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**MATERIAL VARIANCES BETWEEN AUDITED FINANCIAL STATEMENTS AND UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

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*Unless otherwise defined, capitalised terms shall have the same meaning as ascribed to them in the Company's announcement dated 15 November 2021 in relation to its unaudited financial results for financial year ended 30 June 2021 ("FY2021") and FY2021 annual report dated 13 May 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 FY2021 ("**Unaudited Financial Statements**") announced on 15 November 2021. Further reference is made to the audited financial statements of the Group for FY2021 ("**Audited Financial Statements**") and the report thereon by the Company's independent auditor included in the Company's annual report for FY2021 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 the material variances between the Audited Financial Statements of the Group and the Unaudited Financial Statements.

The material variances between the Audited Financial Statements and the Unaudited Financial Statements, and the explanations thereon, are set out as follows:

**Consolidated Statement of Comprehensive Income for the FY2021**

<i>For the financial year ended 30 June 2021</i>		<b>Group (Audited Financial Statements) RM'000</b>	<b>Group (Unaudited Financial Statements) RM'000</b>	<b>Variance RM'000</b>	<b>Note</b>
<b>Description</b>					
Revenue		3,164	3,164		
Cost of sales		(134)	96	(230)	(1)
<b>Gross Profit</b>		<b>3,030</b>	<b>3,260</b>		
Other income		12,588	11,204	1,384	(2)
Selling and distribution expenses		(651)	500	(1,151)	(3)
General and administrative expenses		(219,684)	(190,886)	(28,798)	(4)
Finance costs		(25)	(3,040)	3,015	(5)
<b>Loss before income tax</b>		<b>(204,742)</b>	<b>(178,962)</b>		
Income tax (expense)/credit		(26,152)	3,176	(29,328)	(6)
<b>Loss for the year</b>		<b>(230,894)</b>	<b>(175,786)</b>		
<b>Other comprehensive income</b>					
<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		357	(9)	366	(7)
<b>Total comprehensive loss for the year</b>		<b>(230,537)</b>	<b>(175,795)</b>		

## **Consolidated Statement of Comprehensive Income for the FY2021 (cont'd)**

For the financial year ended 30 June 2021	<u>Group</u>	<u>Group</u>	Variance	
Description	<u>(Audited Financial Statements)</u>	<u>(Unaudited Financial Statements)</u>		
	<u>RM'000</u>	<u>RM'000</u>	RM'000	Note
<b>Loss for the year attributable to:</b>				
Owners of the Company	(230,894)	(175,786)	(55,108)	
Non-controlling interests	-	-	-	
	<u>(230,894)</u>	<u>(175,786)</u>		
<b>Total comprehensive loss for the year attributable to:</b>				
Owners of the Company	(230,537)	(175,786)	(54,751)	
Non-controlling interests	-	-	-	
	<u>(230,537)</u>	<u>(175,786)</u>		

### **Notes:**

- (1) Cost of sales increased by RM0.2 million due to accruals from the cost of sales of marble.
- (2) Other income increased by RM1.4 million due to reclassification from selling and administrative expenses to other income.
- (3) Selling and administrative expenses increased by RM1.2 million due to the aforementioned reclassification stated in Note (2).
- (4) General and administrative expenses increased by RM28.8 million due to
  - a. Note (9)(a) – further impairment of trade receivables by RM1.4 million, and
  - b. Note (13)(a) –the foreign exchange balance wrongly set-off with other payables amounting to RM27.4 million.
- (5) Finance costs increased by RM3 million due to over-accrual of interest costs of the Group's convertible loan in FY2021.
- (6) Income tax increased by RM29.3 million due to accrual of the under-tax provision for Year of Assessment 2017 (“YA2017”) upon receiving the Notices of Additional Assessment for YA2017 from Inland Revenue Board of Malaysia (“LHDN”) on 28 February 2022. The additional tax imposed for YA2017 by LHDN is considered a subsequent adjustment event.
- (7) Exchanges differences arising from translation of foreign operations, net of tax increase by RM0.4 million due to re-assessment of the foreign exchange rate on MYR against SGD as at closing rate on 30 June 2021.

## Consolidated Statement of Financial Position as at FY2021

<i>For the financial year ended 30 June 2021</i>	Group (Audited Financial Statements) RM'000	Group (Unaudited Financial Statements) RM'000	Variance  RM'000	Note
<b>Description</b>				
<b>Current assets</b>				
Inventory properties	149,180	149,399	(219)	(8)
Inventories	67	67		
Trade receivables	4,846	6,456	(1,610)	(9)
Other receivables, deposits, and prepayments	1,951	1,369	582	(10)
Cash on hand and at banks	1,219	1,004	215	(11)
	<b>157,263</b>	<b>158,295</b>		
Non-current assets held for sale	226,539	226,540	(1)	NM
	<b>383,802</b>	<b>384,835</b>		
<b>Non-current assets</b>				
Property, plant, and equipment	22,655	22,687	(32)	NM
Intangible assets	393	393		
	<b>23,048</b>	<b>23,080</b>		
<b>Total assets</b>	<b>406,850</b>	<b>407,915</b>		
<b>Current liabilities</b>				
Trade payables	301,859	299,482	2,377	(12)
Other payables and accruals	63,216	49,763	13,453	(13)
Deferred revenue	4,479	4,479	-	
Loans and borrowings	45,296	45,287	9	NM
Provision for taxation	70,001	32,162	37,839	(14)
	<b>484,851</b>	<b>431,173</b>		
<b>Non-current liabilities</b>				
Deferred tax liabilities	1,312	1,312		
	<b>1,312</b>	<b>1,312</b>		
<b>Total liabilities</b>	<b>486,163</b>	<b>432,485</b>		
<b>Equity attributable to owners of the Company</b>				
Share capital	176,240	176,240	-	
Share premium	3,824	3,824	-	
Merger reserve	5,000	5,000	-	
Equity component of convertible bond	186	186	-	
Foreign currency translation reserve	1,882	1,516	366	(7)
Accumulated losses	(266,445)	(211,336)	(55,109)	NM
	<b>(79,314)</b>	<b>(24,570)</b>		
Non-controlling interests	-	-		
<b>Total equity</b>	<b>(79,314)</b>	<b>(24,570)</b>		
<b>Total liabilities and equity</b>	<b>406,850</b>	<b>407,915</b>		

*NM denotes not meaningful*

Notes:

(8) Inventory properties decreased by RM0.2 million due to construction cost on serviced suites and apartments being further written-down in relation to inventory properties.

(9) Trade receivables decreased by RM1.6 million due to:

- a. allowance for impairment of trade receivables amounting to RM1.4 million, and
- b. reclassification of trade receivables to other receivables amounting to RM0.2 million.

(10) Other receivables, deposits and prepayments increased by RM0.6 million due to reclassification from trade receivables amounting to RM0.2 million mentioned in Note (9), and reclassification of other payables amounting to RM0.4 million.

- (11) Cash on hand and at banks increased by RM0.2 million due to the interest paid under an unrepresented cheque being reversed post FY2021.
- (12) Trade payables increased by RM2.3 million due to reclassification from other payables to trade payables amounting to RM2.1 million and accrual cost of sales from Marble business amounting to RM0.2 million.
- (13) Other payables and accruals increased by RM13.5 million due to the following adjustments post FY2021:

- a. Increase due to Note (4)(a) Being reversal of foreign exchange balance wrongly set-off in other payables amounting to RM27.4 million, and

The increase was offset by the following:

- b. Note (5) - Being reversal of the financial cost for the loans and borrowings amounting to RM3 million,
- c. Note (10) - Being reclassification from other payable to other receivable according to its nature amounting to RM0.2 million,
- d. Note (12) - Being reclassification from other payable to trade payable according to its nature amounting to RM2.1 million, and
- e. Note (14) - Being reclassification of the income tax payables from other payable to provision for taxation amounting to RM8.5 million

- (14) Provision for taxation increased RM37.8 million due to:

- a. Under-provision of income tax for FY2018 amounting to RM29.3 million as disclosed in Note (6), and
- b. Reclassification from other payables to provision for taxation amounting to RM8.5 million as disclosed in Note (13)(e).

## Consolidated Statement of Cash Flows for the financial period ended FY2021

<i>For the financial year ended 30 June 2021</i>	Group (Audited Financial Statements) RM'000	Group (Unaudited Financial Statements) RM'000	Variance  RM'000	Note
<b>Description</b>				
<b>Cash flows from operating activities</b>				
Loss before income tax	(204,742)	(178,962)	(25,780)	
Adjustments for:				
Depreciation of property, plant, and equipment	1,947	1,571	376	(15)
Amortisation of intangible assets	43	39	4	
(Gain)/Loss on disposal of subsidiaries	(185)	716	(901)	(16)
Gain on disposal of property, plant and equipment	(131)	-	(131)	(15)
Allowance for impairment of trade receivables	1,467	-	1,467	(9)
Write-down of inventory properties	190,603	190,384	219	(8)
Allowance for impairment of property, plant and equipment	36,409	35,708	701	(15)
Interest income	(37)	(37)	-	
Interest expense	25	3,034	(3,009)	(5)
Operating cash flows before changes in working capital	25,399	52,453	(27,054)	
Changes in working capital:				
Inventory properties	3,525	3,525	-	
Trade and other receivables	991	897	94	
Trade and other payables and deferred revenue	(30,183)	(56,904)	26,721	NM
Cash flows (used in)/generated from operations	(268)	(29)	(239)	
Interest paid	(25)	(295)	270	(17)
Interest received	37	37	-	
<b>Net cash flows used in operating activities</b>	<b>(256)</b>	<b>(287)</b>	<b>31</b>	
<b>Cash flows from investing activities</b>				
Proceed from disposal of property, plant and equipment	132	-	132	(15)
<b>Net cash flows generated from investing activities</b>	<b>132</b>	<b>-</b>	<b>132</b>	
<b>Cash flows from financing activities</b>				
<b>Net cash flows used in financing activities</b>	<b>-</b>	<b>-</b>		
Net decrease in cash and cash equivalents	(124)	(287)	163	
Effect of exchange rate changes in cash and cash equivalents	44	(8)	52	
Cash and cash equivalents at the beginning of the year	544	544	-	
<b>Cash and cash equivalents at the end of the year</b>	<b>464</b>	<b>249</b>	<b>215</b>	

NM denotes not meaningful

(15) The depreciation of property, plant and equipment being reclassified to proceeds from disposal of property, plant and equipment, and gain on disposal of property, plant and equipment.

(16) The gain on disposal of subsidiaries being eliminated due to the inter-company balances amounting to RM0.9 million being written off.

(17) Interest paid being reversed post FY2021 from the interest cost of the unrepresented cheque amounting to RM0.3 million.

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 May 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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