

**MEDIA RELEASE**

**CAPITAL WORLD REGISTERED A NET PROFIT OF RM14.7 MILLION  
IN 2QFY2019**

- **Obtained Shareholders' mandate on the shares subscriptions by PRG Holdings Berhad**
- **Remain focused on completing Project Capital City within the schedule and launching new development projects in the pipeline at an appropriate timing**

**Financial Highlights**

	3 months ended 31 December 2018 (2QFY2019)	3 months ended 31 December 2017 (2QFY2018)	Change	6 months ended 31 December 2018 (1HFY2019)	6 months ended 31 December 2017 (1HFY2018)	Change
Revenue	53.7	46.0	16.8%	97.8	90.1	8.6%
Gross profit	31.8	34.3	(7.4%)	63.7	66.0	(3.5%)
Gross profit margin	59.2%	74.7%	(15.5pp)	65.1%	73.2%	(8.1pp)
Net profit	14.7	17.4	(15.4%)	25.0	37.1	(32.5%)
Net profit margin	27.4%	37.9%	(10.5pp)	25.6%	41.2%	(15.6pp)

**Singapore, 12 February 2019** – Capital World Limited (the “Group”), an innovative property developer, announced today its unaudited financial results for the second quarter ended 31 December 2018 (“2QFY2019”). The Group’s net profit for 2QFY2019 decreased by 15.4% quarter-on-quarter to RM14.7 million largely due to higher cost of sales, general and administrative expenses and finance cost.

The Group’s revenue increased by RM7.7 million from RM46.0 million in 2Q2018 to RM53.7 million in 2Q2019. The percentage of completion (“POC”) which was used for revenue recognition, for the Capital City Mall (retail podium component of the Group’s mixed development in Johor,

Malaysia) and Capital Suites was 97.1% and 26.2% respectively as at 31 December 2018, which were higher as compared the previous corresponding period.

The cost of sales rose by RM10.3 million from RM11.6 million in 2Q2018 to RM21.9 million in 2Q2019 due to the increase in construction cost towards the completion of the Capital City Mall which has commenced operations on 17 October 2018.

Consequently, gross profit decreased by 7.4% to RM31.8 million in 2QFY2019 and gross profit margin decreased to 59.2% from 74.7% in 2QFY2018.

Other income was RM4.4 million in 2Q2019, consisting of mainly one-off gain of RM3.9 million from the disposal of a subsidiary, Shaanxi Hengyu Architectural Interior Engineering Co. and rental income.

The increase in general and administrative expenses of RM1.4 million from RM9.2 million in 2QFY2018 to RM10.6 million in 2QFY2019 contributed to the decrease in net profit. This was mainly due to higher payroll related costs from additional headcounts, fees for liaising and sourcing tenants for the Capital City Mall and maintenance and service fee for retained and unsold units.

Finance cost increased by RM3.5 million from RM0.06 million in 2QFY2018 to RM3.6 million in 2QFY2019 mainly due to the interest expenses relating to the increase in loans and borrowings secured.

## **Outlook**

Since the first ever change in government, Malaysia is progressing well on track towards restoring its fiscal position. The world's largest international credit rating agencies continued to maintain Malaysia's credit rating, which will aid in bolstering confidence among foreign investors.

The Group is cautiously optimistic that the property market will recover in the mid to long term as Malaysia's properties continue to be attractive in the eyes of foreign buyers while the government unveiled policies to aid first-time homebuyers in the recent Budget 2019. In addition, the southern Johor region continues to attract new investments in sectors such as tourism, logistics, health, the creative industry, finance and education. These investments are able to create more employment and business opportunities for the locals which will spur demand for residential and commercial properties.

Mr. Siow Chien Fu, Executive Director and CEO said, **"We are excited for the mandate given by the Shareholders on the shares subscription by PRG Holdings Berhad. The proceeds from the shares subscription will enhance the Group's cash flow position and business**



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**Capital World Limited**  
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**synergy is expected between the two groups. Moving forward, we are determined to complete the construction of Project Capital City within the schedule and remain focused on launching the new pipeline development projects of the Group at an appropriate timing.”**

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Note: This press release is to be read in conjunction with the Company's second quarter financial results announcement released on SGXNET on 12 February 2019.

### **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.

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

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