

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

HC/OS 216/2020

In the matter of Section 211I of the Companies
Act (Cap. 50)

CAPITAL WORLD LIMITED

(Incorporated under the laws of Cayman Islands
with Registered Office in Singapore)
(Company Registration Number: CT-27695)

...Applicant(s)

**SCHEME OF ARRANGEMENT
SECTION 211I OF THE COMPANIES ACT (CAP. 50)**

Between

CAPITAL WORLD LIMITED (formerly known as Terratech Group Limited)
(Incorporated under the laws of Cayman Islands with registered office in Singapore)
(Company Registration Number: CT-27695)
(the "Company")

And

THE SCHEME PARTIES
(as defined in the Scheme)

DATED THIS 15th DAY OF JULY 2020

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1. DEFINITIONS AND INTERPRETATION

Definitions

- 1.1 In this Scheme, except to the extent that the context requires otherwise, the following expressions shall bear the following respective meanings. Words shall have the meaning attributed to them by the Companies Act.
- (1) **"211B Proceedings"** means the applications for a moratorium under Section 211B(1) of the Act filed by the Company in HC/OS 216/2020
 - (2) **"ACRA"** means the Accounting and Corporate Regulatory Authority of Singapore.
 - (3) **"Act"** means the Companies Act (Cap. 50) of Singapore.
 - (4) **"Affiliate"** means, in relation to any person, a current direct and indirect Subsidiary, subsidiary undertaking, parent company, holding company, or any of their respective Affiliates.
 - (5) **"Aggregated Approved Claims"** means the aggregated amount of the Approved Claims in respect of all the Scheme Parties as at any given date.
 - (6) **"Approved Claims"** means the claims of Scheme Creditors as set out in each of their Final Proofs of Debt to the extent admitted by the Scheme Manager.
 - (7) **"Ascertainment Date"** means the date on which the Proof of Debt is valued, being 30 June 2020
 - (8) **"Assessed Value"** shall have the meaning ascribed to it in Clause 5.1(b).
 - (9) **"Board"** means the board of directors of the Company.
 - (10) **"Business Day"** means any day other than a Saturday, a Sunday or a public holiday in Singapore.
 - (11) **"CCP"** means Capital City Property Sdn. Bhd., a wholly owned subsidiary of the Company.
 - (12) **"CDP"** means The Central Depository (Pte) Limited.
 - (13) **"Chairman"** means Mr David Chew c/o DHC Capital Pte Ltd or any other person duly appointed in his absence.
 - (14) **"Claim"** means any known or unknown claim, charge, promise, cause of action, or similar right which any person may have against the Company (which is not an Approved Claim), arising out of any transaction, act or omission of the Company or of any person occurring on or before the Ascertainment Date, whether the claim be actual, present, future or contingent or whether liquidated or sounding only in damages, and whether in contract or tort or howsoever arising, less the Assessed Value of any Security Interest(s) held by that person in respect of that person's claim. If as a consequence of such deduction, a claim is zero or a negative number, it shall not be considered a "Claim" for the purposes of this Scheme.

- (15) **"Company's Payment Notice"** shall have the meaning ascribed to it in Clause 9.1.
- (16) **"Company"** means Capital World Limited (formerly known as Terratech Group Limited) with Company Registration Number CT-27695, incorporated in the Cayman Islands with a registered office in Singapore located at 1 North Bridge Road, #24-09 High Street Centre, Singapore 179094.
- (17) **"Completion"** means the date on which all of the Company's liabilities and obligations in respect of the Approved Claims are fully discharged in accordance with the provisions of the Scheme.
- (18) **"Conditions Precedent"** means the Conditions as defined in the Scheme Document.
- (19) **"Contingent Scheme Creditor"** means any Scheme Party whose Approved Claim is in respect of a future or contingent Claim as at the Ascertainment Date, including but not limited to a Guaranteed Debt.
- (20) **"Court"** means the High Court of the Republic of Singapore.
- (21) **"Creditor"** means any person who has a Claim against the Company, and for the avoidance of doubt, includes any Scheme Party and any Contingent Scheme Creditor, but excludes any Excluded Scheme Party and any person for whom the Assessed Value of the Security Interest(s) held by that person in respect of each of his Claim(s) is equal to or exceeds the sum of each of his Claim(s).
- (22) **"Excluded Scheme Party"** includes the Company's independent financial advisor in relation to the Scheme, the Scheme Manager, legal advisors in relation to the Scheme, employees, Central Provident Fund, IRAS, regulatory authorities such as SGX and CDP, essential service providers such as the sponsor, professional services firm such as auditors and corporate secretary, as well as any person or persons to whom the Company owes any debt, liability or obligation, incurred after the Ascertainment Date.
- (23) **"Explanatory Statement"** means the explanatory statement dated 15 July 2020 enclosed in Appendix C.
- (24) **"Final Proofs of Debt"** means the Proof of Debt of a creditor for the debt amount that is subsisting as at the Ascertainment Date.
- (25) **"Group"** means the Company and its Subsidiaries.
- (26) **"Guaranteed Debt"** means any indebtedness or liability:
- (a) which is owed by an Affiliate or former or current director of the Company to a Creditor which arises by virtue of any agreement, dealing, matter or event having the nature of a guarantee provided by the Affiliate or former or current director to the Creditor for the benefit of the Company and in respect of any agreement, transaction or dealing between the Company and the Creditor and for which the Company is the primary obligor;
 - (b) which is owed by the Company to a Creditor which arises by virtue of any agreement, dealing, matter or event having the nature of a guarantee provided by

the Company to the Creditor for the benefit of an Affiliate of the Company and in respect of any agreement, transaction or dealing between the Affiliate and the Creditor and for which the Affiliate is the primary obligor; or

- (c) which is owed by the Company to an Affiliate or former or current director of the Company which arises by virtue of any agreement, dealing, matter or event having the nature of a guarantee provided by the Affiliate or former or current director to a Creditor for the benefit of the Company and in respect of any agreement, transaction or dealing between the Company and the Creditor and for which the Company is the primary obligor.
- (27) "**Guaranteed Debt Release**" means an absolute release and discharge of the relevant guarantor from the relevant Guaranteed Debt.
- (28) "**Guaranteed Debt Release Document**" means a deed of Guaranteed Debt Release in such form and terms as may be acceptable to the Scheme Manager.
- (29) "**Issue Price**" means the issue price of the Scheme Shares under the Share Distribution, being the issue price per Scheme Share shall be \$0.005, being the last price on which the Company's shares were traded on SGX on the Last Trading Day.
- (30) "**Independent Assessor**" shall have the meaning ascribed to it in Clause 2.9.
- (31) "**Independent Shareholders**" means Shareholders who are considered independent for the purposes of the proposed issue of the Scheme Shares to the certain Scheme Parties who are interested persons pursuant to Rule 804 and 812 of the Listing Manual.
- (32) "**Last Trading Day**" means 13 February 2020, being the last day on which the Company's shares were traded on SGX-ST.
- (33) "**Listing Manual**" means the listing manual of the SGX-ST as amended varied or supplemented from time to time.
- (34) "**Long-Stop Date**" means the date twelve (12) months after the Scheme Effective Date unless extended or waived in accordance with the Scheme.
- (35) "**Opposing Party**" shall have the meaning ascribed to it in Clause 2.9
- (36) "**Scheme Party**" means a party to this Scheme.
- (37) "**Proof of Debt**" means a proof of debt of a Creditor in respect of its Claim in the form annexed hereto as Appendix A, or in such other form as may be acceptable to the Scheme Manager.
- (38) "**Proof of Debt Cut-Off Date for Voting Purposes**" means the date of 25 July 2020.
- (39) "**Proof of Debt Cut-Off Date for Payment**" means the date of 14 August 2020.

- (40) "**Realisation Amount**" in respect of any asset constituting a Security Interest held by a Scheme Party, means any amount recovered or received by or for the account of such Scheme Party from the exercise of any rights against that asset or in relation to and/or from the sale or disposal of that asset (whether belonging to the Company or any other person) for any indebtedness or liability of the Company as at the Ascertainment Date to such Scheme Party.
- (41) "**Register**" shall have the meaning ascribed to it in Clause 10.6.
- (42) "**Relevant Exchange Rate**" means the currency conversion rate to be ascertained for the conversion of an amount denominated in a foreign currency amount into an amount in S\$, such conversion rate being the foreign exchange rate published or reported in Bloomberg for the conversion of that currency into S\$.
- (43) "**Requisite Majority**" refers to majority in number and three-fourths in value.
- (44) "**Restructuring Effective Date**" means later of: (i) the Scheme Effective Date; and (ii) the date on which all of the Conditions Precedent are fulfilled or waived, such date being no later than twelve (12) months after the Scheme Effective Date unless extended or waived in accordance with the Scheme.
- (45) "**Rules**" means the Catalist Board Rules in the SGX-ST Listing Manual.
- (46) "**S\$**" means the lawful currency of the Republic of Singapore.
- (47) "**Scheme**" means the scheme of arrangement proposed by the Company under Section 211I of the Act in its present form or with or subject to any modifications, additions or conditions approved or imposed by the Court or approved in accordance with its terms.
- (48) "**Scheme Effective Date**" means the date on which the Scheme takes effect as determined in accordance with Clause 4.2.
- (49) "**Scheme Party**" means a Creditor who has delivered a Proof of Debt to the Scheme Manager at the Specified Address or Specified Email Address on or before the Proof of Debt Cut-Off Date for Payment and who is entitled to any distribution under this Scheme as determined in accordance with Clause 2, and includes any person who becomes a Scheme Party pursuant to Clause 13.
- (50) "**Scheme Parties' Resolution**" means a resolution passed at any Scheme Parties' Meeting in accordance with Clause 7 generally.
- (51) "**Scheme Manager**" means Mr David Chew care of DHC Capital Pte Ltd, or any person appointed from time to time by the Court to be the Scheme Manager, whether in addition to or in replacement of any person(s) then holding appointment(s) as "Scheme Manager".
- (52) "**Scheme Manager Claim**" means any claim by a Scheme Manager against any person to enforce this Scheme.
- (53) "**Scheme Manager Proceeding**" means any legal proceeding in any jurisdiction in which any Scheme Manager Claim is made against any person (whether as a claim, counterclaim or otherwise).

- (54) "**Scheme Meeting**" means the meeting of Creditors to be convened and held at a place, date and time to be prescribed by the Company (pending the timelines provided by the Court in an application by the Company under section 210(1) of the Companies Act) and any adjournment thereof, for the purpose of considering and, if thought fit, approving (with or without modifications) this Scheme.
- (55) "**Scheme Period**" means the period commencing on the Scheme Effective Date and ending on the Scheme Termination Date.
- (56) "**Scheme Shares**" means the new Shares to be allotted and issued by the Company to the Scheme Parties at the Issue Price per Scheme Share under the Scheme.
- (57) "**Scheme Termination Date**" shall have the meaning ascribed to it in Clause 9.3.
- (58) "**SGXNet**" means the online announcement platform hosted by SGX-ST.
- (59) "**SGX-ST**" means the Singapore Exchange Securities Trading Limited.
- (60) "**Securities Account**" means a securities account maintained by a Depositor with CDP.
- (61) "**Security Interest**" means any mortgage, pledge, lien, charge, assignment, debenture, hypothecation or other security on or against any property, right or entitlement or other security interest given or granted by the Company to any Creditor existing as at the Ascertainment Date.
- (62) "**Shareholders**" means registered holders of Shares, except that where the registered holder is CDP, the term "Shareholder" shall, where the context admits, mean the persons named as the Depositors in the Depository Register maintained by the CDP and to whose Securities Accounts such Shares are credited.
- (63) "**Share Distribution**" means the proposed allotment, issuance and distribution of the Scheme Shares at the Issue Price to the Scheme Parties as satisfaction of Approved Claims, in proportion to each of their Approved Claim against the aggregate amount of all Approved Claims.
- (64) "**SIC**" means the Securities Industry Council.
- (65) "**Specified Address**" means DHC Capital Pte. Ltd. care of 80 Raffles Place, #43-01 UOB Plaza 1, Singapore 048624, or such other address in lieu thereof as the Scheme Manager may in writing notify the Creditors from time to time as constituting the "Specified Address" for the purpose of this Scheme.
- (66) "**Specified Email Address**" means david.chew@dhccapital.com, or such other email address in lieu thereof as the Scheme Manager may in writing notify the Creditors from time to time as constituting the "Specified Email Address" for the purpose of this Scheme.
- (67) "**Stipulated Deadline**" means **5:00 pm on 25 July 2020**, being the latest time a Proof of Debt and Ballot Form must be submitted to the Scheme Manager to be taken into account for the purposes of voting and an application for Court sanction of the proposed Scheme pursuant to Section 211I of the Act.

- (68) **"Subsidiary"** means a subsidiary within the meaning of Section 5 of the Act.
- (69) **"Substantial Shareholders"** means any person who has an interest or interests in not less than 5.0% of the total votes attached to all the Shares in the Company.
- (70) **"Termination Notice"** shall have the meaning ascribed to it in Clause 9.2.
- (71) **"Transfer Instrument"** means an instrument of transfer in the form and on the terms as may be acceptable to the Scheme Manager.
- (72) **"Transferee"** shall have the meaning ascribed to it in Clause 13.2.
- (73) **"Transferor"** shall have the meaning ascribed to it in Clause 13.2.

1.2 Interpretation

- (a) The headings or titles to the Clauses in this Scheme are to facilitate reference and shall not be referred to or relied upon in the construction of any provision of this Scheme.
- (b) Where the context so admits, the singular shall include the plural and words in the masculine gender shall include the feminine and neutral genders and vice versa.
- (c) Any reference to any Scheme Party shall be construed as a reference to such Scheme Party's successors, permitted assigns and permitted transferees, and for the avoidance of doubt, in respect of a Creditor, includes the assignees of the rights and interests of such Creditor in respect of such indebtedness or liability.
- (d) The term "indebtedness" means any obligation for the payment of money, whether as principal or surety and whether present or future, actual or contingent and "indebted" shall be construed accordingly.
- (e) The expressions "legal proceedings" and "proceedings" shall each include any and all suits, arbitrations, judicial and quasi-judicial proceedings and any other proceedings in any jurisdiction whereby any order or decision may be made by any judicial body or tribunal or governmental or regulatory authority for the payment of any sum or arrest, seizure and/or the sale or disposal of any assets.
- (f) The words "include" or "including" shall be deemed to be followed by "without limitation" or "but not limited to" whether or not they are followed by such phrases or words of like import, and "otherwise" shall not be construed as limited by words with which it is associated.
- (g) References to any "person" include any natural person, corporation, judicial entity, association, statutory body, firm, partnership, limited liability company, joint venture, trust, estate, unincorporated organisation or government, governmental authority, department of any government state or any political subdivision, instrumentality, agency or authority, and references to "corporation" means any body corporate or entity incorporated, established or constituted under any law in any jurisdiction.
- (h) References in this Scheme to any "Clause" or "Appendix" shall be construed as references to the clause of or the appendix to this Scheme respectively.

- (i) A reference to time is to local time in Singapore.
- (j) Any reference in this Scheme to a statutory provision shall include such provision and any regulations made in pursuance thereof as from time to time modified or re-enacted whether before or after the date of this Scheme.
- (k) Any reference in this Scheme to any agreement or other document shall be construed as a reference to such agreement or other document, as may be amended, modified or supplemented from time to time, and shall include a reference to any document which amends, modifies or supplements it, or is entered into, made or given pursuant to or in accordance with its terms, whether or not they are followed by such phrases or words of like import.
- (l) No provision of this Scheme shall be construed adversely to a Scheme Party solely on the ground that the Party was responsible for the preparation of this Scheme or that provision.

2. PROOF OF DEBT

Submission of Proof of Debt

- 2.1 Every Creditor shall submit and deliver to the Scheme Manager at the Specified Address or Specified Email Address a Proof of Debt on or before the Proof of Debt Cut-Off Date for Payment, for the purpose of determining its Approved Claim in accordance with this Clause 2.
- 2.2 If a Creditor has not submitted its Proof of Debt to the Scheme Manager at the Specified Address or Specified Email Address on or before the Proof of Debt Cut-Off Date for Payment, but has submitted to the Company any Proof of Debt in relation to its Claim(s) before the Proof of Debt Cut-Off Date for Payment, then such Creditor may be deemed, in the Scheme Manager's absolute discretion, to have submitted its Proof of Debt to the Scheme Manager for the purposes of and as required by this Scheme.
- 2.3 All Creditors who have filed a Proof of Debt by the Proof of Debt Cut-Off Date for Voting will be notified within 7 calendar days after the Proof of Debt Cut-Off Date for Voting of:
 - (a) all Creditors who filed Proofs of Debt by the Proof of Debt Cut-Off Date for Voting;
 - (b) the address of each Creditor as stated in the Proofs of Debt;
 - (c) the amounts claimed under the Proofs of Debt; and
 - (d) a brief description of the nature of the claims under the Proofs of Debt.
- 2.4 Save as expressly provided in Clause 2.2, the Claim of any Creditor that is not stated in a Proof of Debt submitted in accordance with Clause 2.1 on or before the Proof of Debt Cut-Off Date for Payment shall be forever waived, released, discharged and extinguished, and the Creditor shall not have any rights, interests and claims whatsoever against the Company in respect of such Claim, save as the Scheme Manager may otherwise permit in his absolute discretion.

Adjudication of Proofs of Debts for the purpose of Balloting

- 2.5 The Scheme Parties would be required to submit their claims for the debt amount as at the Ascertainment Date to the Company or Scheme Manager, who will collate the Final Proofs of Debt for adjudication. The Scheme Manager shall be entitled to have regard to all relevant information whether supplied by the Creditor or otherwise made available to him. Any part of the Claim that is admitted shall be the Scheme Party's Approved Claim for the purpose of voting at the Scheme Meeting. The Scheme Manager will notify all creditors who have filed a Proof of Debt by the Proof of Debt Cut-Off Date for Voting of the results of their adjudication and of the Scheme Party's Approved Claim for the purpose of voting at the Scheme Meeting by 4 August 2020 or such other date as the Scheme Manager may reasonably determine at their discretion.
- 2.6 Save as disclosed in the Explanatory Statement, the Company confirms that none of the members of its Board or Substantial Shareholders have, to the best of their knowledge, any connection (including business relationship) with any of the Scheme Parties or their directors or substantial shareholders. To the best of the Company's knowledge and belief, the Company confirms that there will be no change to the composition of the Board arising from the issue of the Scheme Shares.
- 2.7 For the avoidance of doubt, the Scheme Manager shall at all times be entitled to revise the determination of a Scheme Party's Approved Claim for the purpose of voting at the Scheme Meeting to take into account any payments received by that Scheme Party subsequent to such adjudication.
- 2.8 For the purposes of the Scheme Manager's adjudication of any Proofs of Debt, any amounts or values not denominated in S\$ shall be converted into S\$ at the Relevant Exchange Rate as at the Ascertainment Date.

Inspection of Proofs of Debt

- 2.9 Any Creditor who objects to the results of the adjudication of any Proof of Debt (the "**Opposing Party**") shall not later than 6 August 2020:
- (a) Send a written request, seeking agreement for the appointment of an independent assessor (the "**Independent Assessor**") to:
 - (i) The Company, unless the opposing party is the Company,
 - (ii) The Scheme Manager; and
 - (iii) The Creditor whose Proof of Debt will be affected by the decision of the Independent Assessor, unless the opposing party is the Creditor; or
 - (b) Make an application to the Court for an appointment of an Independent Assessor under section 211F(9)(b) of the Companies Act.

- 2.10 The written request referred to in Clause 2.9(a) and the application referred to in Clause 2.9(b) shall nominate a person to be appointed as the Independent Assessor and state the dispute the Independent Assessor (if appointed) is to adjudicate.
- 2.11 Where an application is made to the Court in Clause 2.9(b), the Opposing Party shall immediately upon making the application send a written notice of the application to:
- (a) the Company, unless the Opposing Party is the Company;
 - (b) the Scheme Manager; and
 - (c) the Creditor whose Proof of Debt will be affected by the decision of the Independent Assessor, unless the Opposing Party is that Creditor.

Appointment of Independent Assessors

- 2.12 After the appointment of the Independent Assessor, the Scheme Manager is to, as soon as practicable, provide the relevant Proof of Debt to the Independent Assessor.
- 2.13 After the Independent Assessor has been provided with the Proof of Debt, he must, not later than 7 calendar days, make a decision on the dispute and send a written notice of the decision along with the reasons for his decision to the Scheme Manager, the Company, the Opposing Party and any Creditor who is a party to the dispute.
- 2.14 The costs of any Independent Assessor shall in any event be borne by the Opposing Party.
- 2.15 Any Scheme Party who disagrees with any determination or decision by the Independent Assessor appointed under Clause 2.9 shall file a notice of disagreement in accordance with Section 211F(10) of the Act at least 7 calendar days before the hearing of the application for the Court's approval under Section 210(4) of the Act. For the avoidance of doubt, neither the Company nor the Scheme Manager shall be liable in any event for any such costs, fees and expenses incurred by such Creditor in relation to or arising from such Creditor's submission of an application to the Court.
- 2.16 For the avoidance of doubt, the Scheme Manager will not be required to delay or postpone the implementation of this Scheme, or the taking of any necessary steps thereunder (including the holding of the Scheme Meeting), by the fact that there is pending an application to an Independent Assessor or to the Court in respect of any decision of the Scheme Manager or an Independent Assessor.

Adjudication of Proofs of Debt for the issuance of Scheme Shares

- 2.17 For the purpose of the issuance of the Scheme Shares, the Scheme Manager shall adjudicate each Claim set out in each Proof of Debt. Any part of the Claim that is admitted shall be the Approved Claim for the purpose of issuance of the Scheme Shares. The Scheme Manager may adjudicate any Proof of Debt *de novo*, or review and revise any past adjudication of any Proof of Debt, at their absolute discretion, save only where a Proof of Debt has been adjudicated by an Independent Assessor pursuant to Clause 2.13 and Sections 211F(9) and 211F(10) of the Act. If a Proof of Debt has been adjudicated by an Independent Assessor, the result of that adjudication shall stand as that Scheme Party's Approved Claim for the purpose of distribution of the issuance of the Scheme Shares. For the avoidance of doubt, the Scheme Manager shall at all times be entitled to revise the

determination of a Scheme Party's Approved Claim to take into account any payments received by that Scheme Party subsequent to such adjudication.

- 2.18 The Scheme Manager shall give written notice to each Creditor of the results of their adjudication and of the Scheme Party's Approved Claim, within fourteen (14) Business Days of the Scheme Effective Date of this Scheme, or such other period as the Scheme Manager may reasonably determine at their discretion.
- 2.19 The Scheme Manager shall at all times be entitled to revise the determination of a Scheme Party's Approved Claim to take into account any payments received by that Scheme Party subsequent to the Ascertainment Date (and including subsequent to any adjudication of any Proof of Debt).
- 2.20 For the purposes of the Scheme Manager's adjudication of any Proofs of Debt, any amounts or values not denominated in S\$ shall be converted into S\$ at the Relevant Exchange Rate as at the Ascertainment Date.

Provision of requested information to the Scheme Manager

- 2.21 Each Creditor shall promptly provide the Scheme Manager with all such information and documents requested by the Scheme Manager which are relevant to its Claim in its Proof of Debt, or to the adjudication of the amount of its Approved Claim. In the event of any failure to provide any information or documents upon request and within reasonable time, the Scheme Manager shall be entitled to proceed to adjudicate the Claim pursuant to Clause 2.5 or Clause 2.17 with regard to such information in its possession as they deem fit and without further reference to the Creditor.
- 2.22 If a Creditor does not for any reason comply with the provisions of Clause 2.21 (in whole or in part), such Creditor shall be deemed to have admitted and accepted in its entirety the Scheme Manager's determination as notified to such Creditor in the Scheme Manager's notice given to such Creditor pursuant to Clause 2.6 or Clause 2.18, and any part of its Claim that is not an Approved Claim shall be forever waived and extinguished at the absolute discretion of the Scheme Manager.

Assessment of Contingent Claims

- 2.23 For the purposes of adjudicating the Claim of a Contingent Scheme Creditor, the Scheme Manager shall ascertain the Approved Claim of that Contingent Scheme Party by application of a just estimate of the value of the Claim as at the Ascertainment Date.
- 2.24 Where a Contingent Scheme Creditor has more than one Claim against the Company which relates to a contingent or future debt as at the Ascertainment Date and which has been admitted by the Scheme Manager, it shall be open to the Scheme Manager to make different just estimates of each such admitted and contingent Claim. In such event, that Contingent Scheme Creditor's Approved Claim shall be the aggregate of each such admitted and contingent Claim multiplied by the applicable just estimate thereto, together with the aggregate quantum of that Contingent Scheme Creditor's Claim(s) which relate to all present or current debts due from the Company to that Contingent Scheme Creditor as at the Ascertainment Date as may be admitted by the Scheme Manager.
- 2.25 If the Scheme Manager is notified of any developments following the Ascertainment Date, and prior to the payment and issuance of Scheme Shares under the Scheme as set out in Clause 5, that affects the Scheme Manager's assessment of the Contingent Scheme Creditor's contingent or

future claim, the Scheme Manager may in his sole discretion update his assessment of the claim, and notify the Contingent Scheme Creditor of his revised assessment of the claim.

3. MORATORIUM

- 3.1 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.
- 3.2 All claims for any interest (whether contractual, default, penalty or otherwise), costs, fees and expenses accruing after the Ascertainment Date shall not be subject to the Scheme. Upon Completion, all such claims for interest, costs, fees and expenses by the Scheme Parties shall be waived and deemed to be forever extinguished.

4. SCHEME OVERVIEW AND CONDITIONS PRECEDENT

Scheme Overview

4.1 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.

Conditions Precedent

- 4.2 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;
 - (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, conditions set out at Clauses 4.2(a) to 4.2(e) above have been satisfied.
- 4.3 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.
- 4.4 **Within 7 Business Days after the issuance of Scheme Shares under Clause 6 below, 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.**

5. CREDITOR'S ENTITLEMENT TO DISTRIBUTIONS AND PAYMENTS

- 5.1 The Approved Claims of any Scheme Party for the purpose of the issuance of the Scheme Shares shall be that Scheme Party's Claims as stated in that Scheme Party's Proof of Debt reduced, in order:
- (a) by any Claim(s) not admitted by the Scheme Manager as representing a genuine debt owed by the Company to that Scheme Party as at the Ascertainment Date (whether actual, present or future);
 - (b) by the value of any Security Interest held by that Scheme Party (the "**Assessed Value**"), insofar as such Assessed Value was not already accounted for by that Scheme Party in that Scheme Party's Proof of Debt. Such Assessed Value shall be determined as follows:
 - (i) by admission by the Scheme Manager of the amount stated by that Creditor in his Proof of Debt to be the value of the Security Interest;
 - (ii) by agreement between the Scheme Manager and the Creditor; or
 - (iii) in the absence of admission by the Scheme Manager or agreement between the Scheme Manager and the Creditor, by the Court;
 - (c) by the Realisation Amount of any Security Interest held by such Scheme Party, provided nevertheless that where an Assessed Value has previously been ascribed to that Security Interest, then the Scheme Party's Claim shall be reduced only by the amount (in the

positive only) by which the Realisation Amount of such Security Interest exceeds the Assessed Value of such Security Interest; and

(d) by any amount recovered or received by or for the account of such Scheme Party subsequent to the Ascertainment Date under or arising from any guarantee given to such Scheme Party by any person with respect to that Scheme Party's Claim against the Company.

5.2 Where, as a consequence of the above reductions, the Approved Claim of any Scheme Party becomes a negative number, such Scheme Party shall pay to the Company such excess amount.

5.3 Scheme Party's shall only be entitled to receive benefits and distributions under this Scheme in respect of their Approved Claims.

5.4 Notwithstanding anything to the contrary in this Scheme, the Scheme Manager may direct that the Company withhold the distribution of any sum due to such Scheme Party under this Scheme in the event that any Scheme Party fails to comply with or observe any of the provisions of this Scheme (including its obligations under Clause 14.1), until such Scheme Party shall have fully complied with and observed such provision, and the Company shall comply with such direction. Nothing in this Scheme shall affect or prejudice the right of the Scheme Manager or any other Scheme Party or the Company to take any action in any jurisdiction to enforce this Scheme or any term thereof against such Scheme Party.

6. SHARE DISTRIBUTION

General

6.1 The Scheme Shares will be distributed to the Scheme Parties based on the aggregate amount of all Approved Claims. The issue price per Scheme Share (the "**Issue Price**") shall be \$0.005, being the last price on which the Company's shares were traded on SGX on 13 February 2020 (the "**Last Trading Day**").

6.2 On the assumptions 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
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			issue and allotment of the Scheme Shares)
\$0.005	36,521,371,369	1993%	95%

- 6.3 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.
- 6.4 The Scheme Shares shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank pari passu in all respects with and carry all rights and entitlements similar to existing Shares, except that the Scheme Shares will not rank for any dividends, rights, allotments or other distributions with record dates falling on or before the date of the issue of the Scheme Shares.
- 6.5 A cheque posted to any Scheme Party shall be posted by pre-paid registered post to the address of that Scheme Party stated in its Proof of Debt. In such case, the date of posting shall, for the purposes of this Scheme, be the date of payment to that Scheme Party.

Issuance of Shares

- 6.6 The Scheme Shares shall be transferred to each Scheme Party's Securities Accounts held with CDP (the "**Share Distribution**"). Scheme Parties are to provide information on the Securities Accounts held with CDP in accordance with the "Details of CDP Account Holder" Form in Appendix D.
- 6.7 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.
- 6.8 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.
- 6.9 If the holding of Scheme Shares by any Scheme Creditor may result in a contravention of any laws of Singapore, or if any Scheme Creditor does not wish to have its account with the CDP credited with Scheme Shares, such Scheme Creditor shall be entitled to nominate another party into whose account with the CDP the Scheme Shares shall be credited instead, provided that such nomination shall be made in writing in accordance with Appendix B and served on the Company no later than twenty (20) Business Days after the Scheme Effective Date, and the credit of the Scheme Shares

to such nominated party's account shall have the same effect of fully satisfying and completely discharging that portion of such Scheme Creditor's rights to those Scheme Shares.

- 6.10 The Scheme Shares are to be issued to Scheme Party within thirty (30) days from the Restructuring Effective Date.
- 6.11 Any and all fees, expenses and charges incurred in connection with the issuance of the Scheme Shares shall be borne by the Scheme Parties. The Company may deduct from any sum payable to such person the amount of such fees, expenses and charges.

Shareholder Approval for the Insurance of Scheme Shares

- 6.12 Under Rule 805 of the Listing Manual, except where an issuer had previously obtained a general share issue mandate at a general meeting as provided in Rule 806 of the Listing Manual, the issuer must obtain the prior approval of shareholders at a general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer.

Rule 804 and 812 of the Listing Manual

- 6.13 Under Rule 804 of the Listing Manual, except in the case of an issue made on a pro rata basis to shareholders or a scheme referred to in Part VIII of Chapter 8 of the Listing Manual, no director of an issuer or associate of the director may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in a general meeting have approved the specific allotment. Such directors and associates must abstain from exercising any voting rights on the matter.
- 6.14 In addition, Rules 812(1) and 812(2) provide that, save where specific shareholder approval for such a placement has been obtained, an issue must not be placed to any of the following persons:
- (a) an issuer's directors and substantial shareholders;
 - (b) immediate family members of the directors and substantial shareholders;
 - (c) substantial shareholders, related companies (as defined in Section 6 of the Act), associated companies and sister companies of the issuer's substantial shareholders;
 - (d) corporations in whose shares the issuer's directors and substantial shareholders have an aggregate interest of at least 10.0%; or
 - (e) any person who, in the opinion of the SGX-ST, falls within category (i) to (iv) above.

7. SCHEME EFFECTIVENESS

- 7.1 The Scheme shall become effective on the date the Court order sanctioning the Scheme is registered with ACRA.
- 7.2 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 the Scheme Parties that are to receive equity payouts under the Scheme.

8. BALLOT FORMS

- 8.1 In the Company's application for Court sanction of the proposed Scheme pursuant to Section 211I of the Act, the Company will rely on Ballot Forms completed and submitted by the Scheme Parties as evidence of the manner in which the Scheme Parties would have voted had a meeting of the creditors (or meetings of the classes of creditors) been summoned and held.
- 8.2 The Scheme Parties may submit the Ballot Form enclosed at Appendix E indicating approval or rejection of the proposed scheme by returning the completed Ballot Form to the Scheme Manager in accordance with the instructions therein by the Stipulated Deadline (that is, 5.00pm, 25 July 2020 (Singapore Standard Time)).
- 8.3 If a Scheme Party wishes to submit a Ballot Form, such a Scheme Party must also complete and return the Proof of Debt form enclosed in Appendix A to the Scheme Manager in accordance with the instructions therein by the Stipulated Deadline (that is, 5.00pm, 25 July 2020 (Singapore Standard Time)).
- 8.4 Any Ballot Forms received from a Scheme Party after the Stipulated Deadline may not be taken into account in the Scheme Manager and/or the Court's determination of whether a Requisite Majority of the Company's creditors (or each class of the Company's creditors) would have voted in favour of the proposed Scheme had a meeting of the creditors (or meetings of the classes of creditors) been held

9. END OF SCHEME

- 9.1 After all shares to be distributed and paid under this Scheme have been so distributed and paid (as the case may be), the Company shall notify the Scheme Manager in writing of the first date by which it is satisfied with such matters (the "**Company's Payment Notice**").
- 9.2 The Scheme Manager shall within 14 Business Days of receipt of the Company's Payment Notice, and provided he is himself satisfied that all amounts to be distributed and paid under this Scheme have been so distributed and paid, confirm to the Company in writing of his satisfaction in this regard (the "**Termination Notice**").
- 9.3 The date immediately following the date of the Termination Notice shall be the Scheme Termination Date ("**Scheme Termination Date**").
- 9.4 Upon the occurrence of the Scheme Termination Date:
- (a) this Scheme shall cease and terminate;
 - (b) the Scheme Manager will cease to have any further rights, obligations and liabilities under the Scheme;
 - (c) all Creditors (regardless of whether they are a Scheme Party and regardless of whether they had filed a Proof of Debt under this Scheme) shall irrevocably, unconditionally and permanently surrender, release, acquit, and forever discharge the Company (and the

Company shall be completely and absolutely released and discharged from) any and all known or unknown Claims that such Creditor may have, including under this Scheme for any reason;

- (d) all Guaranteed Debts will be fully and completely discharged; and
- (e) the actions prohibited by Clause 3 of this Scheme shall no longer be prohibited.

10. SCHEME MANAGER

Appointment, Resignation and Removal of the Scheme Manager

10.1 The details of the proposed Scheme Manager are as follows:

Proposed Scheme Manager	David Chew, care of DHC Capital Pte Ltd
Address	80 Raffles Place, #43-01 UOB Plaza 1, Singapore 048624
Email	david.chew@dhccapital.com

Powers, Duties and Discretions

10.2 The Scheme Manager shall oversee and be responsible for the Company's implementation of and compliance with the provisions of this Scheme and shall have the power to do all such things as he may consider necessary or desirable towards that end, including without limitation:-

- (a) to initiate, prosecute, discontinue, withdraw and/or settle any claim or proceeding against any person to enforce this Scheme;
- (b) to appoint an agent to carry out or to assist them in carrying out any of their duties or functions which the Scheme Manager are unable to perform;
- (c) to delegate the performance of their duties and the exercise of any of their powers to any suitably qualified person;
- (d) to engage lawyers, financial or other professional advisers and consultants to advise and assist the Scheme Manager in the exercise of its rights and the performance or discharge of their duties as the Scheme Manager.
- (e) to enforce for the benefit of the Scheme Parties any and all the undertakings and obligations of the Company under this Scheme and to commence proceedings against the Company in its capacity as Scheme Manager to enforce such undertakings and obligations, and in this connection, no Scheme Party shall commence any action against the Company to enforce any undertaking or obligation of the Company under this Scheme or to recover any loss arising from any breach by the Company of any such undertaking or obligation;
- (f) to enforce for the benefit of the Company any and all the undertakings and obligations of the Scheme Parties (in whole or in part) under this Scheme and to commence proceedings

against any one or more of the Scheme Parties in its capacity as Scheme Manager to enforce such undertakings and obligations; and

(g) to do everything reasonable or necessary to implement the provisions of this Scheme.

10.3 The Scheme Manager may at any time apply to the Court:

(a) to interpret and construe any provision of this Scheme; and

(b) for any order or direction relating to any issue, concern or dispute arising from the discharge of its duties under this Scheme, or from any allegation raised by any Creditor.

10.4 The Scheme Manager may, at the Company's costs and expense engage and pay lawyers, accountants, financial and other professional advisors and consultants to advise and assist the Scheme Manager in the exercise of its rights and the performance or discharge of its duties as Scheme Manager, in submitting any application to the Court for any directions or order regarding this Scheme or any issue, dispute or concern arising from this Scheme and in the initiation, prosecution, conduct, withdrawal and/or settlement of any Scheme Manager Claim or Scheme Manager Proceedings.

10.5 The Scheme Manager may rely on:

(a) any representation, notice or document believed by him to be genuine, correct and appropriately authorised; and

(b) any statement made by any person regarding any matters which may reasonably be assumed to be within its knowledge or within its power to verify.

10.6 The Scheme Manager shall maintain a register and record of all the Scheme Parties at any point in time ("**Register**") and shall update the Register accordingly. In the event that the Scheme Manager is satisfied that a Scheme Party has validly and effectively transferred and assigned all its rights, interest and benefits under or arising from this Scheme pursuant to Clause 13, then the Scheme Manager shall enter the name of the transferee in the Register as a "Scheme Party" in place of the transferor.

10.7 The Scheme Manager may exercise any of the powers in this Clause 10.7 jointly or severally as he sees fit and may at any time and from time to time delegate his powers and functions under this Scheme to any natural person designated for this purpose. Any natural person to whom the Scheme Manager may delegate their power will likewise have the same powers of delegation as are vested in the Scheme Manager by this Clause 10.7.

10.8 Notwithstanding anything to the contrary in this Scheme:

(a) in exercising their powers and carrying out their duties under this Scheme, the Scheme Manager shall be deemed at all times to act as agent for and on behalf of the Company and the Company shall have no power to limit or terminate the Scheme Manager's authority to act in such manner, save in accordance with the terms of the Scheme;

(b) the Scheme Manager may rely on any representation, notice or document believed by him to be genuine, correct and appropriately authorised and any statement made by any person

regarding any matters which may reasonably be assumed to be within their knowledge or within their power to verify;

- (c) the Scheme Manager shall not be obliged to do or omit to do anything if him would or might in his reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality;
- (d) the Scheme Manager shall act in accordance with any direction or order of the Court and shall not be liable to any person whatsoever for doing so;
- (e) the Scheme Manager may be appointed, may resign, and may be removed, in accordance with the following terms:
 - (i) Any person may with the approval of the Scheme Manager be appointed a Scheme Manager upon the passing of an ordinary resolution at a Scheme Parties' Meeting convened for the purpose. Alternatively, the Company or the Scheme Manager may apply to Court for an order appointing any person or persons as a Scheme Manager. Any person may be thus appointed as Scheme Manager in substitution of, or in addition to, the person or persons then holding appointment as the Scheme Manager or to fill any vacancy resulting from death or bankruptcy or any other cause.
 - (ii) The Scheme Manager shall cease to hold office upon the occurrence of any of the following events:
 - (1) the Scheme Manager may resign at any time by giving at least thirty (30) calendar days' notice to the Company;
 - (2) the passing of a special resolution at a Scheme Parties' Meeting convened for the purpose of appointing any person or persons to replace the Scheme Manager;
 - (3) upon the making of an Order of the Court for the removal or replacement of the Scheme Manager; or
 - (4) the death or bankruptcy of the Scheme Manager.
- (f) the Scheme Manager shall not be obliged to make or commence or continue any Scheme Manager Claim or Scheme Manager Proceedings or take any action if the Scheme Manager is satisfied that the monies for the time being provided or made available to him by the Company and/or the Scheme Parties for that purpose are insufficient to pay, defray, reimburse or meet all fees, expenses and liabilities which have been incurred or may otherwise be incurred;
- (g) every person who ceases to be a Scheme Manager shall make available to his successor such documents and records in his possession and provide such assistance as the successor Scheme Manager may reasonably request for the purposes of performing any functions or duties as Scheme Manager under the Scheme;

- (h) the Scheme Manager may settle or discontinue or withdraw any Scheme Manager Claim or Scheme Manager Proceedings on such terms as the Scheme Manager considers appropriate:
 - (i) if the Scheme Manager is satisfied that the monies for the time being provided or made available to him by the Company and/or the Scheme Parties for that purpose are insufficient to pay, defray, reimburse or meet all fees, expenses and liabilities which have been incurred or may otherwise be incurred; or
 - (ii) if the Scheme Manager is advised to do so by any legal advisor engaged by the Scheme Manager; and
- (i) the powers, rights and duties conferred and imposed on the Scheme Manager under this Scheme may be exercised and enforced by jointly and severally by any person or persons who at the time of such exercise and enforcement holds or hold appointment as "Scheme Manager", and in this connection, if at any time more than one person holds appointment as the Scheme Manager:
 - (i) the powers, rights and duties conferred and imposed on the Scheme Manager under this Scheme may be exercised, enforced and performed by any one of them; and
 - (ii) all references in this Scheme to the "Scheme Manager" shall be construed as a reference to any such person.

11. SCHEME MANAGER'S FEES, EXPENSES AND INDEMNITY

Fees and Expenses

- 11.1 The Scheme Manager shall be remunerated according to what is fair, reasonable and adequate given the Scheme Manager's roles and responsibilities set out in the Scheme and prevailing market conditions. The Scheme Manager will be remunerated on a time-incurred basis using standard hourly rates, including provisions for the hourly rates of a team staffed at appropriate levels of seniority.

Exclusion of liability and Indemnity

- 11.2 The Scheme Manager disclaims all personal liability under any contract, agreement or other arrangement entered into on behalf of the Company, or with regard to any other act or omission to act, in connection with this Scheme.
- 11.3 The Scheme Manager shall not be responsible:
- (a) for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Scheme Manager, the Company or any other person given in or in connection with this Scheme; or
 - (b) for the legality, validity, effectiveness, adequacy or enforceability of this Scheme or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with this Scheme.

- 11.4 The Scheme Manager shall not be liable to any Creditor for any and all losses, damages, charges, costs and expenses of whatsoever nature which such Creditor may sustain, incur or suffer in connection with or arising from any act or omission on its part in relation to any Scheme Manager Claim or Scheme Manager Proceedings, unless directly caused by fraud, dishonesty or wilful misconduct on their part.
- 11.5 The Scheme Manager will not be responsible for any delay (or any related consequences) in crediting an account with any amount required to be paid to any Scheme Party under this Scheme if the Scheme Manager has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any bank used by the Scheme Manager for that purpose.
- 11.6 The Company shall at all times indemnify and hold harmless the Scheme Manager appointed under Clause 10.7 out of the monies for the time being deposited in Collections Account from and against any and all losses, damages, charges, costs and expenses of whatsoever nature which they may at any time and from time to time sustain, incur or suffer at any time, whether before or after the Scheme Termination Date, in connection with the exercise of their powers in the performance of their duties under this Scheme, unless such losses, damages, charges, costs and expenses arise out of the gross negligence, fraud or wilful default of the Scheme Manager.
- 11.7 The Scheme Manager appointed under Clause 10.1 shall not be liable for any and all losses, damages, charges, costs and expenses of whatsoever nature which the Company may at any time and from time to time sustain, incur or suffer at any time, whether before or after the Scheme Termination Date, in connection with the exercise of their powers in the performance of their duties under this Scheme, unless such losses, damages, charges, costs or expenses arise out of the gross negligence, fraud or wilful default of the Scheme Manager.

12. NOTICES AND COMMUNICATIONS

12.1 To Creditors

The sending of notices and other documents by the Scheme Manager to Creditors under this Scheme shall be in accordance with Regulation 9 of the Companies (Proofs of Debt in Schemes of Arrangement) Regulations 2017, which shall be deemed incorporated by reference herein *mutatis mutandis*. For the purposes of this Clause 12, the Creditors shall be taken to have previously agreed in writing within the meaning of Regulation 9 to receive notices, requests or other information by way of their electronic mail address or facsimile transmission number (as the case may be) provided in their Proof of Debt, or last known electronic mail address or facsimile transmission number (as the case may be) given to the Scheme Manager.

12.2 To Company and Scheme Manager

Any notice or communication to the Company or the Scheme Manager under this Scheme may be served by posting it by prepaid registered post to the address of the Company or Scheme Manager notified to the Creditors, and if so posted shall be deemed to have been received by the Company or Scheme Manager respectively, upon actual receipt thereof. Any notice to the Scheme Manager or the Company not sent in compliance with this Clause 12.2 shall be deemed of no effect for all purposes of the Scheme, save as otherwise permitted by the Scheme Manager in their absolute discretion.

13. ASSIGNMENT AND TRANSFER

- 13.1 No Creditor shall assign or transfer any of its rights, title, interests or benefits under this Scheme after the Scheme Effective Date except as expressly provided in this Clause 13 and subject to the conditions set out in this Clause 13.
- 13.2 Any Scheme Party ("**Transferor**") may at any time absolutely assign and transfer to any person ("**Transferee**") all (but not part only) of its rights, title, interests and benefits under and arising from this Scheme, by delivering to the Scheme Manager a Transfer Instrument executed by both that Transferor and the proposed Transferee. Such Transferee shall, by the delivery of such Transfer Instrument, be deemed to have agreed to be bound by, and subject to the terms of this Scheme.
- 13.3 Notwithstanding service or delivery to the Scheme Manager of any Transfer Instrument, the Scheme Manager shall have no obligation or duty to accept and act upon that Transfer Instrument and may otherwise withhold making any payment or distribution, under this Scheme to the Transferee and the Transferor identified in that Transfer Instrument, until the Scheme Manager has certified to the Transferor in writing that the Scheme Manager:
- (a) is satisfied that under all applicable laws, the Transfer Instrument had been duly, validly and effectively executed by the Transferor and the Transferee and/or by any person duly and lawfully empowered to do so on behalf of the Transferor and/or the Transferee; and
 - (b) has verified the identity of the Transferee,
- and the Scheme Manager may for the foregoing purpose require the Transferor and/or Transferee to furnish to the Scheme Manager such evidence and documentation (including legal opinion(s)) as the Scheme Manager may consider appropriate, at the expense of the Transferor or Transferee.
- 13.4 A Transferee shall become a Scheme Party in place of the Transferor (and such Transferor shall cease to be a Scheme Party) for the purpose of this Scheme only in the event that the Transferee's name has been recorded in the Register maintained by the Scheme Manager, as confirmed in writing to the Transferee by the Scheme Manager.
- 13.5 No Transferee shall be entitled to receive under this Scheme any amount greater than that to which the Transferor would have been entitled.

14. FURTHER ASSURANCE

- 14.1 Each Creditor shall, if so requested by the Company and/or the Scheme Manager, provide the Company and/or the Scheme Manager all such information, documents and evidence as may be necessary, or as the Company and/or the Scheme Manager may reasonably require, to give effect to this Scheme (including the Scheme Manager's determination of the Approved Claims of such Creditor and the entitlement of such Creditor to any distribution or payment under this Scheme and for the Scheme Manager's verification of any statement or assertion by any Creditor in relation to this Scheme).
- 14.2 The Company shall, if so requested by the Scheme Manager, provide the Scheme Manager all such information, documents and evidence as may be necessary, or as the Scheme Manager may

reasonably require, to give effect to this Scheme (including for the Scheme Manager's verification of any statement or assertion by the Company in relation to this Scheme).

- 14.3 Each Creditor shall, if requested by the Company or the Scheme Manager, regardless of whether it has delivered a Proof of Debt under this Scheme, promptly execute and deliver to the Company or the Scheme Manager such instrument(s), document(s) or instruction(s) (including such form(s) or deed(s) of release) as may be necessary, or as the Company or the Scheme Manager may reasonably require, to give effect to this Scheme (including any surrender, cancellation, extinguishment, release or discharge of the Company from any claim, right, title or interest of such Creditor). Without prejudice to the foregoing, each Creditor who has a Guaranteed Debt shall (regardless of whether it has delivered a Proof of Debt under this Scheme) execute and deliver to the Company the Guaranteed Debt Release Document in respect of all its Guaranteed Debts.
- 14.4 Each Creditor hereby irrevocably agrees and authorises the Scheme Manager to execute or effect on behalf of each such Creditor any and all instrument(s), document(s) or instruction(s) as may be necessary, or as the Company or the Scheme Manager may reasonably require, to give effect to this Scheme. Every such instrument, document or instruction so executed by the Scheme Manager shall be effective as if it had been executed by the relevant Creditor.
- 14.5 If any provision in this Scheme shall be, or at any time shall become, invalid, illegal or unenforceable in any respect under any law, such invalidity, illegality or unenforceability shall not in any way affect or impair any other provisions of this Scheme but this Scheme shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

15. GOVERNING LAW AND JURISDICTION

- 15.1 This Scheme shall be exclusively governed by and construed in accordance with the laws of the Republic of Singapore.
- 15.2 All Parties irrevocably agree that the Court is to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Scheme. All Parties irrevocably submit to the jurisdiction of Court and waive any objection to proceedings in the Court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.
- 15.3 Save as expressly provided in this Scheme, the operation of the Contracts (Rights of Third Parties) Act (Cap 53B) of Singapore is hereby expressly excluded.

APPENDIX A

PROOF OF DEBT FORM

CAPITAL WORLD LIMITED (formerly known as Terratech Group Ltd)
(Incorporated under the laws of the Cayman Islands with registered office in Singapore)
(Company Registration Number: CT-27695)
(the "**Company**")

For use in connection with the notice published on **15 July 2020** for an application for a scheme of arrangement under Section 211I of the Companies Act (Cap. 50) ("**the Application**") involving obligations owed by the Company.

PLEASE REFER TO THE NOTES SET OUT AT THE END OF THIS FORM WHEN COMPLETING THIS FORM

1. Particulars of party filing proof:

Company Name	Company/Business registration number	Address	Contact number(s)	Email address	Reference number

Please indicate reference number to be quoted for future correspondence in relation to this matter with the Company, Scheme Manager(s) and/or any relevant representative or appointed person in relation to the Application.

2. Particulars of claim(s) against the Company:

S/N	Date claim arose (eg, date services were contracted, date work was done, date goods were delivered etc)	Payment due date (eg, date of invoice)	Brief details of claim(s) ^{##}	Project in respect of which the claim is made	Amount claimed
1.					
2.					
3.					
4.					

3. Security Held (Please indicate "NIL" if no securities are held by creditor)

Brief Description & Value of Securities

Please enclose or attach copies of documents substantiating the amounts claimed and/or security held (if any) when filing this form. The onus is upon the party claiming payment to prove the amounts claimed. Failure to do so may result in the claim being rejected by the Scheme Manager(s).

Only claims arising prior to or on the Ascertainment Date (regardless of invoice date or when payment is claimed) are to be listed in this Proof of Debt. The amount(s) asserted in respect of the Proof of Debt (including interest) should be calculated up to the Ascertainment Date.

4. Signature of Creditor/Person Authorised to Complete this Proof of Debt Form

Name : _____
NRIC No./Passport No.: _____
Name of Firm/Company : _____ <i>(eg. Solicitors/Accountants etc.)</i>
Contact Nos. (Tel./Pager/HP): _____ Fax No. : _____
E-mail Address : _____
Your Reference No.: _____

Signature of Creditor/Person Authorised to Complete this Proof of Debt Form

<p>a. I declare that to the best of knowledge and belief, the company owes the creditor the amount claimed in box 4.</p> <p>b. I declare that I am duly authorised by the creditor/under the seal of the creditor company, to complete this proof of debt form.</p> <p>Signature : _____ Date : _____ / _____ / 2020</p>
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4. The completed Proof of Debt (with the relevant supporting documents) can be submitted in either hard copy or via email to [David Chew <david.chew@dcccapi.com>](mailto:David.Chew@dcccapi.com). Email is preferred. A confirmation email will be sent to the sender acknowledging receipt of the proof of debt form. Hard copy proof debt are to be sent to: DHC Capital Pte Ltd, 80 Raffles Place, #43-01 UOB Plaza 1, Singapore 048624.
5. The deadline for submission of the completed Proof of Debt (with relevant supporting documents) is **5.00pm on 25 July 2020**.
6. I/We declare that to the best of my knowledge and belief, the Company owes the party set out in paragraph 1 above the amounts set out in paragraph 2 above.

Warning

Lodging a false proof of debt is a criminal offence punishable with fine or imprisonment or both.

Dated the day of 2020.

Signature and Company Stamp:

.....

APPENDIX B

NOMINATION FORM (SCHEME SHARES)

SCHEME OF ARRANGEMENT BETWEEN CAPITAL WORLD LIMITED AND CREDITORS (AS DEFINED IN THE SCHEME DOCUMENT)

* I / We s (the "**Company**"), hereby confirm that I would like the Company to transfer all Scheme Shares that I am entitled to under the Scheme to:

Name: _____

CPD Account No: _____

* I / We confirm that the Company's transfer of all Scheme Shares to the CPD Account set out above will fully satisfy and completely discharge * my / our rights to the Scheme Shares that * I am / we are entitled to under the Scheme. This Nomination Form adopts all terms defined in the Scheme of Arrangement and Creditors (as defined in the Scheme of Arrangement), unless otherwise stated.

Dated this day of 2020

(Signature and Stamp)

Name:

Position:

Signature of Witness

Name:

APPENDIX C

THIS EXPLANATORY STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains important information and should be read in its entirety. If you are in doubt about any aspect of the proposed Scheme and/or the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

This Explanatory Statement is addressed and distributed only to Scheme Parties who are intended to be bound by the Scheme Document ("**Relevant Persons**"). This Explanatory Statement is directed only at Relevant Persons and must not be acted on or relied upon by persons who are not Relevant Persons.

Unless otherwise defined herein or the context otherwise requires, capitalised expressions used shall have the meanings set out in the Appendix of this Explanatory Statement.

Proposal in relation to a SCHEME OF ARRANGEMENT

Pursuant to Section 211I of the Companies Act (Chapter 50, 2006 Revised Edition)

Between

CAPITAL WORLD LIMITED (formerly known as Terratech Group Limited)

(Incorporated under the laws of the Cayman Islands with registered office in Singapore)

(Company Registration Number: CT-27695)

and

**THE SCHEME PARTIES
(as defined in the Scheme)**

EXPLANATORY STATEMENT

The Company intends to make an application under s 211I for Court sanction of the proposed Scheme without calling a meeting of creditors, utilising completed Ballot Forms submitted by Scheme Parties to demonstrate to the Court that had a meeting of the creditors (or meetings of the classes of creditors) of the Company been summoned and held, a Requisite Majority of them present and voting in person or by proxy at the meeting (or meetings) would have agreed to the proposed Scheme. The actions that Scheme Parties should take in relation to the Scheme are set out in Section 4 of this Explanatory Statement. As a Scheme Party, whether or not you intend to indicate your acceptance or rejection of the proposed Scheme by way of completing and submitting the Ballot Form enclosed at Appendix E of the Scheme Document. You are requested to complete and return the Proof of Debt enclosed at Appendix A of the Scheme Document by the Stipulated Deadline in accordance with the instructions and notes contained therein.

Subject to applicable law and as provided in this Explanatory Statement, the Company may, prior to the deadline for submission of the Ballot Forms, delete, modify, amend or add to the terms of the proposed Scheme which the Company, upon further consultation with the Scheme Parties as necessary or relevant, may think fit for the implementation of the Company's restructuring. Details of any deletion, modification, amendment and/or addition will be announced to all Scheme Parties via SGXNet, Registered Mail and/or Registered Email as soon as reasonably practicable after the relevant decision is made.

Prior to making a decision on whether to approve the Proposal (as defined herein), you should carefully consider all of the information set forth in this Explanatory Statement. In particular, you should also take note of the risk factors set out in Section 10 of this Explanatory Statement.

Questions and requests for further information and assistance in relation to the proposed Scheme and/or this Explanatory Statement, including in respect of the submission or delivery of Proof of Debt and/or Ballot Forms, may be directed to Company through the following channels:

Telephone: +65 6671 8021

Email: david.chew@dhccapital.com

Post: 80 Raffles Place, #43-01 UOB Plaza 1, Singapore 048624

The date of this Explanatory Statement is 15 July 2020.

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CONTACTS

Proposed Scheme Manager	David Chew, care of DHC Capital Pte Ltd
Address	80 Raffles Place, #43-01 UOB Plaza 1, Singapore 048624
Email	david.chew@dhccapital.com

KEY DATES AND EXPECTED TIMETABLE¹

Issuance of Explanatory Statement containing notice to submit Proof of Debt and Ballot Forms	15 July 2020
Proof of Debt Cut-off Date for Voting Purposes and last day to submit Ballot Forms	25 July 2020
Court hearing to sanction Scheme (if approved by Requisite Majority of Scheme Parties)	Any day between 10 August 2020 to 17 August 2020 (tentative date) ²
Scheme Effective Date	To be confirmed ³
Proof of Debt Cut-Off Date for Payment	14 August 2020
End of Moratorium ordered in 211B Proceedings	17 August 2020 ⁴

¹ Scheme Parties will be kept advised of any significant change(s) to the above expected timetable via SGXNet and/or Registered Mail.

² This date cannot be finalised at this point as: (i) the Company will only apply to the Court for the sanction of the proposed Scheme after the Requisite Majority of the Scheme Parties have indicated their approval of the proposed Scheme via the Ballot Forms; and (ii) the date of the Court hearing to sanction the Scheme will only be confirmed based on the Court's schedule after such application has been made. Scheme Parties will be kept advised of the actual date fixed for the Court hearing to sanction the Scheme via SGXNet and/or Registered Mail.

³ 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.

⁴ 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.

**Capital World Limited
1 North Bridge Road
#24-09 High Street Centre
Singapore 179094**

(Incorporated under the laws of the Cayman Islands with registered office in Singapore)

(Company Registration Number: CT-27695)

EXPLANATORY STATEMENT

To: the Scheme Parties

15 July 2020

**THIS EXPLANATORY STATEMENT CONCERNS MATTERS WHICH MAY AFFECT YOUR
LEGAL RIGHTS AND ENTITLEMENTS AND YOU MAY THEREFORE WISH TO TAKE
APPROPRIATE LEGAL ADVICE ON ITS CONTENTS**

Dear Sir/Madam,

Proposed scheme of arrangement (“Proposed Scheme”) in relation to Capital World Limited (“Company”) under Section 211I of the Companies Act (Chapter 50, 2006 Revised Edition) of the Republic of Singapore (“Act”)

1. INTRODUCTION

- 1.1 On 17 February 2020, the Company first announced that an application has been made to Court in HC/OS 216/2020 pursuant to Section 211B(1) of the Act (the “**211B Proceedings**”) to commence the process of re-organising the liabilities of the Company and one of its subsidiaries, namely, Capital City Property Sdn Bhd.
- 1.2 Pursuant to the Company’s application, the Court ordered a moratorium period of six (6) months from 17 February 2020, being the date of the Company’s application to the Court. The moratorium has extra-territorial application, meaning that it applies to any act of any person in Singapore or within the jurisdiction of the Court, whether the Act takes place in Singapore or elsewhere. The sealed Order of Court dated 13 March 2020 was duly forwarded via email on 16 March 2020 to all the creditors (or their representatives) whose claims the Company is aware of, and an SGX announcement was made on 16 March 2020 regarding the same.
- 1.3 In connection with said re-organisation, the Company intends to enter into a compromise and arrangement with the Scheme Parties in respect of all the Approved Claims pursuant to the terms of the proposed Scheme.
- 1.4 The purpose of this Explanatory Statement is to inform the Scheme Parties of the background and effect of the Proposed Scheme. It is written and issued pursuant to Section 211I of the Act and in accordance with the applicable procedure and guidance laid down in the Act and by the Court. Unless otherwise defined herein or the context otherwise requires, capitalised expressions used shall have the meanings set out in Appendix A.

- 1.5 Please note that this Explanatory Statement does not form the basis of the legal contract between the Company and the Scheme Parties. The legally binding contract between the Company and the Scheme Parties is the scheme of arrangement that is ultimately sanctioned by the Court. The Company has prepared this Explanatory Statement on a best efforts basis, but make no warranty as to the accuracy or completeness of the information provided herein. The Company reserves the right to amend or supplement this Explanatory Statement and/or the information contained herein.

2. WHAT IS A SCHEME OF ARRANGEMENT?

- 2.1 A scheme of arrangement is a statutory procedure under Singapore law which allows a company to agree on a compromise or arrangement with parties to whom it owes obligations towards, and for the terms of that compromise or arrangement to bind any non-consenting or opposing minority parties.

- 2.2 A scheme of arrangement becomes effective and binding pursuant to Section 211I of the Act if:

2.2.1 it is sanctioned by the Court; and

2.2.2 a sealed copy of the order of Court sanctioning the scheme of arrangement is lodged with ACRA.

- 2.3 As a pre-condition to the Court granting sanction of the a scheme of arrangement, the Court must be satisfied that had a meeting of the creditors (or meetings of the classes of creditors) been summoned, a Requisite Majority of the creditors (or classes of creditors) present and voting at the meeting (or meetings) would have agreed to the scheme of arrangement. In making this determination, the Court may have regard to, among other things, ballot forms completed and submitted by creditors indicating whether they approve or reject the proposed scheme of arrangement.

- 2.4 If the scheme of arrangement satisfies the conditions in Clause 2.2 above, it will bind the Company and all the Scheme Parties according to its terms, including Scheme Parties who did not submit the Ballot Form indicating their approval or rejection of the scheme or who submitted the Ballot Form indicating their rejection of the scheme, irrespective of where in the world those scheme parties reside or have their seat.

3. SCHEME PARTIES AND APPROVED CLAIMS

- 3.1 The proposed Scheme is intended to bind the Company and the Scheme Parties.

- 3.2 The aggregate outstanding principal amount of all claims of the Scheme Parties is estimated to be approximately S\$183,000,000.

4. WHAT ARE SCHEME PARTIES REQUIRED TO DO?

- 4.1 In the Company's application for Court sanction of the proposed Scheme pursuant to Section 211I of the Act, the Company will rely on Ballot Forms completed and submitted by the Scheme Parties as evidence of the manner in which the Scheme Parties would have voted had a meeting of the creditors (or meetings of the classes of creditors) been summoned and held.

- 4.2 The Ballot Form is enclosed at Appendix E of the Scheme Document. Scheme Parties may submit the Ballot Form indicating approval or rejection of the proposed scheme by returning the completed Ballot Form to the Scheme Manager in accordance with the instructions therein by the Stipulated Deadline (that is, 5.00pm, 25 July 2020 (Singapore Standard Time)). Any Ballot Forms received from a Scheme Party after the Stipulated Deadline may not be taken into account in the Scheme Manager and/or the Court's determination of whether a Requisite Majority of the Company's creditors (or each class of the Company's creditors) would have voted in favour of the proposed Scheme had a meeting of the creditors (or meetings of the classes of creditors) been held.
- 4.3 If a Scheme Party wishes to submit a Ballot Form, such a Scheme Party must also complete and return the Proof of Debt form enclosed in Appendix A of the Scheme Document to the Scheme Manager in accordance with the instructions therein by the Stipulated Deadline (that is, 5.00pm, 25 July 2020 (Singapore Standard Time)). Please note that a Ballot Form submitted by any Scheme Party who has failed to submit his or her Proof of Debt by the Stipulated Deadline will be invalid.

5. INFORMATION ABOUT THE COMPANY AND SUBSIDIARIES

- 5.1 The Company, along with its subsidiaries (the "**Group**"), is an integrated property developer and also engages in exploration and extraction of mineral resources. The Group's business model of property development and investment involves entry into joint ventures with land owners instead of purchasing the land from the landowners, so as to develop the land with minimum initial capital outlay and to maximise potential returns. The Company's role in the joint ventures has been to conceptualise, design and implement property development projects with the result of enhancing the value of the land.
- 5.2 The Group aims to maintain a steady pipeline of projects and network of partners in order to provide sustainability to the business. In this regard, the projects that will be undertaken are as follows:

Projects already completed and ongoing

5.2.1 **Capital City Project**, comprising:

- (a) **Capital City Mall:** The Capital City Mall in Johor Bahru is a significant shopping mall development with space for 1,602 retail units. Its multipurpose hall makes it an ideal venue for a wide variety of large-scale events. Capital City is now at a standstill due to disputes with the land owner.
- (b) **Hilton Garden Inn:** The Hilton Garden Inn is a 16-storey international hotel development with 315 rooms in to be constructed above Capital City Mall. It is marketed as an upscale, mid-priced hotel that would be managed by Hilton Worldwide.
- (c) **Neo Geo Reo Serviced Apartments:** The Neo Geo Reo Serviced Apartments is a development of three towers of 15-storey block serviced apartments also to be constructed above the Capital City Mall. There will be a total 690 units in Neo Geo Reo Serviced Apartments when completed.

Projected projects that have yet to commence

- 5.2.2 **Austin Project:** Project Austin is located at Tebrau, Johor Bahru. Project Austin is envisioned to be an integrated mixed development comprising a retail mall, office suites,

hotel, residential apartments, and medical suites, with an area of approximately 27,670 square metres.

5.2.3 **Laos Project:** The Laos Project will be a joint venture between the Group, landowners of a piece of land in Vientiane, Laos, and an investment company in Laos to develop land in Vientiane. The purpose is to jointly develop the land. Currently, the Group is in discussion with the landowners on the proposed development.

5.2.4 **Cambodia Project:** One of the Company's subsidiaries, Capital City Frontier Sdn Bhd, is in discussions with a two Cambodian parties, Yim Engkiet and Cheung Sang Keav, to jointly develop a 180,300 square-metre piece of land in Phnom Penh, Cambodia. The Cambodian Project is envisioned to be a mixed development including retail, hotel, service apartments, and residential units.

6 BACKGROUND TO THE SCHEME

6.1 The Company began to face financial difficulties in the half-year ending on 31 December 2019 in which it suffered a gross loss of RM 1,876,000. In contrast, in the financial year ending on 30 June 2019, the Company made a gross profit of RM 93,095,000.

6.2 This decline was due to several factors including:

6.2.1 the final construction costs incurred when the Capital City Mall;

6.2.2 oversupply of available residential property in Johor Bahru causing the Group to face difficulties selling property units;

6.2.3 increase in general administrative expenses in the financial year 2019 in relation to costs of hiring employees for businesses that commenced, sourcing of tenants for Capital City Mall, maintenance and upkeep of unsold units in the residential properties and suites and depreciation of investment properties; and

6.2.4 one-off impairment of RM 72,000,000 caused by the loss of loss of mining rights and goodwill of the Company.

6.3 To address these short term cashflow challenges, the Board took the view that the proposed reorganisation process was in the best interests of all of the Company's stakeholders and hence applied to the Court in the 211B Proceedings to commence the process of restructuring the Company.

Steps Taken Towards Restructuring

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

6.4.1 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;

6.4.2 putting the Capital City Project Development on hold;

- 6.4.3 preparing to re-open Capital City mall which is expected to alleviate the Group's current cash flow gap;
- 6.4.4 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.
- 6.4.5 preparing to launch the development of the Austin Project, Laos Project and Cambodia Project.

7 FINANCIAL POSITION OF THE GROUP

- 7.1 The Company has been providing and will continue to provide quarterly financial reports in accordance with Rule 705(2) of the SGX-ST Listing Manual. Creditors may obtain the copies of the same on request or on the SGX-ST website. The latest set of unaudited management accounts of the Company as at 31 March 2020 was released on 15 May 2020.
- 7.2 The statement of financial position for the Company and the Group together with a comparative statement as at the end of the immediately preceding financial year is set out below.

	Group		Company	
	As at 31.03.20	As at 30.06.19	As at 31.03.20	As at 30.06.19
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
Current assets				
Inventory properties	222,419	223,333	-	-
Inventories	2,228	3,947	-	-
Deferred expenditure	4,021	4,021	-	-
Trade receivables	4,827	10,281	-	-
Other receivables, deposits and prepayments	27,295	25,853	1,210	140
Amounts due from subsidiaries	-	-	103,041	101,401
Cash on hand and at banks	1,598	3,224	17	47
	<u>262,388</u>	<u>270,659</u>	<u>104,268</u>	<u>101,588</u>
Non-current assets				
Inventory properties	121,876	121,774	-	-
Trade receivables	14,495	14,495	-	-
Property, plant and equipment	113,155	129,073	65	190
Investment properties	227,695	231,162	-	-
Intangible assets	21,213	23,179	-	-
Deferred tax asset	3,473	3,473	-	-
Investment in subsidiaries	-	-	661,633	661,635
	<u>501,907</u>	<u>523,156</u>	<u>661,698</u>	<u>661,825</u>
Total assets	<u>764,295</u>	<u>793,815</u>	<u>765,966</u>	<u>763,413</u>
Current liabilities				
Trade payables	163,074	70,838	-	-
Other payables and accruals	79,188	82,511	14,638	10,343
Deferred revenue	2,854	3,068	-	-
Loans and borrowings	44,454	44,572	16,640	18,097
Provision for taxation	11,952	12,942	319	293
	<u>301,522</u>	<u>213,931</u>	<u>31,597</u>	<u>28,733</u>
Non-current liabilities				
Trade payables	154,859	247,424	-	-
Other payables	5,338	5,306	-	-
Provision for taxation	23,205	23,205	-	-
Deferred tax liabilities	1,361	1,639	-	-
	<u>184,763</u>	<u>277,574</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>486,285</u>	<u>491,505</u>	<u>31,597</u>	<u>28,733</u>
Equity				
Share capital	176,240	176,240	225,365	225,365
Reserves	101,768	126,898	509,004	509,315
Equity attributable to owners of the Company	<u>278,008</u>	<u>303,138</u>	<u>734,369</u>	<u>734,680</u>
Non-controlling interests	2	(828)	-	-
Total equity	<u>278,010</u>	<u>302,310</u>	<u>734,369</u>	<u>734,680</u>
Total equity and liabilities	<u>764,295</u>	<u>793,815</u>	<u>765,966</u>	<u>763,413</u>

While the Group is currently facing financial difficulties, the Board believes that the Group has a viable business and may continue business as a going concern if its current financial obligations and liabilities are restructured and/or compromised in accordance with the proposed Scheme.

- 7.3 The Board believes that the proposed 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.

8 SALIENT TERMS OF THE SCHEME

Scheme Overview

- 8.1 The Scheme comprises principally the following elements:–
- 8.1.1 the Company shall allot and issue Scheme Shares for 100 cents to the dollar for each of the Scheme Parties Approved Claims to extinguish all the Company's debts and liabilities through the Share Distribution, such that no outstanding debts remain due to the Scheme Parties upon Completion; and
 - 8.1.2 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.

Conditions Precedent

- 8.2 The Scheme is subject to the following conditions precedent being met:
- 8.2.1 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;
 - 8.2.2 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;
 - 8.2.3 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;
 - 8.2.4 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;
 - 8.2.5 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
 - 8.2.6 as at the Long-Stop Date, conditions set out at Clauses 8.2.1 to 8.2.5 above have been satisfied.

Moratorium and Interest

- 8.3 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.

- 8.4 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. 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.

Claims and Adjudication of the Proofs of Debts

- 8.5 The Scheme Parties would be required to submit their claims for the debt amount as at the Ascertainment Date to the Company or the Scheme Manager, who will collate the Proofs of Debt for adjudication.
- 8.6 Save as disclosed herein, the Company confirms that none of the members of its Board or Substantial Shareholders have, to the best of their knowledge, any connection (including business relationship) with any of the Scheme Parties or their directors or substantial shareholders.
- 8.7 To the best of the Company’s knowledge and belief, the Company confirms that there will be no change to the composition of the Board arising from the issue of the Scheme Shares.

Share Distribution

- 8.8 The Scheme Shares will be distributed to the Scheme Parties based on the aggregate amount of all Approved Claims. The issue price per Scheme Share (the “**Issue Price**”) shall be \$0.005, being the last price on which the Company’s shares were traded on SGX on 13 February 2020 (the “**Last Trading Day**”).
- 8.9 On the assumptions that:–
- 8.9.1 the Issue Price will be \$0.005; and
- 8.9.2 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%

- 8.10 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.

- 8.11 The Scheme Shares shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with and carry all rights and entitlements similar to existing Shares, except that the Scheme Shares will not rank for any dividends, rights, allotments or other distributions with record dates falling on or before the date of the issue of the Scheme Shares.
- 8.12 The Scheme Shares shall be transferred to each Scheme Party's Securities Accounts held with CDP. Scheme Party's are to provide information on the Securities Accounts held with CDP in accordance with the "Details of CDP Account Holder" Form in Appendix D of the Scheme Document.
- 8.13 If the holding of Scheme Shares by any Scheme Creditor may result in a contravention of any laws of Singapore, or if any Scheme Creditor does not wish to have its account with the CDP credited with Scheme Shares, such Scheme Creditor shall be entitled to nominate another party into whose account with the CDP the Scheme Shares shall be credited instead, provided that such nomination shall be made in writing in accordance with Appendix B of the Scheme Document and served on the Company no later than twenty (20) Business Days after the Scheme Effective Date, and the credit of the Scheme Shares to such nominated party's account shall have the same effect of fully satisfying and completely discharging that portion of such Scheme Creditor's rights to those Scheme Shares.
- 8.14 The Scheme Shares to be issued to Scheme Party within thirty (30) days after the Restructuring Effective Date.

Shareholder Approval for Issuance of Scheme Shares

- 8.15 Under Rule 805 of the Listing Manual, except where an issuer had previously obtained a general share issue mandate at a general meeting as provided in Rule 806 of the Listing Manual, the issuer must obtain the prior approval of shareholders at a general meeting for the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer.

Rule 804 and 812 of the Listing Manual

- 8.16 Under Rule 804 of the Listing Manual, except in the case of an issue made on a pro rata basis to shareholders or a scheme referred to in Part VIII of Chapter 8 of the Listing Manual, no director of an issuer or associate of the director may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in a general meeting have approved the specific allotment. Such directors and associates must abstain from exercising any voting rights on the matter.
- 8.17 In addition, Rules 812(1) and 812(2) provide that, save where specific shareholder approval for such a placement has been obtained, an issue must not be placed to any of the following persons:
- 8.17.1 an issuer's directors and substantial shareholders;
 - 8.17.2 immediate family members of the directors and substantial shareholders;
 - 8.17.3 substantial shareholders, related companies (as defined in Section 6 of the Act), associated companies and sister companies of the issuer's substantial shareholders;

8.17.4 corporations in whose shares the issuer's directors and substantial shareholders have an aggregate interest of at least 10.0%; or

8.17.5 any person who, in the opinion of the SGX-ST, falls within category 8.17.1 to 8.17.4 above.

Scheme Effectiveness

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

8.19 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 Investor and the Scheme Parties that are to receive equity payouts under the Scheme.

8.20 If the Conditions Precedent are not satisfied for any reason whatsoever, the Scheme shall be terminated and the compromise and arrangements thereunder shall be of no effect and shall be construed as if it had never become effective.

Rationale

8.21 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, the Group's liabilities would be reduced by approximately S\$183 million.

8.22 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. Further, the Scheme will better preserve the value of the Company for all stakeholders as compared to a liquidation scenario as set out in Appendix F.

Business Prospects

8.23 As the Group embarks on the new projects such as the Laos Project and Cambodia Project, the outlook for the Group's business in Indochina is beginning to turn positive. 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 Group believes that that demand for its property and rental of its premises will increase as more people will look to invest in the stabilising economy. As the Group's financial position improves, it will resume the business and development in Capital City Project, and synergistic collaborations with industry partners to enhance its market presence worldwide.

8.24 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.

Discharge and Extinguishment of Approved Claims

- 8.25 On the Restructuring Effective Date, each Scheme Party shall give the undertakings, releases and waivers as set out in Clause 14.3 of the Scheme Document.

Remuneration of Scheme Manager

- 8.26 The Scheme Manager shall be remunerated according to what is fair, reasonable and adequate given the Scheme Manager's roles and responsibilities set out in the Scheme and prevailing market conditions. The Scheme Manager will be remunerated on a time-incurred basis using standard hourly rates, including provisions for the hourly rates of a team staffed at appropriate levels of seniority.

9 INTERESTS OF DIRECTORS AND DEBENTURE HOLDERS

- 9.1 The table below sets out the interests of the Directors of the Company as at 14 July 2020.

Name of Directors	Number of ordinary shares
Siow Chien Fu	503,745,713

10 RISK FACTORS

- 10.1 In considering whether to vote in favour of the Scheme, each Scheme Party should carefully consider all the information contained in this Explanatory Statement and in particular the risk factors described below. There may be risks other than that highlighted below, and Scheme Parties should thus consider all other risks relevant in the circumstances.

Risk of Scheme not being sanctioned by the Singapore Court

- 10.2 Even if the Requisite Majority of the Scheme Parties indicate their approval of the Scheme via completed Ballot Forms, the Scheme is still subject to the approval of the Court and the Court may grant approval of the Scheme subject to alterations or conditions as the Court thinks just.

Risk of Scheme not being approved by shareholders

- 10.3 Even if the Scheme is sanctioned by the Court, its effectiveness is nonetheless contingent on the approval by the Independent Shareholders of the Company, SGX-ST and SIC 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.

APPENDIX – DEFINITIONS AND INTERPRETATION

In this Explanatory Statement, unless inconsistent with the subject or context, the following expressions shall have the following meanings:

“**211B Proceedings**” means the applications for a moratorium under Section 211B(1) of the Act filed by the Company in HC/OS 216/2020

“**ACRA**” means the Accounting and Corporate Regulatory Authority of Singapore.

“**Act**” means the Companies Act, Chapter 50 of Singapore.

“**Approved Claims**” means the claims of Scheme Creditors as set out in each of their Final Proofs of Debt to the extent admitted by the Scheme Manager.

“**Ascertainment Date**” means the date on which the Proof of Debt is valued, being 30 June 2020.

“**Ballot Form**” means the form set out at Appendix E of the Scheme Document.

“**Board**” means the board of directors of the Company.

“**CCP**” means Capital City Property Sdn. Bhd., a wholly owned subsidiary of the Company.

“**CDP**” means The Central Depository (Pte) Limited.

“**Company**” means Capital World Limited (formerly known as Terratech Group Limited) with Company Registration Number CT-27695, incorporated in the Cayman Islands with a registered office in Singapore located at 1 North Bridge Road, #24-09 High Street Centre, Singapore 179094.

“**Completion**” means the date on which all of the Company’s liabilities and obligations in respect of the Approved Claims are fully discharged in accordance with the provisions of the Scheme.

“**Conditions Precedent**” means the Conditions as defined in the Scheme Document.

“**Court**” means the High Court of Singapore.

“**Explanatory Statement**” means this explanatory statement issued by the Company and dated 15 July 2020 relating to the Scheme.

“**Excluded Scheme Party**” includes the Company’s independent financial advisor, the Scheme Manager, legal advisors, employees, CPF, IRAS, regulatory authorities such as SGX and CDP, essential service providers such as the sponsor, professional services firm such as auditors and corporate secretary, as well as any person or persons to whom the Company owes any debt, liability or obligation, incurred after the Ascertainment Date.

“**Group**” means the Company and its Subsidiaries.

“**Independent Shareholders**” means Shareholders who are considered independent for the purposes of the proposed issue of the Scheme Shares to the certain Scheme Parties who are interested persons pursuant to Rule 804 and 812 of the Listing Manual.

“**Issue Price**” means the issue price of the Scheme Shares under the Share Distribution, being the issue price per Scheme Share shall be \$0.005, being the last price on which the Company’s shares were traded on SGX on the Last Trading Day.

“**Last Trading Day**” means 13 February 2020, being the last day on which the Company’s shares were traded on SGX-ST.

“Listing Manual” means the listing manual of the SGX-ST as amended varied or supplemented from time to time.

“Long-Stop Date” means the date twelve (12) months after the Scheme Effective Date unless extended or waived in accordance with the Scheme.

“Proof of Debt” means a proof setting out the claim of a Scheme Party to be submitted by a Scheme Party for its claims, subsisting as at the Ascertainment Date, against the Company for any debt or liability, whether present or future or prospective or actual or contingent, whether it is fixed or undetermined and whether incurred solely or jointly or as principal or surety or in any other capacity, substantially in the form set out at Appendix A of the Scheme Document.

“Registered Email” means any email service which provides the sender proof of sending via a mailing receipt and electronic verification that the email was delivered.

“Registered Mail” means the postal service offered by Singapore Post Limited which provides the sender proof of mailing via a mailing receipt and electronic verification that an article was delivered.

“Requisite Majority” refers to majority in number and three-fourths in value.

“Restructuring Effective Date” means later of: (i) the Scheme Effective Date; and (ii) the date on which all of the Conditions Precedent are fulfilled or waived, such date being no later than twelve (12) months after the Scheme Effective Date unless extended or waived in accordance with the Scheme.

“Rules” means the Catalist Rules in the SGX-ST Listing Manual.

“Scheme” means the scheme of arrangement proposed by the Company under Section 211I of the Act in its present form or with or subject to any modifications, additions or conditions approved or imposed by the Court or approved in accordance with its terms.

“Scheme Document” means the document dated 15 July 2020 which is intended to bind all Scheme Parties from the Scheme Effective Date.

“Scheme Effective Date” means the date on which the Court order sanctioning the Scheme under the Act is lodged with ACRA.

“Scheme Manager” means Mr David Chew, care of DHC Capital Pte Ltd, or any person appointed from time to time by the Court to be the Scheme Manager, whether in addition to or in replacement of any person(s) then holding appointment(s) as “Scheme Manager”.

“Scheme Parties” means any person or persons, other than the Excluded Scheme Party, to whom the Company owes any debt, liability or obligation, whether present or future or prospective or actual or contingent, whether it is fixed or undetermined, whether incurred solely or jointly or as principal or surety or in any other capacity, whether or not it involves the payment of money or performance of an act or obligation and whether it arises at common law, in equity or by statute, in Singapore or any other jurisdiction, or in any manner whatsoever.

“Scheme Period” means the period commencing on the Scheme Effective Date and ending on the Scheme Termination Date.

“Scheme Shares” means the new Shares to be allotted and issued by the Company to the Scheme Parties at the Issue Price per Scheme Share under the Scheme.

“Scheme Termination Date” means the date on which the Scheme is terminated pursuant to the terms of the Scheme Document.

“Secured Scheme Parties” means the Scheme Parties who are secured creditors of the Company.

“Securities Account” means a securities account maintained by a Depositor with CDP.

“SGXNet” means the online announcement platform hosted by SGX-ST.

“SGX-ST” means the Singapore Exchange Securities Trading Limited.

“Shareholders” means registered holders of Shares, except that where the registered holder is CDP, the term “Shareholder” shall, where the context admits, mean the persons named as the Depositors in the Depository Register maintained by the CDP and to whose Securities Accounts such Shares are credited.

“SIC” means Securities Industry Council.

“Shares” means issued ordinary shares in the capital of the Company.

“Share Distribution” means the proposed allotment, issuance and distribution of the Scheme Shares at the Issue Price to the Scheme Parties as satisfaction of Approved Claims, in proportion to each of their Approved Claim against the aggregate amount of all Approved Claims.

“Stipulated Deadline” means **5:00 pm on 25 July 2020**, being the latest time a Proof of Debt and Ballot Form must be submitted to the Scheme Manager to be taken into account for the purposes of voting and an application for Court sanction of the proposed Scheme pursuant to Section 211I of the Act.

“Subsidiary” means a subsidiary within the meaning of Section 5 of the Act.

“Substantial Shareholders” means any person who has an interest or interests in not less than 5.0% of the total votes attached to all the Shares in the Company.

In this Explanatory Statement, unless the context otherwise requires or as otherwise expressly stated:

- 1.1.1 The terms **“Depositor”**, **“Depository”** and **“Depository Register”** shall have the same meanings ascribed to them respectively in Section 81 SF of the SFA.
- 1.1.2 references to Clauses and Schedules are references to clauses and schedules of this Explanatory Statement;
- 1.1.3 references to a person include a reference to an individual, firm, partnership, company, corporation, unincorporated body of persons or any state or state agency;
- 1.1.4 references to a statute, statutory provision or regulatory rule or guidance include references to the same as subsequently modified, amended or re-enacted from time to time;
- 1.1.5 references to an agreement, deed or document shall be deemed also to refer to such agreement, deed or document as amended, supplemented, restated, verified, replaced and/or novated (in whole or in part) from time to time and to any agreement, deed or document executed pursuant thereto, provided that such amendment, supplement, restatement, verification, replacement and/or novation has, to the extent it relates to the Scheme Document, been made in accordance with the terms of such Scheme Document;

- 1.1.6 the singular includes the plural and vice versa and words importing one gender shall include all genders;
- 1.1.7 references to “including” shall be construed as references to “including without limitation” and “include”, “includes” and “included” shall be construed accordingly;
- 1.1.8 headings to Clauses and Schedules are for ease of reference only and shall not affect the interpretation of this Explanatory Statement;
- 1.1.9 references to a period of days shall include Saturdays, Sundays and public holidays and where the date which is the final day of a period of days is not a Business Day, that date will be adjusted so that it is the first following day which is a Business Day;
- 1.1.10 references to “dollar” or to “S\$” are references to the lawful currency from time to time of Singapore;
- 1.1.11 references to “RM” are references to the lawful currency from time to time of Malaysia;
- 1.1.12 references to “HK\$” are references to the lawful currency from time to time of Hong Kong;
- 1.1.13 references to time shall be to Singapore time; and
- 1.1.14 where any amount is specified in this Explanatory Statement (including in any definition) in respect of any Scheme Consideration, that amount is subject to rounding in accordance with the terms of the Scheme.

APPENDIX D

DETAILS OF CDP ACCOUNT HOLDER

*delete accordingly

*I / We _____ (Full Name) ,
_____ (*NRIC / Passport No. / UEN / Company Registration No.)
of _____ (Address) am a Scheme Party with a
Securities Accounts held with CDP.
My CDP Securities Account Number is: _____.

(Signature and Stamp of CDP Account Holder)

APPENDIX E

BALLOT FORM

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, OTHER THAN WHAT IS INCLUDED IN THE MATERIALS MAILED WITH THIS BALLOT.

Capital World Limited

1 North Bridge Road #24-09 High Street Centre

Singapore 179094

Company Registration Number: CT-27695

**BALLOT FORM FOR A SCHEME OF ARRANGEMENT
PURSUANT TO SECTION 211I OF THE COMPANIES ACT (CAP 50, 2006 REV ED)
BETWEEN**

CAPITAL WORLD LIMITED (FORMERLY KNOWN AS TERRATECH GROUP LIMITED)

AND

**THE SCHEME PARTIES
BALLOT FORM FOR VOTING**

If you are a Scheme Party (as defined in the Explanatory Statement sent on 15 July 2020, please use this Ballot to cast your vote to accept or reject the Scheme of Arrangement pursuant to Section 211I of the Companies Act (Cap 50 2006 REV Ed) (the “**Scheme of Arrangement**”) which is being proposed by Capital World Limited. The Scheme of Arrangement can be confirmed by the Court and thereby made binding upon you and the Scheme Parties if it is accepted by the holders of majority in number and representing 75% in value in number of claims in each class that vote on the Scheme of Arrangement, and if it otherwise satisfies the requirements of Section 211I of the Companies Act. If the requisite acceptances are not obtained, the Court may nonetheless confirm the Scheme of Arrangement if it finds that the Scheme of Arrangement the Court is satisfied that had a meeting of the creditors or class of creditors been summoned, a majority in number and representing 75% in value in the number of claims of creditors in each class would have agreed to the Scheme of Arrangement, and subject to the other requirements of Section 211I(3) of the Companies Act.

IMPORTANT

VOTING DEADLINE: 5.00pm SGT ON 25 July 2020.

REVIEW THE ACCOMPANYING EXPLANATORY STATEMENT FOR THE SCHEME OF ARRANGEMENT.

BALLOTS WILL NOT BE ACCEPTED BY FACSIMILE TRANSMISSION.

HOW TO VOTE

1. COMPLETE ITEM 1 AND ITEM 2
2. REVIEW THE CERTIFICATIONS CONTAINED IN ITEM 3.
3. **SIGN THE BALLOT**
4. RETURN THE BALLOT TO THE SCHEME MANAGER EITHER BY MAIL TO 80 RAFFLES PLACE #43-01 UOB PLAZA 1 SINGAPORE 048624 OR BY EMAIL TO david.chew@dhccapital.com BY THE STIPULATED DEADLINE, 5PM SGT ON 25 JULY 2020. EMAIL IS PREFERRED. A CONFIRMATION EMAIL WILL BE SENT TO THE SENDER TO ACKNOWLEDGE RECEIPT OF THE BALLOT FORM.
5. YOU MUST VOTE *THE ENTIRE VALUE* OF THE SCHEME CREDITORS CLAIM EITHER TO ACCEPT OR TO REJECT THE PLAN AND MAY NOT SPLIT.

Item 1. Principal Value of the Scheme Party's Claim Voted. The undersigned certifies that as of _____ (DD/MM/YYYY) the undersigned was a creditor of the value of the Scheme Party's claim in the following aggregate unpaid principal amount (insert amount in the box below).

\$ _____

Item 2. Vote. The value of the Scheme Party's claim identified in Item 1 votes as follows (check one box only—if you do not check a box your vote will not be counted):

to **Accept** the Plan. to **Reject** the Plan.

Item 3. Authorization. By returning this Ballot, the creditor of the value of the Scheme Party's claim identified in Item 1 certifies that it (a) has full power and authority to vote to accept or reject the Scheme with respect to the value of the Scheme Party's claim listed in Item 1, (b) was a creditor of the value of the Scheme Party's claims described in Item 1 on _____ (DD/MM/YYYY), and (c) has received a copy of the Explanatory Statement (including the exhibits thereto) and understands that the solicitation of votes for the Scheme is subject to all the terms and conditions set forth in the Explanatory Statement.

Company Name: _____

Company Identity No.: _____

Signature: _____

By: _____

Title: _____

Street Address: _____

Country, City: _____

Telephone Number: () _____

Date Completed: _____

THIS BALLOT SHALL NOT CONSTITUTE OR BE DEEMED A PROOF OF DEBT.

YOUR VOTE MUST BE FORWARDED IN AMPLE TIME FOR YOUR VOTE TO BE RECEIVED BY CAPITAL WORLD LIMITED BY 5.00pm SGT, ON 25 July 2020, OR YOUR VOTE WILL NOT BE COUNTED.
--

IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT FORM OR THE VOTING PROCEDURES, OR IF YOU NEED ADDITIONAL COPIES OF THE BALLOT FORM, EXPLANATORY STATEMENT, OR OTHER RELATED MATERIALS, PLEASE CALL HENRY FOO OF CAPITAL WORLD LIMITED, AT +65 9223 0023.

APPENDIX F

Capital World Ltd

Liquidation Analysis

13 July 2020

Private and Confidential

Important notice

- ▶ This report was prepared for Capital World Ltd (“**CWL**”) in relation to providing information to creditors and providing a basis for CWL to have a discussion with its creditors regarding a restructuring proposal. It should not be used or relied upon for any other purpose.
- ▶ We have relied upon information provided by CWL and discussions with CWL’s management and key employees. We do not accept responsibility for such information, which remains the responsibility of CWL. We have not independently verified its accuracy or completeness nor have we undertaken an audit of the information made available. Our work done is not, and under no circumstances should it be construed, as an audit or a review made in accordance with Singapore Standards on Auditing.
- ▶ We may perform research and analysis using publicly available information drawn from a wide range of databases and on-line information services which are available to us. We will not independently verify, or accept any responsibility or liability for independently verifying, any such information nor do we make any representation as to the accuracy or completeness of the information.
- ▶ Our work was concluded on the date of this report. We have not updated our report for events occurring subsequent to this date and we assume no responsibility and are not required to update, revise or reaffirm our report to reflect events or developments subsequent to the date of our report.
- ▶ Any estimates, projections or prospective financial information contained in this report have been prepared by management of CWL, were obtained from publicly available sources or are based on estimates and assumptions regarding the outcome and timing of future events, which may or may not occur as assumed and consequently the actual results achieved may materially differ from those presented in this report. We accept no liability for any loss or damage which may result from your reliance on any research, analyses or information so supplied.
- ▶ No representation or warranty, expressed or implied, is made and no responsibility is taken or accepted by DHC Capital Pte Ltd, its directors, partners, employees, consultants or advisors or any other persons as to the accuracy or completeness of this report and so far as permitted by law no responsibility or liability is accepted for the accuracy or for any errors, omissions or misstatements, negligent or otherwise, related thereto.
- ▶ This report is strictly private and confidential and information contained in this report includes material non-public and price-sensitive information regarding CWL and its subsidiaries and should not be disseminated without our prior written consent. In this respect, readers who are not authorised to have access to this report (“**unauthorised persons**”) should read no further. By reading such sections, unauthorised persons agree that they place reliance at their own risk and that DHC Capital Pte Ltd, its partners, employees, consultants and agents neither owe nor accept any duty of care or responsibility to them and shall not be liable in respect of any loss, damage or expense of any nature which is caused by any use the unauthorised persons may make of this report. If unauthorised persons choose to rely in any way on the contents of this report, they do so entirely at their own risk and we assume no responsibility whatsoever in respect of or arising out of or in connection with the contents of this report.

Cover letter

13 July 2020

Capital World Ltd
1 North Bridge Road
#24-09 High Street Centre
Singapore 179094

Dear Sirs

LIQUIDATION ANALYSIS

DHC Capital Pte Ltd has been engaged by Capital World Ltd (“**CWL**”) as independent financial advisor in relation to the restructuring.

Purpose of this report

This report was prepared for CWL to provide information to creditors on the recovery to unsecured creditors under a liquidation scenario and provide a basis for CWL to have a discussion with its creditors regarding a restructuring proposal.

Use of the report

This report is strictly private and confidential and information contained in this report includes material non-public information regarding CWL and should not be disseminated without our prior written consent. We accept no responsibility or liability to any person other than to CWL and accordingly if other parties choose to rely in any way on the contents of this report, they do so entirely at their own risk and we assume no responsibility whatsoever in respect of or arising out of or in connection with the contents of this report.

Limitations

We have relied upon information provided by CWL, discussions with CWL’s management and key employees and other publicly available information. We have not independently verified the accuracy or completeness of the information nor have we undertaken an audit of the information. Consequently, our work done is not, and under no circumstances should it be construed, as an audit and we give no assurance on such information.

Structure of the report

Each page is headed by a headline which is intended to be an introduction to the page and should be read in conjunction with the page as a whole.

Yours sincerely

David Chew

David Chew
Partner
DHC Capital Pte Ltd

Contents

- ▶ Abbreviations
- ▶ Liquidation analysis

Abbreviations

Entity

CWL	Capital World Ltd
CWL Group	Capital World Ltd and its subsidiaries

Other Group Entities

CCP	Capital City Property Sdn Bhd
TRPL	Terratech Resources Pte Ltd

Other Entities

DHC Capital	DHC Capital Pte Ltd
--------------------	---------------------

Other Abbreviations

ERV	Estimated realisable value
Malaysian Court	High Court of Malaya, Kuala Lumpur, Malaysia
NBV	Net book value
RM\$	Malaysian ringgit
SGX	Singapore Exchange

Liquidation analysis

Approach and methodology

- ▶ We have prepared a liquidation analysis illustrating the estimated returns to unsecured creditors in a theoretical liquidation of CWL. Our approach and details on the methodology underlying the liquidation scenario are set out below:

Key considerations

Liquidation premise

- ▶ The liquidation analysis assumes a theoretical liquidation of CWL with liquidators appointed to each legal entity simultaneously. This involves cessation of trading and the realisation of assets
- ▶ The liquidation analysis is based on the CWL Group un-audited balance sheet as at 31 December 2019

Liquidation priority

- ▶ The liquidation analysis starts by determining the realisable value of the assets of CWL taking into consideration the conditions under which that value may be realised (typically a forced sale or recovery of assets on a piecemeal basis under formal insolvency) and adding any inter-company returns / distributions (see below for further information)
 - ▶ Creditor claims are then mapped against these value pools and then systematically distributed according to the local insolvency regime. This typically defines the distribution in a ranking priority starting with secured creditors (if any), preferential creditors (cost and expenses of the winding up, including the liquidators remuneration, employees and taxes) and floating charge holders (if any) ahead of unsecured creditors. Creditor claims include various cross-entity claims (typically created by guarantees and inter-company positions)
 - ▶ The output of the liquidation analysis typically shows the distribution and % “return” available to unsecured creditors. The % “return” is determined by dividing the total amount available for unsecured creditors by the total amount of unsecured liabilities. The distribution to each unsecured creditor is determined by multiplying the outstanding amount to each unsecured creditor by the % “return”
 - ▶ Due to the inter-company claims, the % “return” calculation are a recurring (circular) process and as a result balances are constantly adjusted due to the receipt of inter-company returns (distributions) and the redistribution to unsecured creditors. We have set the circular calculation to 10,000 iterations, which makes the resulting figures converging to their limits
-

Liquidation analysis

Approach and methodology

Key considerations

- | | |
|---------------------------------|---|
| Asset recovery estimates | <ul style="list-style-type: none">▶ Assets in different categories (except inter-company receivables) are assigned with different expected recovery rates (in percentage or values). The percentage rates or values used are estimates based primarily on DHC Capital's experience in undertaking similar engagements, information provided by CWL to support these assumptions and, where available, professional independent valuations▶ Expected realisable value for assets in a liquidation relate to the future and actual results may be different from those presented in this report because events and circumstances frequently do not occur as expected, and the differences may be material. By its very nature, liquidation analysis cannot be regarded as an exact science and the conclusions arrived at in many cases will necessarily be subjective and dependent on the exercise of individual judgement. This report provides a range of values and we note that there are numerous assumptions that have been taken into consideration and we cannot guarantee that the actual outcome in a liquidation will be equal to this range of values. As such, DHC Capital's liquidation analysis serves only as a reference tool |
| Time value of money | <ul style="list-style-type: none">▶ The liquidation analysis does not take into account the time value of money. The insolvency may take time due to the challenges of dealing with the complex and multi-jurisdictional operations of CWL and accordingly distributions would likely be made over a long period of time during which interest could accrue on certain claims |
| Taxes | <ul style="list-style-type: none">▶ No capital gains tax has been assumed on asset realisations on the assumption that realised value is less than the tax base cost. We note that the tax carrying value may materially differ from the NBV and therefore there could be capital gains charges which would reduce recoveries |

Liquidation analysis

Estimated return to CWL unsecured creditors

- ▶ We present the liquidation scenario analysis as at 31 December 2019⁽¹⁾⁽²⁾
- ▶ Subject to the methodology and assumptions set out in this report, the estimated return to unsecured creditors of CWL is 4 cents in the dollar (in RM\$) and the return to shareholders is zero in a liquidation scenario
- ▶ The amount realised for creditors is estimated at RM\$9.5 million. A breakdown of the total amount realised is set out on the following page

Liquidation Analysis	ERV (RM\$)	Notes
Amount realised from assets	6,491,580	(i) to (vi)
Listing status	3,000,000	(vii)
Total amount realised	9,491,580	
Less: Preferential creditors	(1,601,048)	(viii)
- Liquidation expenses, fees and disbursement	(1,233,905)	
- Employee and tax	(367,143)	
Total amount available for unsecured creditors	7,890,532	
Total unsecured creditors	220,276,163	(ix)
Estimated return	4%	

Notes:

1. Based on un-audited management accounts prepared by CWL
2. The return represents amounts received by unsecured creditors of CWL. CWL is primarily an investment holding company

Detailed assumptions

Notes – breakdown of total amount realised

- ▶ We present a breakdown of the asset categories with corresponding book values, ERV and recovery percentage
- ▶ The ERVs have been derived by applying various assumptions to each asset class. We set out the assumptions in the notes on the following pages

Assets	BV RM\$	ERV RM\$	Recovery %	Notes
Other receivables	1,139,758	569,879	50.0%	(i)
Intercompany balances	107,139,440	5,699,300	5.3%	(ii)
Prepayments	101,219	50,610	50.0%	(iii)
Cash and bank balances	135,689	135,689	100.0%	(iv)
Investment in subsidiaries	661,632,946	-	0.0%	(v)
Property, plant and equipment	72,204	36,102	50.0%	(vi)
Subtotal amount realised	770,221,256	6,491,580	0.8%	
Listing status	-	3,000,000		(vii)
Total amount realised	770,221,256	9,491,580		

Notes:

1. Figures subject to rounding

Detailed assumptions

Notes – general comments

Assumptions and comments

(i) Other receivables	▶ Consist of non-trade receivables (total BV: RM\$1,139,758). Discounted recovery as claims may be disputed by customers by virtue of insolvency
(ii) Intercompany balances (receivables)	<p>▶ Intercompany balances consist of receivables due from CWL's subsidiaries (total BV: RM\$107,139,440). The main intercompany receivables are due from CCP (Capital City Project development in Johor) and TRPL (marble business)</p> <p>▶ We note that CCP filed an application in the High Court of Malaya, Kuala Lumpur, Malaysia ("Malaysian Court") to be placed into Judicial Management on 14 February 2020. On 13 March 2020, the Malaysian Court ordered that CCP be placed under judicial management pursuant to Section 405 of the Malaysia Companies Act 2016 and that Mr Wong Ching Yong of CRS Corporate Services Sdn Bhd be appointed as Judicial Manager</p> <p>▶ We further note that the Judicial Manager is in the process of preparing a report to creditors outlining, <i>inter alia</i>, the proposed restructuring plan, return to creditors under the plan and estimated return to creditors in a liquidation scenario. Accordingly, and to be prudent, we have assumed a zero recovery for unsecured creditors (including intercompany balances due to CWL) from CCP on the basis that CCP is in formal insolvency process and statutory priority creditors rank ahead of unsecured creditors. This assumption is subject to change and refinement upon review of the Judicial Manager's report to creditors</p>
(iii) Prepayments	▶ Consist of insurance, SGX fees and other fees (total BV: RM\$101,219). Discounted recovery as CWL may suffer offsets for disputes with customers by virtue of insolvency
(iv) Cash and bank balances	▶ Consist of cash at bank and petty cash and assumed to be recoverable in full (total BV: RM\$135,689)
(v) Investment in subsidiaries	<p>▶ Consist of investment in subsidiaries after deducting any provision for impairment (total BV: RM\$661,632,946)</p> <p>▶ We have assumed that there is unlikely to be any value in the investments in subsidiaries after taking into consideration that certain subsidiaries have limited operations (holding companies), historically loss making, have negative net equity (insolvent) and have limited funding on hand to continue operations and to extract value from a sale as a going concern, the payments to statutory priority creditors (such as the costs and expenses of the insolvency in the foreign jurisdiction, employees and taxes) ahead of unsecured creditors and equity. Further, the main subsidiary, CCP has been placed in judicial management in Malaysia</p>

Notes:

1. Figures subject to rounding

2. The intercompany balances used in our report are based on discussions with CWL to clarify certain intercompany balances between CWL and its subsidiaries

Detailed assumptions

Notes – general comments

Assumptions and comments

(vi) Property, plant and equipment	▶ Consist of office equipment, computer, renovation and furniture and fittings (total BV: RM\$72,204). Discounted recovery to reflect forced asset sale in a liquidation
(vii) Listing status	▶ We have assumed that CWL's SGX Catalist listing has value as a "listed shell" of RM\$3 million (approximately S\$1 million)
(viii) Preferential creditors	<p>▶ Creditors whose debts are paid in priority and in order of ranking pursuant to Section 328(1) of the Companies Act. These include: (i) the costs and expenses of the winding up including the remuneration of the liquidator, (ii) employees for wages or salary, retrenchment benefits or ex-gratia payments and work injury compensation, (iii) CPF payments, (iv) vacation leave and (v) taxes</p> <p>▶ We have assumed an amount for the liquidator's fee and costs and expenses of the liquidation based on a fixed percentage of the assets realised⁽¹⁾</p> <p>▶ We have assumed that employees are terminated upon liquidation. We have assumed that all employee claims pursuant to Section 328 of the Companies Act is equal to 1 month's claim⁽²⁾</p> <p>▶ We have assumed that tax payable recorded in the balance sheet is due and payable. We have not performed a tax review nor have we engaged third party experts to review the tax position and this is subject to change and refinement</p>
(ix) Unsecured creditors	▶ Total amount of unsecured creditors includes: (i) trade and other creditors, (ii) amounts due to subsidiaries, (iii) financial creditors and (iv) contingent creditors pursuant to guarantees extended by CWL

Notes:

1. This includes the cost of retained employees to support the liquidator during the liquidation. It is typical for liquidators to require a small number of employees for a short period to assist in the realisation of assets, obtain key information and wind down entity operations
2. We have excluded any adjustments in relation to the statutory cap for employee claims
3. Figures subject to rounding

**DHC Capital | Restructuring | Capital Raising |
Accelerated M&A | Expert Testimony | Board
& Executive Appointments**

About DHC Capital

DHC Capital is an investment banking and financial advisory firm specialising in solving critical business challenges of companies facing liquidity pressures or financial stress.

DHC Capital provides independent and conflict-free advice on financial and operational restructuring to corporates, creditors, investors and other stakeholders, both in and out of Court. DHC Capital also advises clients on structuring and executing bespoke capital raising and accelerated M&A transactions to meet short term liquidity requirements, raise capital to unlock shareholder value or meet growth objectives. DHC Capital will further provide directors or executives into corporates, which are entering a restructuring process, being restructured, exiting a restructuring process or on behalf of creditors and investors to monitor and protect their investments.

For further information, please visit www.dhccapital.com.

DHC Capital Pte Ltd

DHC Capital Pte Ltd is a company incorporated in Singapore and has lodged with the Monetary Authority of Singapore (MAS) that it is an exempt person providing corporate finance advisory services.

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