and

(e) the discharge of first fixed charge over the Collateral Units (defined below) in favour of and for the benefit of Achwell Property Sdn Bhd ("**APSB**") as security for the payment of the outstanding amount of RM40 million ("**Settlement Sum**") due from CCPSB to APSB and the redemption of the 101 retails units within the Retail Podium (the "**Collateral Units**") served as collateral to secure the Settlement Sum from APSB.

3.1.1 In the event any of the Conditions Precedent is not fulfilled before the expiry of the Conditional Period not due to the default, fault, omission, neglect or wilful act of either Party, unless otherwise agreed by the parties in writing, this Agreement shall lapse and terminate on the last day of the Conditional Period whereupon the Vendor shall refund to the Purchaser all monies paid by the Purchaser to the Vendor towards the Purchase Price within thirty (30) Business Days from the expiry of the Conditional Period in simultaneous exchange for the Purchaser's withdrawal and discharge of all Encumbrances attributable to the Purchaser and/or the Financier and thereafter, this Agreement shall be null and void, and neither Party shall have any other claim whatsoever against the other save and except for any antecedent breaches and the Vendor shall be free to deal with the Property in such manner as the Vendor deems fit.

3.1.2 This Agreement shall become unconditional on the date the last of the Conditions Precedent is fulfilled or waived by either Party in writing to the extent permitted by law ("**Unconditional Date**").

4 Further to the above, CCPSB has agreed to, at CCPSB's cost and expense, complete the works set out below ("**Vendor's Works**") on or before the expiry of twelve (12) months from the completion date of the SPA or such extended date as the parties may agree in writing: (a) build a 4-storey cold storage warehouse; (b) build an additional dry storage at ramp area; (c) upgrade the existing cargo lift to provide for 2 larger cargo elevators and install an additional cargo elevator at the loading and unloading area; (d) clear all partitions and wall of the Property; (e) replace and make good all damaged tiles, cover up the existing canal, dismantle the existing glass landing along the FG area, and repaint the interior and exterior wall of the Retail Podium. The expense incurred by the Company for the Vendor's Works is approximately RM7,000,000.

5 The Purchaser was introduced to CCPSB by Cheston Ace Holdings Limited (the "**Introducer**") a company incorporated in British Virgin island with principal activity in brokerage, financial planning and consultancy services. Pursuant to an Introducer Agreement dated 20 November 2022 made between CCPSB and the Introducer ("**Introducer Agreement**") and in consideration of the introduction and consultancy services provided by the Introducer to introduce the Purchaser to CCPSB, CCPSB has agreed to pay to the Introducer a fee of six percent (6%) of the Purchase Price for the Transaction as set out in the SPA ("**Introducer Fee**"), which shall be payable upon receipt of each stage of the payment of the Purchase Price, as set out in paragraph B.2 above.

The Introducer Fee was mutually agreed upon between CCPSB and the Introducer on commercial terms, and no part of the Introducer Fee will be shared with the Purchaser. The Introducer does not have any connection (including business dealings) with the Group, the substantial shareholders or Directors and the Introducer Fee is in line with market practice for companies with similar commercial circumstances as the Company. Save for the Introducer Fee, no other commission, fee or other selling or promotional expenses is payable or incurred by the Company and/or CCPSB in connection with the Transaction, other than those incurred for administrative or professional services.

C. BACKGROUND AND RATIONALE FOR THE TRANSACTION

The Retail Podium is part of a freehold integrated development of which was completed in April 2018. A total of 880 retail units were sold from year 2014 to year 2019 before the property market in Johor Bahru turn gloomy. The Retail Podium was opened in October 2018 and was subsequently shut since February 2020 as the Company and its subsidiaries ran into financial difficulties causing the Group to enter into a debt restructuring exercise ("**Restructuring**"). Upon the completion of the Restructuring, as part of the Company's effort to revive the Retail Podium, CCPSB had on 1 November 2022 entered into a tenancy agreement with the Purchaser for a term of 15 years with 3 years each term of 5 terms ("**Tenancy Agreement**"). Subsequently, the Purchaser had proposed to acquire the Property. Upon the completion of the Transaction, the Tenancy Agreement shall lapse.

The Transaction is beneficial to the Group as it will enable CCPSB to dispose the remaining Unsold Retail Units and to bring in cashflow for the working capital of CCPSB, as well the cashflow for the subsequent development of the remaining Capital City Project which includes one (1) tower block of hotel suites, one (1) tower block of serviced suites and three (3) tower blocks of serviced apartments ("**Remaining 5 Blocks**") within five (5) years from the date of the SPA. The Transaction will also improve the overall cashflow position and financial position of the Group so that the Group may operate as a going concern. This will in turn assist the Company in its application to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for its trading resumption.

D. TRANSACTION IN THE ORDINARY COURSE OF BUSINESS

Pursuant to Paragraph 2 of Practice Note 10A of the Catalist Listing Manual, the Board is of the view that the Transaction is in the Company's ordinary course of business as (a) the Transaction is carried out as part of the Group's existing principal business of investment in and selling of properties[1], (b) the Transaction, which does not change the Group's risk profile, is pursuant to the business of the Group and is revenue in nature. From 2014-2019 the Group had sold about 880 no. of units to certain retailers. However, due to the financial impacts arising from the then prevailing Covid-19 situation, further sales could not be done and the mall was eventually shut down. Accordingly, while the Company is not required to announce the Transaction under Chapter 10 of the Listing Manual, the Board has decided to voluntarily disclose additional details of the Transaction in the spirit of transparency and good corporate governance.

E. PROPOSED USE OF PROCEEDS

The Company intends to utilize the proceeds from the Transaction to:

(a) settle the remaining outstanding liabilities of the Company and the Group;

(b) restart the construction development of the Remaining 5 Blocks;

(c) increase operating cashflow for the Company and the Group; and

(d) to invest in new potential projects/investments.

[1] The property development business is one of the Group's main operating business segments, with the focus on working with land owners to minimise initial capital outlay and undertaking the conception, design and implementation of integrated property projects. The Group also develops and sells serviced suites under construction and retail units before completion of construction of the properties.

F. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

Save as disclosed herein, none of the other Directors or controlling shareholder(s) of the Company has any interest, direct or indirect (other than through their respective shareholdings in the Company), in the Transaction.

G. FINANCIAL EFFECTS OF THE TRANSACTION

(I) ASSUMPTIONS

The financial effects of the Transaction on the net assets value ("**NAV**") per share and the earnings per share ("**EPS**") of the Group are set out below. The financial effects which have been prepared based on the latest audited financial statements of the Group for the financial year ended 30 June 2022 ("**FY2022**"), are purely for illustrative purposes only and do not reflect the actual financial position of the Group after completion of the Transaction and are subject to the following assumptions:

(a) the financial effect of the Transaction is based on the assumption that the Transaction has been completed at the beginning of FY2022;

(b) the delivery of the Vendor's Works; and

(c) the payment of the Introducer Fee.

(II) NET ASSETS VALUE

For illustrative purposes and assuming the Transaction has been completed on 30 June 2022, the NAV is as follows:

	Before the Transaction	**After the Transaction**
NAV (RM'000)	169,563	170,738
Number of Shares ('000 share)	14,268,666	14,268,666
NAV per Share (RM)	0.012	0.012

(III) EARNINGS PER SHARE

For illustrative purposes and assuming the Transaction has been completed on 30 June 2022, the earnings per share is as follows:

	Before the Transaction	**After the Transaction**
Profit attributable to owners of the Company (RM'000)	59,133	60,308
Number of weighted average shares ('000 share)	14,268,666	14,268,666
EPS (RM)	0.004	0.004

(IV) NET GEARING

For illustrative purposes and assuming the Transaction has been completed on 30 June 2022, the net gearing is as follows:

	Before the Transaction	**After the Transaction**
Net Gearing	1.1927	1.1845

H. 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 Transaction, 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.

I. DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the SPA is available for inspection at the business office of the Company at 1, North Bridge Road, #24-09 High Street Centre, Singapore 179094 during normal business hours for a period of three (3) months from the date of this announcement:

Trading in the Company's securities on the SGX-ST has been voluntarily suspended by the Company since 14 February 2020. The Company will make further announcements as appropriate or when there are any material developments.

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
27 January 2023

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*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 document, including the correctness of any of the statements or opinions made or reports contained in this document.*

The contact person for the Sponsor is Mr. Shervyn Essex, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.