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

MONTHLY UPDATE MAY 2023

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meaning in the previous announcements dated 3 May 2023 and 26 May 2023.

The board of directors (the "**Board**" or the "**Directors**") of Capital World Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to provide the following updates:

A. Update on legal claims against the Group

1. As at the date of this announcement, the total ongoing legal claims of the Group is RM25.3 million.

2. Following are the updates on the ongoing legal matters:

    i. With regards to the case involving Teh Swee Neo, Lee Yong Hen and 97 other purchasers ("**99 Plaintiffs**"), with CCRM Management Sdn Bhd. ("**CCRM**") as the lessee and Capital City Property Sdn Bhd ("**CCPSB**") as the developer, the High court Judge has directed that the 99 Plaintiffs had proven their claim and CCRM and CCPSB jointly and severally liable towards the 99 Plaintiffs' claims. CCPSB has filed an appeal on this case on 12 April 2023. CCPSB's estimated legal claims in relation to this case is RM10 million. As of the date of this announcement, the Company is still awaiting further updates regarding its appeal.

    ii. With regards to the case involving Lee Choi Fa and 139 other purchasers with CCRM as the lessee and CCPSB as the developer, the High Court Judge has directed that the Judiciary Management has the right to enter into the Consent Order although Lee Choi Fa and the 139 other purchasers are neither secured creditors nor unsecured creditors as they are contingent creditors. The Court has directed the case management to be fixed on 6 December 2023.

    iii. With regards to the case involving Mr Pung It Teong and Ms Tan Yee Ting (the "**Purchasers**"), the Purchasers served a Writ and Statement of Claim dated 28 September 2022 to CCPSB as the developer. The Purchasers are claiming a refund for the sum paid. The claim amount is RM435,756.00. The Court has directed the case management to be fixed on 15 June 2023.

    iv. On 24 November 2022 and 27 December 2022, Mr. Pey Boon Siong and 19 other purchasers ("**Pey & Other Purchasers**") served their Writ Summons and Statements of Claim to CCPSB as developer and CCRM as lessee in 20 separate suits, all filed at the High Court of Malaya at Johor Bahru. Pey & Other Purchasers are claiming a total of RM8.9 million for the liquidated and ascertained damages for the late delivery of the Capital City Mall retail units' vacant possession, arrears of outstanding rental, and the depreciation of the property value faced by them. As of the date of this announcement,12 of the 20 suits have been successfully transferred from the High Court to the Sessions Court and the remaining 8 cases are in the process of being transferred from the High Court to the Sessions Court. The Judge has directed for a further case management to be held on 20 June 2023 for the Plaintiff to update the Court on the regularisation of their filing codes and the status of the remaining suits in the High Court to the Session Court for these 8 cases.

v. On 6 April 2023, Matrix Ideal Sdn Bhd ("**Matrix Ideal**") has issued a letter of demand ("**Letter of Demand**") to MCM Studio Entertainment Group Sdn Bhd ("**MCM Studio**"), CCPSB and Mr Siow Chien Fu, who is our Executive Director. MCM Studio, disposed in January 2020, was an 80% subsidiary of CWL and had entered into a shareholders agreement with Matrix Ideal ("**Shareholders Agreement**"), which included that Matrix Ideal was to inject RM 17.5 million in full into the MCM Studio to subscribe for 25% new shares in MCM Holdings Sdn Bhd, a company to be incorporated under MCM Studio to own the balance 75% shareholding. Matrix Ideal eventually injected a partial sum of approximately RM8.4 million (the "**Paid Fund**") into MCM Studio. As MCM Studio did not receive the full RM17.5 million, in accordance to the Shareholders Agreement, no shares were issued to Matrix Ideal. Matrix Ideal is now claiming the Paid Sum as Matrix Ideal alleges that the Paid Fund was further transferred to CCPSB (the "**Allegation**").

The Company wishes to clarify that the Paid Fund was never transferred to CCPSB and the Company is seeking legal advice on this matter. On 20 April 2023, the Company's legal representatives countered the Allegations set out in the Letter of Demand on the basis that the claims are unsubstantiated. The Company will continue to pursue further legal recourse should Matrix Ideal decide to further their Allegations.

B. <u>The Company's future direction, or other material development that may have a significant impact on the issuer's financial position</u>

1. The Company refers to its announcement dated 10 February 2023 wherein the Company has submitted its resumption of trading proposal ("**Resumption Proposal**") to Singapore Exchange Regulation Pte Ltd. The Company shall keep the shareholders updated on the outcome of the Resumption Proposal accordingly.

2. The Company refers to its first quarter results dated 9 November 2022 wherein CCPSB has entered into a tenancy agreement ("**Tenancy Agreement**") with MK Mustafa Centre Sdn Bhd ("**Mustafa"**) dated 1 November 2022, for the lease of Capital City Mall (the "**Mall**") in Johor Tampoi. A supplemental letter was signed on 7 June 2023 ("**Supplemental Letter**") for the postponement of the commencement date for the payment of the monthly rental from 1 April 2023 to 1 December 2023 (the "**Postponement**") due to the longer than expected renovation period of the Mall. The longer renovation period is due to additional spending incurred by Mustafa to enhance the Mall interior design (the "**Enhancement**"). CCPSB is able to leverage on the Enhancement of the Mall to attract more tenants and the Enhancement is also beneficial to the future development of the 5 towers which will be situated on top of the Mall. As the benefits received by CCPSB outweighs the cost, CCPSB agreed to the Postponement. The Postponement is in line with the terms set out in the Tenancy Agreement.

   Further disclosures will be made in due course to keep shareholders apprised of its developments.

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
12 June 2023

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*This document 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.*

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