

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

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**I. CLARIFICATION ON RESPONSE TO QUERIES FROM THE SGX-ST**

**II. UPDATE ON THE SETTLEMENT AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND DATO' CHONG**

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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**”) refers to the circular to shareholders dated 11 January 2019 (the “**Circular**”) and the Company’s announcements dated 23 November 2018, 24 January 2019 and 28 January 2019 (the “**Previous Announcements**”) in relation to, amongst others, the Company’s proposed allotment and issuance of 39,000,000 Shares to Dato’ Sri Chong Thim Peng (“**Dato’ Chong**”) pursuant to the settlement agreement (the “**Settlement Agreement**”) entered into with Dato’ Chong on 23 November 2018 (the “**Proposed Issue of Settlement Shares**”).

Unless otherwise defined, capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Circular and the Previous Announcements.

**2. CLARIFICATION ON RESPONSE TO SGX-ST QUERIES**

In the Company’s response to SGX-ST’s question 1 in the announcement dated 24 January 2019, it was stated amongst others that: “*Many of the operation contracts that the Company had entered into require that the existing management remain in control of the Company. Given the large deemed interest of Dato Chong if the additional shares were charged, there is a risk that third parties may view the existing management as not having control of the daily operations of the Company and this will have an adverse impact on the smooth running of the Company. In addition, for the various joint venture agreements entered into between the Company and the land owners, there is a requirement that the Chargors remain majority shareholders of the Company and if Dato Chong has a deemed interest in 41.38% of the issued and paid up shares of the Company, there may be adverse impact on these joint venture agreements. Therefore, the Board is of the view that it is in the interest of the Company and the Chargors to terminate the CBSA.*”

In relation to the operation contracts that the Company had entered into, the Board wishes to clarify that there is no express written requirement for the existing management to remain in control of the Company. Rather, pursuant to a loan agreement dated 31 October 2017 entered into between the Company’s wholly-owned subsidiary, Capital City Property Sdn Bhd (“**CCPSB**”), and Great View Finance Limited, CCPSB had warranted that Mr. Siow Chien Fu, Dato’ Colin Tan and Dato’ Edwin Tan were the major shareholders of the Company at the time of entering into the loan agreement.

In relation to the joint venture agreements entered into between the Company and the land owners, the Board wishes to clarify that there is no express written requirement for Mr. Siow Chien Fu, Dato’ Colin Tan and Dato’ Edwin Tan to remain as the majority shareholders of the Company. Rather, under the joint venture agreement entered into between CCPSB and Achwell Property Sdn Bhd (“**APSB**”) on 26 November 2013 (as amended, supplemented and/or modified from time to time) for the Capital City project (the “**JVA**”), CCPSB had covenanted amongst others that there shall be no sale, transfer or assignment of or encumbrances on any of the shares held under moratorium or change in the number of shares held in the Company by Mr. Siow Chien Fu, Dato’ Colin Tan and Dato’ Edwin Tan and/or their nominees during the period of moratorium. Breach of this covenant by CCPSB shall constitute a breach of material obligation of CCPSB under the JVA, which may have an adverse impact on the Group’s operations. Also, any change, replacement or removal of Mr. Siow Chien Fu, Dato’ Colin Tan and/or Dato’ Edwin

Tan from the board of directors and/or change in any of the aforementioned shareholders and/or their shareholdings without the written consent of APSB would constitute an event of default which may result in the termination of the JVA.

For the avoidance of doubt, the voting rights of the existing Shares charged in favour of Dato' Chong (the "**Charged Shares**") remain with the Mr. Siow Chien Fu, Dato' Colin Tan and Dato' Edwin Tan until the occurrence of an event of default under the Share Charge Agreements, following which Dato' Chong shall be entitled to the exercise of all powers or rights (in particular, all voting rights) attached to the Charged Shares.

### **3. UPDATE ON THE SETTLEMENT AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND DATO' CHONG**

As stated in the Company's response to SGX-ST's question 1 in the announcement dated 24 January 2019, due to the fall in the Company's share price below the threshold of S\$0.0492 (being 60% of the conversion price of S\$0.082 per Share) for a period of five consecutive trading days, notices had been served on each of Mr. Siow Chien Fu, Dato' Colin Tan and Dato' Edwin Tan for an additional 307,061,748 Shares to be charged in favour of Dato' Chong pursuant to the terms of the Share Charge Agreements.

Pursuant to the Settlement Agreement, the termination of the Convertible Bond Subscription Agreement and the discharge of the share charges under the Share Charge Agreements shall be conditional upon amongst others the Company allotting and issuing the Settlement Shares to Dato' Chong on or before 21 February 2019.

Given that Ordinary Resolution 5 on the Proposed Issue of Settlement Shares was not passed at the EGM, the conditions under the Settlement Agreement will not be met. Consequently, the Convertible Bond Subscription Agreement and the Share Charge Agreements remain in full force and effect, and the parties' rights under the Convertible Bond Subscription Agreement and the Share Charge Agreements are reserved. In an event that additional Shares are requested to be charged in favour of Dato' Chong in accordance with the Share Charge Agreements, failure to do so by the Chargors will constitute an event of default under the Convertible Bond Subscription Agreement, and Dato' Chong may declare the bonds immediately due and payable whereupon the principal amount of the Series A Bonds together with accrued interest shall immediately become payable.

The Company will be in discussions with Dato' Chong on the next course of action and will update Shareholders as and when there is any material development on the same.

### **4. 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 Issue of Settlement Shares, 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.

### **5. 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  
30 January 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"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume 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. Tan Pei Woon, Senior Manager, 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)).*