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**PROPOSED SUBSCRIPTION OF 250 MILLION NEW ORDINARY SHARES IN THE CAPITAL OF  
THE COMPANY AT S\$0.032 FOR EACH NEW SHARE**

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**1. INTRODUCTION**

1.1 The board of Directors (the "**Board**") of Capital World Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company, Capital City Property Sdn Bhd, a wholly-owned subsidiary of the Company (the "**Subsidiary**") and Twin Unitrade Sdn Bhd ("**Trade Creditor**") have, on 7 May 2019, entered into a letter of agreement (the "**Letter Agreement**") pursuant to which:

- (a) Trade Creditor has agreed to subscribe for 250 million new ordinary shares (the "**Settlement Shares**") in the capital of the Company at the Issue Price (as defined below) (the "**Proposed Subscription**") for the purpose of partial settlement for the amount owing by the Subsidiary to the Trade Creditor;
- (b) Amount owing by the Subsidiary to the Trade Creditor of S\$8 million ("**Trade Payable**") shall be novated to and assumed by the Company; and
- (c) Trade Payable as novated shall be settled and set-off by way of issuance of the Settlement Shares (the "**Aggregate Issue Price**") under the Proposed Subscription (the "**Proposed Settlement**").

1.2 The subscription of the Settlement Shares by the Trade Creditor pursuant to the Proposed Subscription will be fully set-off against the Trade Payable pursuant to the Proposed Settlement.

**2. TERMS OF THE PROPOSED SUBSCRIPTION AND PROPOSED SETTLEMENT**

2.1 The Proposed Subscription

On the Effective Date (as defined below), the Trade Creditor shall subscribe for the Settlement Shares at the Issue Price and the Company shall allot and issue the Settlement Shares to the Trade Creditor.

2.2 The Proposed Settlement

On the Effective Date (as defined below):

- (a) liability of subsidiary in respect of Trade Payables shall be novated to and assumed by the Company; and
- (b) the Trade Payable shall be applied towards payment of the Aggregate Issue Price by way of a set-off to the extent of the amount of the Aggregate Issue Price, whereupon the Trade Payable shall be deemed to be paid by the Company to the Trade Creditor to the extent of the amount of the Aggregate Issue Price.

### 2.3 Issue Price

The Settlement Shares will be offered to and subscribed by the Subscriber at S\$0.032 per Settlement Share (the “**Issue Price**”). The Issue Price is the volume weighted average price of the Company’s share for trades done on the Catalist board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 3 May 2019. There were no trades done on the Company shares on 6 May 2019 and 7 May 2019.

### 2.4 Effective Date

The Proposed Subscription and Proposed Settlement shall be effective from the date falling on the fifth (5<sup>th</sup>) business day after the Company receives the approval from the SGX-ST for the listing and quotation of the Settlement Shares on the Catalist board of the SGX-ST (the “**Effective Date**”).

## 3 GENERAL MANDATE AND STATUS OF SETTLEMENT SHARES

3.1 The Settlement Shares will be allocated and issued pursuant to the general share issue mandate (“**General Mandate**”) granted by the shareholders of the Company to the Directors at the last annual general meeting of the Company held on 31 October 2018 (the “**2018 AGM**”). As at the 2018 AGM, the issued and paid-up share capital of the Company (excluding treasury shares) (the “**Previous Share Capital**”) comprised 1,317,094,554 ordinary shares (“**Shares**”). According to the terms of the General Mandate, the aggregate number of Shares that may be issued other than on a *pro-rata* basis to existing shareholders of the Company shall not exceed such number of Shares representing 50% of the Previous Share Capital.

The Settlement Shares to be allotted and issued to the Trade Creditor represent approximately 18.98% of the Company’s issued share capital of 1,317,094,554, the Previous Share Capital, and approximately 13.65% of the enlarged share capital of 1,832,094,554 Shares after the allotment and issue of the Settlement Shares. The company currently has no treasury shares.

3.2 The Settlement Shares, when allotted and issued, shall be free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with Shares existing as at the date of an issue and allotment of the Settlement Shares, save that they will not rank for any dividends, rights, allotments other distributions, the record date in respect of which falls on or prior to such issue and allotment.

3.3 The Sponsor of the Company, PrimePartners Corporate Finance Pte Ltd, will be making an additional listing application for and on behalf of the Company to the SGX-ST for the listing and quotation of the Settlement Shares on the Catalist board of the SGX-ST. The Company will make the necessary announcement upon receipt of the approval from the SGX-ST for the listing and quotation of the Settlement Shares.

3.4 As a result of the Proposed Subscription and Proposed Settlement, the shareholdings of the substantial shareholders and directors of the Company will be as follows:

	As at date of announcement				After the Proposed Subscription and Proposed Settlement			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(5)</sup>	No. of Shares	% <sup>(5)</sup>
Siow Chien Fu	503,745,713	31.84	-	-	503,745,713	27.50	-	-
Tan June Teng Colin @ Chen JunTung <sup>(2)</sup>	250,892,857	15.86	-	-	250,892,857	13.69	-	-
Tan Ping Huang Edwin @ Chen BingHuang <sup>(2)</sup>	250,892,857	15.86	-	-	250,892,857	13.69	-	-
Dato' Chong <sup>(3)</sup>	17,668,800	1.12	243,902,430	15.42	17,668,800	0.96	243,902,430	13.31
PRG Holdings Berhad <sup>(4)</sup>	15,000,000	0.95	250,000,000	15.80	15,000,000	0.82	250,000,000	13.65
Twin Unitrade Sdn Bhd	-	-	-	-	250,000,000	13.65	-	-

**Notes:**

- (1) Based on the Existing Share Capital of 1,582,094,554 Shares (excluding treasury shares).
- (2) Dato' Colin Tan and Dato' Edwin Tan are brothers. The aggregate Shares held by them, as parties acting in concert, account for approximately 31.72% of the total issued Shares.
- (3) Dato' Chong is deemed interested in the share charge granted by Mr. Siow Chien Fu, Mr. Tan June Teng Colin @ Chen Junting and Mr. Tan Ping Huang Edwin @ Chen Binghuang.
- (4) PRG Holdings Berhad is deemed interested in the shares held under the nominee of Maybank Kim Eng Securities (Pte) Ltd.
- (5) Based on the enlarged share capital of 1,832,094,554 Shares (excluding treasury shares).

#### **4 RATIONALE FOR THE PROPOSED SUBSCRIPTION AND PROPOSED SETTLEMENT**

- 4.1 The rationale of the Proposed Subscription and Proposed Settlement is to settle the Trade Payables whilst conserving cash reserves of the Group.
- 4.2 As set out under Paragraph 2.2 (a) of this Announcement, the subscription of the Settlement Shares by Trade Creditor pursuant to the Proposed Subscription shall be fully set-off against the Trade Payables pursuant to the Proposed Settlement, whereupon such Trade Payables shall be deemed to be fully paid and settled by the Company to the Trade Creditors to the extent of the amount of Trade Payables.
- 4.3 The Directors are of the opinion that, after taking into consideration the Group's present credit facilities, the Proposed Subscription and Proposed Settlement, the working capital available to the Group is sufficient to fund its present requirements.

## 5. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION AND PROPOSED SETTLEMENT

5.1 Assuming that the Proposed Subscription and Proposed Settlement have been completed and all of the Settlement Shares have been issued, the existing issued number of Shares will increase by approximately 15.80% from 1,582,094,554 Shares (as at the date of this Announcement) to 1,832,094,554 Shares.

5.2 Based on the unaudited consolidated financial statements of the Group second quarter ended 31 December 2018 ("**2Q2019**") as announced by the Company on 12 February 2019, the financial effects of the Proposed Subscription and Proposed Settlement on (i) the net tangible assets ("**NTA**") per Share of the Group (assuming that the Proposed Subscription and Proposed Settlement had been completed at the end of 2Q2019); and (ii) the earnings per Share ("**EPS**") of the Group (assuming that the Proposed Subscription and Proposed Settlement had been completed at the beginning of 2Q2019), are as follows:

	Before the Proposed Subscription and Proposed Settlement	After the Proposed Subscription and Proposed Settlement
<b><u>NTA per Share:</u></b>		
NTA (RM'000)	234,115	258,483
Number of Shares excluding treasury shares ('000)	1,317,094	1,567,094
NTA per Share (RM cents)	17.78	16.49
<b><u>EPS:</u></b>		
Profit after tax attributable to Shareholders (RM'000)	14,944	14,944
Weighted average number of Shares ('000)	1,317,094	1,567,094
EPS (RM cents)	1.13	0.95

5.3 The financial effects of the Proposed Subscription and Proposed Settlement on the Group are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Group after the completion of the Proposed Subscription and Proposed Settlement.

## **6 ABOUT THE TRADE CREDITOR**

- 6.1 The Trade Creditor is the main contractor of the Subsidiary, with Trade Payables having been incurred in respect of the construction of Project Capital City.
- 6.2 As at the date of this Announcement, the Trade Creditor does not hold any shares of the Company.
- 6.3 The Trade Creditor has confirmed and represented to the Company that it is not a "person" falling within Rule 812(1) of the Catalist Rules.
- 6.4 The shareholders of the Trade Creditor are Pan Meng Huat and Lim Choon Seng.

## **7 NO PROSPECTUS, OFFER DOCUMENT OR OFFER INFORMATION STATEMENT TO BE ISSUED**

The issue and allotment of the Settlement Shares under the Proposed Subscription will be undertaken in reliance on the exemption under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus, offer document or offer information statement will be lodged with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore in connection with Proposed Subscription.

## **8 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors and the substantial shareholders of the Company, has any interest, direct or indirect, in the Proposed Subscription and Proposed Settlement (other than arising from their shareholdings in the Company, if any).

## **9 DOCUMENTS AVAILABLE FOR INSPECTION**

Copy of the Letter Agreement are available for inspection during normal business hours at the business office of the Company at 390 Havelock Road, #04-06, King's Centre, Singapore 169662 for a period of three (3) months commencing from the date of this Announcement.

## **10 DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Subscription and Proposed Settlement, the Company and its subsidiary and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

## 11 TRADING CAUTION

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

### By the Order of the Board

Siow Chien Fu  
Executive Director and Chief Executive Officer  
7 May 2019

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and Email: [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)).