

MEDIA RELEASE

**CAPITAL WORLD ACHIEVED A NET PROFIT OF
RM57.7 MILLION IN FY2018**

- Registered lower revenue due to a reduction in an incremental percentage of completion (“POC”)
- Positive developments in Johor will augur well for the property industry in Johor

Financial Highlights:

	Year ended 30 June 2018 (FY2018)	Year ended 30 June 2017 (FY2017)	Change
Revenue (RM' million)	156.4	183.9	(14.9%)
Gross profit (RM' million)	123.9	136.4	(9.2%)
Gross profit margin	79.2%	74.2%	5.0p.p
Net profit (RM' million)	57.7	70.1	(17.7%)
Net profit margin	36.9%	38.1%	(1.2p.p)

Singapore, 29 August 2018 – Capital World Limited (the “Group”), an innovative property developer, announced today its unaudited financial results for the financial year ended 30 June 2018 (“FY2018”)

The decrease in revenue was largely due to a decrease in an incremental POC which was used for the revenue recognition for the Capital City Mall (retail podium component of the Group’s mixed development in Johor, Malaysia).

POC is measured based on the actual development costs incurred to date as a proportion of total costs expected to be incurred for the Capital City Mall. The POC was 83.2% in FY2018 compared to 56.5% in FY2017, whereas it was 24.8% in FY2016. In FY2018, the increase in POC was 26.7 percentage points as compared to 31.7 percentage points in FY2017.

Finance cost increased by RM2.3 million from RM0.02 million in FY2017 to RM2.3 million in FY2018 mainly due to the interest related expenses of convertible bonds issued, and loans and borrowing.

The increase in general and administrative expenses of RM24.5 million was mainly due to higher payroll related costs from additional headcounts after the RTO, additional depreciation and amortization expenses from the upward fair value adjustments on the plant and equipment and mining rights as a result of Reverse Take-Over accounting in FY2017, and fees for liaising and sourcing tenants for the Capital City Mall and provision for impairment of inventories in relation to the marble business.

The Group's balance sheet remained healthy with cash and cash equivalents of RM29.5 million as at 30 June 2018.

Outlook

The prospect of the property sector in Malaysia remains bright as it is underpinned by the confidence in the market following the general election in May 2018. Pro-business, transparent and clean stance undertaken by the new government are seen to be beneficial to the property market in the long term.

Besides that, the population in the Southern Economic Growth Corridor has increased to about 1.95 million year-to-date from 1.49 million in late 2006 and this is expected to reach 3 million by 2025¹. In addition, the economic development region had attracted RM263.95 billion in committed accumulated investment from 2006 until June 30, 2018². Coupled with several upcoming projects such as the proposed Rail Transit System and the Bus Rapid Transit System to improve the connectivity and accessibility for the region, this will augur well for the property market in Johor³.

Following the launch of one of the world's top five largest indoor theme park concept in January 2018, the Group has presented the first indoor musical circus in Malaysia at Capital City Mall on 18 August 2018, further transforming Capital City into a fun-filled entertainment destination for families and friends to spend quality time.

¹ Iskandar Malaysia needs 700,000 houses, <https://www.edgeprop.my/content/1412282/iskandar-malaysia-needs-700000-houses>

² Manufacturing the most attractive sector for investors at Iskandar, <https://www.thestar.com.my/metro/metro-news/2018/07/21/manufacturing-the-most-attractive-sector-for-investors-at-iskandar/>

³ Change or no, Johor is resilient, <https://www.thestar.com.my/metro/metro-news/2018/07/17/on-the-resilience-of-johor-state-poised-to-shine-brighter-with-projects-enhancing-connectivity/>



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Mr. Siow Chien Fu, Executive Director and CEO said, **“Johor has been increasingly popular among the locals and foreign visitors as a tourism destination. Unlike other conventional malls, Capital City Mall is a world-class lifestyle destination that offers an eclectic mix of attractions, entertainments and unique shopping and dining experiences that appeal to the locals and tourists. We believe that Capital City will be a bright spot for property investors looking for good investment opportunities in Malaysia.”**

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Note: This press release is to be read in conjunction with the Company's full year financial results announcement released on SGXNET on 29 August 2018.

About Capital World Limited

Capital World Limited (formerly known as Terratech Group Limited) and together with its subsidiaries, (the "Group") is an innovative property developer that joint ventures with landowners to minimize initial capital outlay. The Group's origins can be traced back to June 2013 with the establishment of Capital City Property Sdn Bhd. The Group undertakes the conception, design and implementation of integrated property projects.

The Group is currently developing Project Capital City, an integrated property project comprising a retail mall, indoor theme park, hotel and serviced suites and serviced apartments along Jalan Tampoi, Johor Bahru, Malaysia. The Group has also entered into joint venture agreements to develop:

- i) Project Austin, an integrated development project which is expected to comprise a retail mall, office suites, hotel and serviced residential apartments,
- ii) Project Sitiawan Wellness Hub, a mixed development project focusing on providing health and wellness services; and
- iii) Pengerang project, a landed housing township development project

The Group is also engaged in the production and sale of premium quality marble blocks and slabs, aggregates and calcium carbonate powder from its quarry in Kelantan, Malaysia.

Issued for and on behalf of Capital World Limited
By Financial PR Pte Ltd

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This press release 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 press release.

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

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