

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

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**ENTRY INTO TERM SHEET IN RELATION TO THE PROPOSED ALLOTMENT AND ISSUANCE OF 916,047,277 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY TO YUAN ZHIWEI AND CHNG CHOR TONG**

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**1. 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 has on 10 July 2019 entered into a term sheet (the “**Term Sheet**”) with Yuan Zhiwei and Chng Chor Tong (the “**Subscribers**” and together with the Company, the “**Parties**”) which sets out the key terms of the proposed allotment and issue of 916,047,277 new ordinary shares in the capital of the Company (the “**Shares**”) (the “**Subscription Shares**”) to the Subscribers at an issue price of S\$0.020 for each Subscription Share (the “**Proposed Subscription**”).

The issue price of the Subscription Shares of S\$0.020 represents a 13.04% discount to the volume weighted average price (“**VWAP**”) of S\$0.023, based on the trades done on the Shares on the Catalist board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 5 July 2019, being the latest full market day where shares were traded before the Term Sheet was signed. As the VWAP represents a discount of over 10%, the Company would be seeking the approval of the Shareholders for the Proposed Subscription.

The Term Sheet is legally binding as to the commercial terms set out therein, subject to negotiation and execution of a definitive subscription agreement (the “**Subscription Agreement**”) in respect of the Proposed Subscription in the form and substance satisfactory to the Parties.

**2. RATIONALE**

The rationale for issuing the Subscription Shares to the Subscribers is to allow the Group to raise gross proceeds of approximately S\$18,320,945.54 from the Proposed Subscription. After deducting estimated expenses (including the cash portion of the Arranger fee amounting to a maximum of S\$641,233.09), the use of net proceeds of approximately S\$17,579,000 from the Proposed Subscription is estimated as follows:-

<b>Description</b>	<b>%</b>
1) Capital City Project	34 to 47
2) Partial repayment of existing loans and borrowings	34 to 57
3) Working capital	11 to 17
<b>TOTAL</b>	<b>100</b>

Pending the deployment of the net proceeds from the Proposed Subscription (after deducting relevant transaction expenses) for the purposes mentioned above, the net proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions or for any other purpose on a short-term basis as the directors may in their absolute discretion deem appropriate in the interests of the Group. The Company will make periodic announcements on the utilisation of the net proceeds as and when they are materially disbursed and provide a status report on the use of the net proceeds in the Company's quarterly and full-year financial statements issued under Rule 705 of the Listing Manual (Section B: Rules of Catalist) of the SGX-ST (“**Catalist Rules**”) and the Company's annual report and whether such a use is in accordance with the stated use and in accordance with the stated percentage allocated. Where there is any material deviation from the stated use of proceeds, the Company will make the necessary announcement for the reasons for such deviation.

### 3. THE SUBSCRIBERS

#### Yuan Zhiwei ("Mr Yuan")

Mr Yuan is a Singapore Permanent Resident and is currently a Director and shareholder of Shen Zhen South Honki Investment Co., Ltd and Guizhou Honki Real Estate Development company Ltd, specialising in property development and property investment.

#### Chng Chor Tong ("Mr Chng")

Mr Chng is a Singaporean investor and is currently a director of Zhuang Sheng Singapore Holdings Pte Ltd, specialising on the funds raising and corporate consultancy.

The Subscribers were introduced to the Company through the Arranger (as defined below) and are participating in the Proposed Subscription for their own investment purposes.

None of the Subscribers holds any Shares of the Company as at the date of this announcement. Upon completion of the Proposed Subscription, Yuan Zhiwei will hold 781,449,746 Subscription Shares representing 42.65% of the Company's existing share capital of 1,832,094,554 Shares ("**Existing Share Capital**") and 28.11% of the Company's enlarged share capital of 2,780,203,486 Shares (assuming that all the Subscription Shares and Arranger Shares (as defined below) are issued) ("**Enlarged Share Capital**"), and Chng Chor Tong will hold 134,597,531 Subscription Shares representing 7.35% of the Existing Share Capital and 4.84% of the Enlarged Share Capital.

The Subscribers are not related to any of the Directors, substantial shareholders of the Company, or their respective associates. The Subscribers are not restricted persons under Rule 812 of the Catalist Rules, and are not co-operating or acting in concert with any other shareholders of the Company to obtain or consolidate effective control of the Company through the Proposed Subscription.

There is also no past or present connection (including business relationship) between the Company, its subsidiaries, its Directors or substantial shareholders and the Subscribers.

Shareholders should also note that following the issuance of the Subscription Shares, Mr Yuan will become a controlling shareholder of the Company. Among others, the Company will be seeking Shareholders' approval for the potential transfer of controlling interest to Mr Yuan in accordance with Rule 803 of the Catalist Rules.

### 4. ARRANGER FEE

The Arranger is a private investor and currently holds 20,000 shares in the Company. He is an Insurance Agency Manager.

The Company has agreed to pay a fee amounting to 7% of the total gross proceeds to be raised from the Proposed Subscription (the "**Arranger Fee**") to Tan Chin Tuan (the "**Arranger**") in consideration of work done, including assisting the Company to raise capital through private placement of Shares, introducing prospective parties such as the Subscribers to subscribe for new Shares, and co-ordinating the Proposed Subscription. The Arranger Fee would be satisfied through the issuance and allotment of shares, and the payment of cash consideration in the following manner:

- 1) 3.5% to be paid in cash amounting to a maximum of S\$641,233.09; and
- 2) 3.5% to be paid by issuing new shares up to 32,061,655, representing 1.75% of the Existing Share Capital and 1.15% of the Enlarged Share Capital.

Please refer to Paragraph 5 (*Principal Terms of the Proposed Subscription*) for further details on the Arranger Fee.

The Arranger Fee was mutually agreed upon between the Company and the Arranger on commercial terms, and no part of the Arranger Fee will be shared with the Subscribers.

The Arranger is not related to any of the Directors, substantial shareholders of the Company, or their respective associates. The Arranger is not a restricted person under Rule 812 of the Catalyst Rules, and is not co-operating or acting in concert with any other shareholders of the Company (“**Shareholders**”) to obtain or consolidate effective control of the Company through the Arranger Shares. There is also no past or present connection (including business relationship) between the Company, its subsidiaries, its Directors or substantial shareholders and the Arranger.

## 5. PRINCIPAL TERMS OF THE PROPOSED SUBSCRIPTION

The principal terms of the Term Sheet are summarised as follows:

<b>Subscribers</b>	1. Yuan Zhiwei 2. Chng Chor Tong
<b>Issuer</b>	Capital World Limited
<b>Subscription Shares</b>	1. Yuan Zhiwei: 781,449,746 Subscription Shares representing 28.44% of the Enlarged Share Capital 2. Chng Chor Tong: 134,597,531 Subscription Shares representing 4.84% of the Enlarged Share Capital
<b>Issue Price</b>	S\$0.020
<b>Consideration</b>	S\$18,320,945.54 in cash, payable in the following manner:-  (a) A deposit of S\$2,000,000 within fourteen (14) days from the date of the Term Sheet (the “ <b>Deposit</b> ”); and  (b) Balance of S\$16,320,945.54 upon completion of the Proposed Subscription
<b>Deposit</b>	The Deposit can be utilised by the Company at its own discretion at any time after receipt.  In the event of termination of the Proposed Subscription before completion, the Deposit shall be repayable by the Company to the Subscribers six (6) months from the date of the receipt of the Deposit, together with interest calculated at the rate of eight per cent. (8%) per annum.
<b>Arranger</b>	Tan Chin Tuan
<b>Arranger Fee</b>	(a) 3.5% of the Consideration or the Deposit (if the Proposed Subscription is terminated before completion), to be paid in cash within ten (10) business days after the receipt of the Consideration or Deposit (as the case may be); and  (b) 3.5% of the Consideration or the Deposit (if the Proposed Subscription is terminated before completion), to be paid by issuing such number of new Shares (the “ <b>Arranger Shares</b> ”) to the Arranger at an issue price of S\$0.02 for each Arranger Share. If the Proposed Subscription is

	<p>terminated before completion, the Company would be required to issue 3,500,000 Arranger Shares, representing approximately 0.19% of the Existing Share Capital and 0.19% of the share capital of 1,835,594,554 Shares after issuance of the Arranger Shares.</p> <p>The Arranger shall not sell, transfer, dispose, charge, mortgage, pledge or otherwise deal with the Arranger Shares for a period of six (6) months from the relevant date of issue of the Arranger Shares.</p>
<b>Due Diligence</b>	To be completed within two (2) months from the date of the Term Sheet, subject to extension as mutually agreed between the Parties
<b>Definitive Documents</b>	<p>The Proposed Subscription is subject to the Parties finalising and entering into a legally binding Subscription Agreement incorporating all the terms of the Proposed Subscription, including (without limitation) the matters set out in the Term Sheet.</p> <p>The Parties shall as soon as practicable from the date of this Term Sheet and in good faith, negotiate and settle the terms of the Subscription Agreement, and enter into the Subscription Agreement within seven (7) days from the date of completion of Due Diligence (as defined below).</p>
<b>Conditions Precedent</b>	<p>The completion of the Proposed Subscription is conditional upon, <i>inter alia</i>, the following:</p> <ol style="list-style-type: none"> <li>a) the execution of the Subscription Agreement;</li> <li>b) the Company having received the Deposit;</li> <li>c) the Company having received approval from its Shareholders at an extraordinary general meeting to be convened in respect of the allotment and issue of the Subscription Shares;</li> <li>d) the submission of the additional listing application and the receipt of the listing and quotation notice from the SGX-ST for the listing and quotation of the Subscription Shares on the Official List (as defined in the Catalyst Rules) of the SGX-ST, and the same not being revoked or amended, and where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and the Subscriber, and to the extent that any conditions to such approval are required to be fulfilled on or before the completion of the Subscription Agreement, they are so fulfilled to the satisfaction of the SGX-ST or so waived by them;</li> <li>e) the allotment, issue and subscription of the Subscription Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Subscription Agreement by any applicable legislative, executive or regulatory body or authority of Singapore; and</li> <li>f) the completion of legal, business, financial and accounting due diligence ("<b>Due Diligence</b>") on the Company, to the satisfaction of the Subscribers.</li> </ol>

## **6. DIRECTORS' CONFIRMATION**

In respect of the Proposed Subscription, the Directors are of the opinion that after taking into consideration the present credit facilities and the net proceeds of the Proposed Subscription, the working capital available to the Group is sufficient to meet its present requirements.

## **7. APPLICATION TO THE SGX-ST**

The Company will be submitting an application, through its sponsor, together with the conforming documents to the SGX-ST for the listing and quotation of the Subscription Shares and Arranger Shares on the Official List of the SGX-ST at the appropriate time. The Company will make the necessary announcements upon the receipt of the listing and quotation notice from the SGX-ST.

Subject to entry by the Parties into the Subscription Agreement, the Proposed Subscription is subject to the approval of the Shareholders at an extraordinary general meeting ("EGM") of the Company to be convened. In connection with the EGM, the Company will in due course issue a circular to the Shareholders to provide the Shareholders with further information on the Proposed Subscription as well as the recommendations of the Board.

## **8. NO PROSPECTUS OR OFFER INFORMATION STATEMENT**

The Proposed Subscription will be undertaken by way of private placement in Singapore in accordance with Section 272B of the Securities and Futures Act (Chapter 289). As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore in connection with the Proposed Subscription.

## **9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Subscription, other than through their respective directorships and/or shareholdings in the Company.

## **10. DOCUMENT AVAILABLE FOR INSPECTION**

The Term Sheet is available for inspection during normal business hours from 9.00 am to 5.00 pm at the registered office of the Company at 390 Havelock Road, #04-06 King's Centre, Singapore 169662 for a period of three (3) months from the date of this announcement.

## **11. 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 Subscription, 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.

## 12. TRADING CAUTION

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

By Order of the Board  
**CAPITAL WORLD LIMITED**

Siow Chien Fu  
Executive Director and Chief Executive Officer  
10 July 2019

*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 Catalist.*

*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)).*