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## **PROPOSED DISPOSAL OF 100% SHAREHOLDING INTEREST IN TERRATECH RESOURCES GROUP**

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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 28 April 2022, entered into a sale and purchase agreement (“**SPA**”) with Mr Loh Choon Yow, a Malaysian businessman and MIE Corporate Holdings Sdn Bhd, a company incorporated in Malaysia that is principally engaged in investment holding (the “**Purchasers**”); to dispose its entire 100% equity interest in its wholly-owned subsidiary, Terratech Resources Pte Ltd (“**TRPL**”), to the Purchasers, for a cash consideration of RM4.8 million (the “**Proposed Disposal**”). The Purchasers are independent third parties.

### **Background**

TRPL was incorporated in Singapore and it has one wholly-owned subsidiary, namely: CEP Resources Entity Sdn Bhd (together referred to as “**TRPL Group**”). The core business of the TRPL Group is principally the exploration, extraction and wholesale of mineral resources i.e. marble products. The net asset value of the TRPL Group as of 30 June 2021 was RM2.49 million, which has been consolidated to the Group’s unaudited consolidated financial results for the year ended 30 June 2021.

### **Consideration**

The consideration of RM4.8 million was arrived at after arm’s length negotiations with the Purchasers on a willing-buyer, willing-seller basis, and after taking into consideration the market demand and historical financial position of TRPL Group. Based on the consideration of RM4.8 million, the gain on disposal and the excess of the proceeds over the book value of RM1.00 is approximately RM4.8 million.

### **Rationale**

The Proposed Disposal will allow the Group to reallocate its resources to focus on its core property development business as well as to generate some cashflow for working capital purposes.

As the Proposed Disposal relates to a non-core and loss-making asset of the Group, the Company is of the view that the Proposed Disposal is in the best interests of the Company and its shareholders.

Upon completion of the Proposed Disposal, TRPL 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>	33.33 % of the Sale Shares (108,577,892 Sale Shares) to Mr Loh Choon Yow Remaining 66.67 % of the Sale Shares (217,155,783 Sale Shares) to MIE Corporate Holdings Sdn Bhd
<b>Sales consideration</b>	RM4.8 million to be fully satisfied in cash in the following proportions: (a) RM1,600,000.00 to be paid by Mr Loh Choon Yow; and

	(b) RM3,200,000.00 to be paid by MIE Corporate Holdings Sdn Bhd
<b>Sale Shares</b>	325,733,675 Ordinary shares of TRPL, representing 100% of the equity interest held by the Company (the " <b>Sale Shares</b> ")
<b>Completion Date</b>	30 days from the date of the SPA or such extended period as mutually agreed between the parties
<b>Conditions Precedent</b>	<p>The completion of the sale and purchase of the Sale Shares is conditional:</p> <ol style="list-style-type: none"> <li>1) on the approval being obtained from the shareholders of the Company, if required.</li> <li>2) upon the Company delivering the following documents ("<b>Completion Deliverables</b>") to the Purchaser: <ol style="list-style-type: none"> <li>i) The registrable instrument of transfer shares duly executed by the Company in favour of the Purchaser;</li> <li>ii) The original share certificate in favour of the Purchaser for the shares;</li> <li>iii) A member resolution of the Company approving the sale, transfer and registration of the Sale Shares in favour of the Purchaser, if required, and</li> <li>iv) A Board resolution of the Company and its subsidiaries for the written off of amounts due to and or due from TRPL and CEP with the Company and other affiliated companies, if required.</li> </ol> </li> </ol> <p>In the event that the Company is unable to deliver the Completion Deliverables within the Completion Date, the non-defaulting Party may at its discretion:</p> <ol style="list-style-type: none"> <li>i) Defer the Completion Date; or</li> <li>ii) Rescind the SPA without prejudice to any other rights or remedies of the non-defaulting party against the defaulting party.</li> </ol>

### **Use of Proceeds**

The intended use of the proceeds is as follows :

<b>Particulars</b>	<b>Amount (RM)</b>
Professional fee relating to the Proposed Disposal	40,000
Payments to settle TRPL Group's other creditors	200,000
Loan to Capital City Properties Sdn Bhd for the settlement of liabilities	950,000
Payment for the Company's liabilities which is not part of the Scheme	2,200,000
General working capital	1,410,000
<b>Total</b>	<b>4,800,000</b>

No specific allocation has been made in relation to use of proceeds for the above general working capital, however the Company intends to utilize the proceeds allocated for general working capital for corporate expenses, other professional fees, administrative and employee related expenses.

### **Relative Figures under Rule 1006 of the Catalyst Rules**

Based on the Group's latest announced financial statements for the full year ended 30 June 2021 ("FY2021"), 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 Catalyst (the "Catalyst Rules") are as follows:

<b>Catalyst Rules</b>	<b>Relative Figures</b>
<b>1006(a)</b>	
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.	(10.11)% <sup>(1)</sup>
<b>1006(b)</b>	
The net profits <sup>(2)</sup> attributable to the assets disposed, compared with the Group's net profits <sup>(2)</sup>	0.13% <sup>(3)</sup>
<b>1006(c)</b>	
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	21.12% <sup>(4)</sup>
<b>1006(d)</b>	
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 <sup>(5)</sup>
<b>1006(e)</b>	
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 <sup>(6)</sup>

#### **Notes:**

- (1) Computed based on the unaudited consolidated financial statements of the Company as at 30 June 2021, the net asset value of TRPL Group attributable to the Group is approximately RM2.49 million and the Group's net liability was approximately RM24.57million.
- (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 FY2021, the net losses attributable to TRPL Group is RM0.04 million and the net losses of the Group is RM178.96 million.
- (4) Computed based on the consideration of RM4.8 million, divided by the market capitalization of RM22.70 million (at an exchange rate of RM3.0875:SGD1.00), being 1,832,094,554 shares at S\$0.004017 per share, being the weighted average price for the last trading day on which the Company's shares was traded before its suspension on 14 February 2020. The Company does not have treasury shares.
- (5) Not applicable as the transaction is not a proposed acquisition.
- (6) Not applicable as the Company is not a mineral, oil and gas company.

As the relative figures computed for Rules 1006(b) and 1006(c) of the Catalist Rules are more than 5.0%, the disposal of TRPL Group is a “Discloseable Transaction” for the purposes of Chapter 10 of the Catalist Rules.

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 if the Proposed Disposal is in accordance with the applicable circumstances in Practice Note 10A.

Notwithstanding the relative figure computed under Rule 1006(a) of the Catalist Rules is a negative figure and that both the Group and TRPL Group are loss making for the year ended 30 June 2021, the Proposed Disposal falls under paragraph 4.4(c) and 4.4(e) of Practice Note 10A of the Catalist Rules. In addition, one of the relative figures computed on the base of Catalist Rule 1006(b) involves negative figures. Therefore, Chapter 10 of the Catalist Rules may still be applicable to the Proposed Disposal in accordance with the applicable circumstances in Practice Note 10A of the Catalist Rules. As the Proposed Disposal falls within paragraph 4.4(c) and (e) of Practice Note 10A of the Catalist Rules, Catalist Rules 1010 to 1013 (where applicable) shall apply to the Disposal. Therefore, the information required in Rule 1010, Rule 1011, Rule 1012 and Rule 1013, where applicable, has been disclosed accordingly.

### **Financial Effects**

The *pro forma* financial effects of the Proposed Disposal set out below are purely for illustrative purposes only and should not be taken as an indication of the actual future financial performance or position of the Group following the Proposed Disposal nor a projection of the future financial performance or position of the Group after completion of the Proposed Disposal.

The *pro forma* financial effects of the Proposed Disposal are prepared based on the latest announced financial statements of the Group for FY2021.

#### **Net Tangible Assets (“NTA”) per Share**

Assuming that the Proposed Disposal were completed on 30 June 2021, 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)	(25,143,000)	(27,628,000)
Number of Shares	14,268,666,015	14,268,666,015
<b>NTA per Share (RM cents)</b>	(0.18)	(0.19)

#### **Loss Per Share (“LPS”)**

Assuming that the Proposed Disposal was completed on 1 July 2020, the effects of the Group’s LPS would be as follows:

	<b>Before Proposed Disposal</b>	<b>After Proposed Disposal</b>
Loss after tax attributable to Shareholders (RM'000)	178,962,000	178,922,000
Number of Shares in issue	14,268,666,015	14,268,666,015
<b>LPS (RM Cents)</b>	1.254	1.254

**Notes:**

- (1) Computed based on the total number of issued shares in the Company of 14,268,666,015 shares as at the date of this announcement.

**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.

**Trading in the Company's securities on the SGX-ST has been voluntarily suspended by the Company on 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**

Siow Chien Fu  
Executive Director and Chief Executive Officer  
28 April 2022

*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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