

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

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**PROPOSED SCHEME OF ARRANGEMENT BY CAPITAL WORLD LIMITED**

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Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meaning as the Previous Announcements (as defined below) and clause 1 under Definitions and Interpretation, of the Scheme of Arrangement document dated 15 July 2020, attached as Appendix I to this announcement.

**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 Company’s announcements on 13 February 2020, 17 February 2020, 21 February 2020, 24 February 2020, 2 March 2020, 16 March 2020, 1 April 2020, 30 April 2020, 1 June 2020, 12 June 2020 and 2 July 2020 (the “**Previous Announcements**”) and wishes to provide the following update on the proposed scheme of arrangement for the moratorium pursuant to Section 211B(1) of the Companies Act (Cap. 50).

**PROPOSED “PREPACKAGED” SCHEME OF ARRANGEMENT**

The Company has proposed to enter into a “prepackaged” scheme of arrangement with its creditors (the “**Scheme Parties**”) pursuant to Section 211I of the Companies Act (“**CA**”) (the “**Scheme**”). The Scheme Document dated 15 July 2020, together with the explanatory statement, ballot form, proof of debt form and nomination form has been sent to its list of creditors (recorded as at 30 June 2020) by electronic means on 15 July 2020. The published notice to creditors is attached as Appendix II to this Announcement.

If the Scheme is approved by a majority in number representing three-fourths in value (the “**Requisite Majority**”) of Scheme Parties casting their votes through the ballot forms, an application will be made by the Company to the High Court of the Republic of Singapore (the “**Court**”) under Section 211I of the CA, which allows the Court to sanction the Scheme without a meeting of creditors for fast-tracked pre-negotiated schemes.

**SALIENT TERMS OF THE SCHEME**

Please refer to the Scheme Document which is attached as Appendix I of this announcement for full details of the Scheme.

**I. RATIONALE**

The Scheme would allow for a restructuring of its debts and liabilities to enable the Group to strengthen and rebuild its balance sheet and cash flow situations as well as facilitate the possibility of obtaining more investment into the Company going forward. The Board is of the view that following the reduction of its financial debt to a sustainable level, the Company will be a viable going concern.

Upon completion of the Scheme by performance in accordance with its terms, *inter alia*, all liabilities of the Company in relation to or in connection with the debts of the Scheme Parties and the creditors of CCP shall be deemed satisfied. Accordingly, after the completion of the Share Distribution (defined herein), the Group’s liabilities would be reduced by approximately S\$183 million.

The Board believes that the Scheme would benefit all stakeholders, who would receive a greater return under the Scheme than under a winding up of the Company. It is estimated that if the Company is placed into winding up, each unsecured Scheme Party would only stand to realise a percentage of their Approved Claims .

## II. SCHEME OVERVIEW

The Scheme comprises principally the following elements:

- (a) the Company shall allot and issue Scheme Shares for 100 cents to the dollar for each Creditor and their Approved Claims to extinguish all the Company's debts and liabilities through the Share Distribution, such that no outstanding debts remain due to the Creditors upon Completion; and
- (b) the Company shall allot and issue Scheme Shares to its wholly owned subsidiary, CCP, in order for CCP to restructure its debts and liabilities by allotting and issuing Scheme Shares for 100 cents to the dollar of adjudicated claims by CCP such that no adjudicated claims by CCP remain due from CCP to its creditors after the terms of the Scheme have been executed.

### Condition precedent to the Scheme

The following are conditions precedent to the entry into force of the Scheme, and the date on which all of the following are fulfilled shall be the "Scheme Effective Date", from which date onwards this Scheme shall take effect.

- a. the Court being satisfied that had a meeting of creditors or class of creditors been summoned, the approval of a Requisite Majority in value of each class of Scheme Parties would have been obtained;
- b. the confirmation by the Court pursuant to Section 211I of the Act and a copy of the Order of the Court sanctioning the Scheme being lodged with ACRA pursuant to Section 211I(12) of the Act;
- c. the receipt of approval-in-principle from the SGX-ST in relation to the dealing in, listing of and quotation for the Scheme Shares to be issued to the Scheme Parties;
- d. the approval of Independent Shareholders being obtained for the allotment and issuance of the Scheme Shares to the Scheme Parties and other resolutions (including, but not limited to interested party transactions) in connection thereto at an extra-ordinary general meeting (the "EGM").;
- e. as at the Scheme Effective Date, there is no resolution being passed or order made for the winding up of the Company or its subsidiaries, no receiver, trustee, judicial manager or similar officer of the Company or its subsidiaries, their assets or any of them being appointed and no encumbrancer taking possession of their assets; and
- f. as at the Long-Stop Date, the foregoing conditions above have been satisfied.

Notwithstanding anything to the contrary herein, this Scheme shall not commence and shall have no effect at all if the above conditions precedent are not met.

### Moratorium and Interest

During the Scheme Period, no Scheme Party shall, whether directly or indirectly, take any steps to initiate, commence, procure, or continue any legal or other proceedings against the Company and its subsidiaries or any of their assets and properties in respect of the indebtedness of the Company and its subsidiaries in any jurisdiction including, but not limited to, court action (including winding up proceedings, judicial management and any analogous proceedings in any other jurisdiction), arbitration, the appointment of a receiver or receiver and manager, and/or the enforcement of any judgment, court order or arbitral award.

All claims for any interest (whether contractual, default, penalty or otherwise), costs, fees and expenses shall be calculated up to and including the Ascertainment Date (being the date on which the Proof of Debt is valued, being 30 June 2020). All claims for any interest (whether contractual, default, penalty or otherwise), costs, fees and expenses after the Ascertainment Date shall be waived and deemed to be forever extinguished.

### III. STEPS TAKEN TOWARDS RESTRUCTURING

In furtherance of the restructuring process, the Group has taken active steps to implement the following measures:

- a) adopting various austerity measures to limit costs and expenses of the Group during the restructuring process and following up on collection of receivables due to the Group;
- b) putting the development of Capital City Project on hold;
- c) preparing to re-open Capital City mall which is expected to alleviate the Group's current cash flow gap;
- d) successfully seeking support from certain existing creditors of the Group to reschedule repayments on existing loans owed to such creditors with a view to conserving cash for the Group to continue operations; and
- e) preparing to develop the projects that have yet to commence such as i) the Austin Project, a mixed commercial development at Austin City, Tebrau, Johor, ii) the Laos Project, a mixed development project in the capital of Laos, and iii) the Cambodia Project, an integrated development comprising of shop house, apartment and hotel in the capital of Cambodia.

#### Business Prospects

As for the Laos Project and the Cambodia Project, the management is cautiously optimistic that the outlook for the Group's business in Indochina is beginning to turn positive as both countries are not as affected by COVID-19. As for the Group's business in Malaysia, with the lifting of the COVID-19 restriction measures, the market in Malaysia appears to be stabilising. Considering the above, the management believes that the Group ought to prepare to develop the abovementioned projects which are already in the pipelines, whilst remaining on the look-out for new sources of businesses.

The Group's focus will continue to be on securing long term partnerships and increase the occupation rate of the projects that are already being built such as the Capital City Project. The Group's long-term strategy is to prudently source for opportunities to grow its business throughout ASEAN, while maintaining its current lean cost structure.

### IV. SHARE DISTRIBUTION

#### Issuance of Shares

The Scheme Shares shall be transferred to each Scheme Party's Securities Accounts held with CDP (the "**Share Distribution**").

The Share Distribution shall be subject to relevant approvals being granted by the SIC\*, SGX-ST and Independent Shareholders, extinguishing all the Company's debts and liabilities through the Share Distribution, such that no outstanding debts remain due to the Scheme Parties upon Completion.

\*For creditors who will hold 30% or more of the Company's shares after receiving approval of the Scheme, the Company will need to apply to SIC for the approval for the whitewash waiver of the rights of the independent shareholders of the Company to receive a mandatory takeover offer from such creditors.

The Scheme Manager shall:

- (a) no later than twenty (20) Business Days after the Scheme Effective Date, direct the Company as to the number of Scheme Shares to which each Scheme Party is entitled;

- (b) no later than thirty (30) Business Days after the Scheme Effective Date, direct the Company to allot and issue such number of Scheme Shares to such Scheme Party.

The Scheme Shares are to be issued to Scheme Party within thirty (30) days from the Restructuring Effective Date.

Within 7 Business Days after the issuance of Scheme Shares, all Scheme Parties shall remove, withdraw, discontinue and/or cease all legal or equitable execution of the Company's assets in relation to their Claims, including inter alia, proceedings such as sequestration, attachment, garnishee or seizure and sale of the assets. All costs incurred thereto shall be borne by the relevant Scheme Party.

#### Share issuance - Pre Scheme

The Company currently has 1,832,094,554 of ordinary shares issued and paid up.

#### Share issuance - Post Scheme (if approved by the creditors)

On the assumption that:

- (a) the Issue Price will be S\$0.005; and  
 (b) the Aggregate Approved Claims will be equivalent to approximately S\$183 million,

The number of Scheme Shares to be issued by the Company pursuant to the Share Distribution under the Scheme will be as follows:

Issue Price	Number of Scheme Shares to be issued assuming Aggregate Approved Claims of S\$183 million	Percentage of Scheme Shares as compared against the issued share capital of the Company as at 17 March 2020	Percentage of Scheme Shares as compared against the enlarged issued share capital of Company (immediately following the issue and allotment of the Scheme Shares)
\$0.005	36,521,371,369	1993%	95%

The shareholding effects of the Share Distribution presented above are for illustrative purposes only and are not intended to reflect the actual debt amount (i.e. the Approved Claims) and the number of Scheme Shares that will be issued under the Scheme. Approved Claims will be subject to adjudication of Proof of Debts.

## V. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in the Company based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at the date of this announcement, are as follows:

	Direct Interest	Total number of shares held	% of shares held
<b>Director</b>			
Siow Chien Fu	503,745,713	503,745,713	27.50
<b>Substantial Shareholder (excluding Directors)</b>			
Tan Ping Huang Edwin @ Chen Binghuang <sup>(1)</sup>	250,892,857	250,892,857	13.695

Tan June Teng Colin @ Chen Junting <sup>(1)</sup>	250,892,857	250,892,857	13.695
PRG Holdings Berhad	265,000,000	265,000,000	14.46

Note:

- (1) Mr Edwin Tan and Mr Colin Tan are brothers. The aggregate shares held by Mr Colin Tan and Mr Edwin Tan, as parties acting in concert, account for approximately 27.39% of the total issued shares of the Company

Save for the Directors, none of the Substantial Shareholders have any interest, direct or indirect, in the Proposed Appointment of Auditors other than through their respective shareholdings in the Company. Any issuance of Scheme Shares to the Directors pursuant to the approval of the Scheme shall be subject to shareholders approval at the EGM.

The Company is in the process of ascertaining the proof of debts by the cut-off date of 25 July 2020 to establish the entitlements under Share Distribution of the Scheme post approval by Requisite Majority.

## VI. SCHEME EFFECTIVENESS

The Scheme shall become effective on the date the Court order sanctioning the Scheme is registered with ACRA.

The continued effectiveness of the Scheme is contingent upon the satisfaction of all Conditions Precedent, including the approval by the shareholders of the Company and SGX-ST for the listing and quotation of the new Shares to be issued by the Company to the Scheme Parties that are to receive equity payouts under the Scheme.

## VII. KEY DATES AND INDICATIVE TIMETABLE

The following is a table of the key dates and indicative timeline in relation to the Scheme:

Events	Indicative timeline
Issuance of Scheme Document including Explanatory Statement containing notice to submit Proof of Debt and Ballot Forms	15 July 2020
Deadline for submission of Ballot Forms and Proof of Debt Forms for voting purposes	5.00 pm on 25 July 2020  Any ballot forms received from the Scheme Parties after this deadline may not be counted in the voting process to approve the Scheme.
Adjudication of Debts by Scheme Manager	5 August 2020
Apply to court for approval of Scheme pursuant to S211(1) CA	10 August 2020
Publish notice of application to Court for sanction of Scheme	11 August 2020
Court hearing for sanction of Scheme (if approved by Requisite Majority of Scheme Parties)	To be set by Court.  Any day between 10 August 2020 to 17 August 2020 (tentative date)

Lodge Order of Court sanctioning scheme with Registrar in accordance with s 211(12) CA	As soon as possible after Order of Court obtained
Seek SGX-ST approval for listing and quotation of shares to be distributed under scheme and resumption of trading	As soon as possible after Order of Court obtained
Scheme Effective Date	To be confirmed. The Scheme Effective Date is the date on which the order of Court sanctioning the Scheme is lodged with ACRA. This date cannot be finalised at this point as it depends on the date of the Court hearing to sanction the Scheme.
Deadline for creditors to file Final Proofs of Debt for claims subsisting at the Ascertainment Date	14 August 2020
End of Moratorium ordered in 211B Proceedings	17 August 2020 This date is subject to any extension of the moratorium ordered in the 211B proceedings that may be granted by the Court upon application made by the Company.
EGM	After above been completed and after 21 days of EGM notice to the shareholders
Distribution of Scheme Shares	Within 3 weeks upon last Conditions Precedent having been satisfied

#### VIII. SCHEME MANAGER

The Company has appointed Mr David Chew of DHC Capital Pte Ltd, 80 Raffles Place, #43-01, UOB Plaza 1, Singapore 048624 as the manager for the Scheme (the “**Scheme Manager**”).

Further announcements will be made by the Company as and when there are any material developments.

**Trading in the Company’s securities on the SGX-ST has been voluntarily suspended by the Company on 14 February 2020.**

**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, and to exercise caution when dealing in the securities of the Company. 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  
20 July 2020

*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 Catalyst.*

*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)).*

**Appendix I: Scheme Document dated 15 July 2020**



**Appendix II: Notice to Creditors**