

MATERIAL VARIANCES BETWEEN AUDITED FINANCIAL STATEMENTS AND UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Unless otherwise defined, capitalised terms shall have the same meaning as ascribed to them in the Company's announcement dated 29 August 2022 in relation to its unaudited financial results for financial year ended 30 June 2022 ("FY2022") and FY2022 annual report dated 13 October 2022.

The Board of Director (the "Board") of Capital World Limited (the "Company") and together with its subsidiaries (the "Group") refer to its unaudited financial results for FY2022 ("Unaudited Financial Statements") announced on 29 August 2022. Further reference is made to the audited financial statements of the Group for FY2022 ("Audited Financial Statements") and the report thereon by the Company's independent auditor ("Auditor") included in the Company's annual report for FY2022 which will be released on the SGXNet separately.

Pursuant to Rule 704(5) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Catalist Rules"), the Board wishes to announce that subsequent to the release of the Unaudited Financial Statements, the Company's Auditor has proposed certain adjustments and reclassifications following the finalisation of the Audited Financial Statements of the Group.

The details and explanation of the material variances between the Group's Audited Financial Statements and the Unaudited Financial Statements are set out as follows:

Consolidated Statement of Comprehensive Income for the FY2022

Description	Group (Audited) RM'000	Group (Unaudited) RM'000	Variance RM'000	Note
Revenue	3,927	3,694	233	nm
Cost of sales	(2,501)	(75,213)	72,712	(1)
Gross Profit /(Loss)	1,426	(71,519)		
Other income	121,530	168,328	(46,798)	(2)
Selling and distribution expenses	(32)	(31)	1	nm
General and administrative expenses	(59,257)	(42,094)	(17,163)	(3)
Allowance for impairment of trade receivables	(4,105)	-	(4,105)	(3)
Finance costs	(101)	(101)	-	
Profit before income tax	59,461	54,583	4,878	
Income tax expense	(328)	(328)	-	nm
Profit for the year	59,133	54,255		
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Currency translation reserve released on disposal a subsidiary company				
Exchange differences arising from translation of foreign operations, net of tax	3,494	14,059	10,565	(4)
Total comprehensive income for the year	62,627	68,314		

NM denotes not meaningful

Notes:

- (1) Cost of sales decreased by RM72.7 million due to reclassification of the re-allocated property development costs derived as a result of the reduction of the cost of land pursuant to Final Settlement Agreement entered between Achwell Property Sdn Bhd and Capital City Property Sdn Bhd on 28 July 2021 to Other Income (see below note (2)) and General Administrative Expenses (see below note 3(i)).
- (2) Other income decreased by RM46.8 million due to reclassification from Cost of Sales as mentioned in note (1).
- (3) General and Administrative Expenses increased by RM17.1 million mainly due to the followings
 - i. There was an amount of RM26 million in the Cost of Sales reclassified to write-down of inventory properties due to re-assessment of the Inventory Properties,
 - ii. increase in depreciation of Investment Properties amounting to RM6.2 million as mentioned in note (10)(ii) due to depreciation provided for the Investment Properties which was subsequently reclassified,
 - iii. decrease in provision for liquidated damages amounting to RM7.6 million as mentioned in note (12)(iii) due to overprovision of the liquidated damages in the unaudited financial statement,
 - iv. decrease in over provision of accrual made in prior year amounting to RM3.4 million as mentioned in note (12)(i), and
 - v. reclassification of Allowance for Impairment of Trade Receivable from General and Administrative Expenses amounting to RM4.1 million.
- (4) Exchange differences arising from translation of foreign operations decrease by RM10.6 million mainly due to the exchange rate used in Scheme related document compared to exchange rate adopted on the date the Scheme Shares issued under the Scheme on the assessment of the share capital and share premium.

Consolidated Statement of Financial Position as at FY2022

Description	Group (Audited) RM'000	Group (Unaudited) RM'000	Variance RM'000	Note
Current assets				
Inventory properties	123,473	275,899	(152,426)	(5)
Contract assets	4,653	1,313	3,340	(6)
Trade receivables	145	145	-	
Other receivables, deposits, and prepayments	1,337	1,596	(259)	(7)
Cash on hand and at banks	854	854	-	
	130,462	279,807		
Assets of disposal group classified as held for sale	731	-	731	(8A)
Non-current assets held for sale	74,003	70,254	3,749	(9)
	205,196	350,061		
Non-current assets				
Investment properties	142,514	-	142,514	(10)
Property, plant, and equipment	24,099	24,109	10	NM
	166,613	24,109		
Total assets	371,809	374,170		
Current liabilities				
Trade payables	79,899	80,399	(500)	(11)
Other payables and accruals	41,220	49,122	(7,902)	(12)
Contract liabilities	3,340	-	3,340	(6)
Loans and borrowings	38	38	-	
Provision for taxation	70,294	70,294	-	
	194,791	199,853		
Liabilities directly associated with disposal group classified as held for sale	1,909	1,176	733	(8B)
	194,791	201,029		
Non-current liabilities				
Other payables	5,546	-	5,546	(13)
Total liabilities	202,246			
Equity attributable to owners of the Company				
Share capital	215,083	213,069	2,014	(14)
Share premium	159,192	151,135	8,057	(14)
Merger reserve	5,000	5,000	-	
Equity component of convertible bond	186	186	-	
Foreign currency translation reserve	5,376	15,941	(10,565)	(4)
Scheme share reserve	(7,962)	-	(7,962)	(15)
Accumulated losses	(207,312)	(212,190)	4,878	NM
Total equity	169,563	173,141		
Total liabilities and equity	371,809	374,170		

NM denotes not meaningful

Notes:

- (5) Inventory Properties decrease by RM152.4 million mainly due to the reclassification of the following: a) to non-current assets held for sale as the proposed inventory were allocated to settle liabilities as proposed by the judicial manager in their Statement of Proposal; and b) cease and classified to investment properties as resulted the criteria of relevant accounting standard are no longer met.
- (6) Reclassification of RM3.3 million from Contract Assets to Contract Liabilities was due to reversal of Contract Liabilities which was included in Contract Assets in the unaudited financial results.
- (7) Other receivable, deposits and prepayment being reclassified to other payable and accruals.
- (8) (a) RM 0.7 million which was assets directly associated with disposal group in nature included in the liabilities directly associated with disposal group in net amount, now reclassified.

(b) The increase of RM0.7 million was due to reclassification as mentioned in note 8(a).
- (9) Non-current asset held for sale increased by RM3.8 million mainly due to reclassification of the inventory properties allocated for the settlement of liabilities as proposed by Judicial Manager in their Statement of Proposal, from inventory properties.
- (10) Investment Properties increased by RM 142.5 million mainly due to
 - i. Reclassification from Inventory Properties amounting to RM148.7 million as mentioned in note (5),
 - ii. Decrease due to the depreciation of the Investment Property amounting to RM 6.2 million as mentioned in note (3)(ii)
- (11) Trade payable decreased by RM 0.5 million due to reclassification to other payable and accruals due to its nature which is non trade.
- (12) Other payable and accruals decreased by RM7.9 million mainly to following
 - i. Decrease due to over provision of accrual made in prior year amounting to RM3.4 million as mentioned in note (3)(iv),
 - ii. Decrease due to reclassification to Other Payables (Non-current liabilities) amounting to RM5.5 million.
 - iii. Decrease due to reduce of provision for liquidated damages amounting to RM7.6 million as mentioned in note (3)(iii),
 - iv. Increase due to the reclassification from Trade Payables amounting to RM0.5 million as mentioned in note (11), and
 - v. Increase due to the reclassification to Scheme Share Reserve amounting to RM7.9 million as mentioned in below note (15).
- (13) Increase in Other Payables (non-current liabilities) mainly due to reclassification from Other Payables (Current Liabilities) as mentioned in note (12)(ii)
- (14) Increase in Share Capital and Share Premium amounting to RM2 million and RM8 million respectively mainly due to the exchange rate used in Scheme related document compared to exchange rate adopted on the date the Scheme Shares issued under the Scheme on the assessment of the share capital and share premium as mentioned in note (4).
- (15) Decrease in Scheme Share Reserve amounting to RM7.9 million being reclassification from Other Payables and Accruals as mentioned is note (12)(v).

Statement of Financial Position as at FY2022

	Company (Audited) RM'000	Company (Unaudited) RM'000	Variance RM'000	Note
Current assets				
Other receivables, deposits and prepayments	70	72	(2)	
Amount due from subsidiaries	167,028	193,812	(26,784)	(16)
Cash on hand and at banks	181	181	-	
	<u>167,279</u>	<u>194,065</u>		
Non-current assets				
Property, plant and equipment	30	38	(8)	
	<u>167,309</u>	<u>194,103</u>		
Total assets				
	<u>167,309</u>	<u>194,103</u>		
Current liabilities				
Other payables and accruals	14,852	9,555	5,297	
Amount due to subsidiaries	0	5,284	(5,284)	
Loans and borrowings	38	38	-	
Provision for taxation	253	253	-	
	<u>15,143</u>	<u>15,130</u>		
Total liabilities				
	<u>15,143</u>	<u>15,130</u>		
Equity attributable to owners of the Company				
Share capital	264,208	262,194	2,014	(14)
Share premium	800,950	792,893	8,057	(14)
Merger reserve	-	-	-	
Equity component of convertible bond	186	186	-	
Foreign currency translation reserve	2,359	12,924	(10,565)	(4)
Capital reserve	487	487	-	
Scheme shares reserve	-	-	-	
Accumulated losses	(916,024)	(889,711)	(26,313)	(16)
	<u>152,166</u>	<u>178,973</u>		
Total equity				
	<u>152,166</u>	<u>178,973</u>		
Total liabilities and equity	167,309	194,103		

NM denotes not meaningful

Notes:

(16) Decrease in amount due from subsidiaries amounting to RM26.8 million mainly due to the impairment of the amount due to subsidiaries provided during the financial year.

Consolidated Statement of Cash Flows for the financial period ended FY2022

Description	Group (Audited) RM'000	Group (Unaudited) RM'000	Variance RM'000	Note
Cash flows from operating activities				
Profit before income tax	59,461	54,583	4,878	
Adjustments for:				
Depreciation of property, plant and equipment	538	529	9	NM
Depreciation of investment properties	6,163	-	6,163	(3)(ii)
Amortisation of intangible assets	-	393	(393)	(8a)
Allowance for impairment of trade receivables	4,105	4,105	-	
Allowance for impairment of other receivables	158	-	158	NM
Write-down / (Recovery) of inventory properties	27,556	(122,566)	150,122	(17)
Allowance for impairment of non-current assets held for sale	-	55,383	(55,383)	(17)
(Reversal of allowance for impairment)/Allowance for impairment of property, plant and equipment	(1,982)	(76,020)	74,038	(17)
Reduction on the cost of land pursuant to the Final Settlement Agreement	(117,112)	-	(117,112)	(17)
Remeasurement of financial liabilities	-	20,578	(20,578)	(17)
Provision for liquidated damages	3,000	-	3,000	(3)(iii)
Success and incentive fees	4,020	-	4,020	(18)
Interest income	(116)	(116)	-	
Interest expense	101	101	-	
Operating cash flows before changes in working capital	(14,108)	(63,030)		
Changes in working capital:				
Inventories	-	67	(67)	(8a)
Inventory properties	2,010	74,874	(72,864)	(17)
Trade and other receivables	785	967	(182)	
Contract assets	(4,653)	-	(4,653)	(6)
Trade and other payables	13,383	(30,331)	43,714	(18)
Contract liabilities	(1,139)	-	(1,139)	(6)
Cash used in operations	(3,722)	(17,453)		
Interest paid	(101)	-	(101)	
Interest received	116	-	116	
Income taxes paid	(35)	(36)	1	
Net cash flows used in operating activities	(3,742)	(17,489)		
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	-	-	-	
Receipt of deposit for disposal group classified as held for sale	3,381	4,376	(995)	
Net cash flows generated from investing activities	3,381	4,376		
Cash flows from financing activity				
Withdrawal of secured deposit	755	-	755	
Net cash flows generated from financing activity	755	-		

Description	Group (Audited) RM'000	Group (Unaudited) RM'000	Variance RM'000	Note
Net increase/(decrease) in cash and cash equivalents	394	(13,113)	13,507	
Effect of exchange rate changes in cash and cash equivalents	-	12,748	(12,748)	
Cash and cash equivalents at the beginning of the year	464	464	-	
Cash and cash equivalents at the end of the year	858	99		

NM denotes not meaningful

(17) The reclassification is mainly derived from the collective effects of the reclassification as mentioned in note (1), (2), (3)(i), (5), (9) and (10),

(18) The adjustment is mainly due to the net impact of the scheme share and reduction on the cost of land pursuant to the Final Settlement Agreement

Trading in the Company's securities on the SGX-ST has been voluntarily suspended by the Company on 14 February 2020. The Company will make further announcements as appropriate or when there are any material developments.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders are also advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board
CAPITAL WORLD LIMITED

Siow Chien Fu
Executive Director and Chief Executive Officer
13 October 2022

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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