

## **MEDIA RELEASE**

# **CAPITAL WORLD RECORDED A REVENUE OF RM100.9 MILLION IN 9MFY2019**

- **Registered a lower revenue in 3Q2FY2019**
- **Prudently managing Group's business whilst seeking appropriate timing for launching new projects**

### **Financial Highlights**

	3 months ended 31 March 2019 (3QFY2019) RM'000,000	3 months ended 31 March 2018 (3QFY2018) RM'000,000	Change	9 months ended 31 March 2019 (9MFY2019) RM'000,000	9 months ended 31 March 2018 (9MFY2018) RM'000,000	Change
Revenue	3.1	43.5	(92.9%)	100.9	133.6	(24.5%)
Gross (loss) profit	(4.5)	33.1	(113.6%)	59.2	99.1	(40.3%)
Net (loss) / profit	(15.8)	19.3	(181.9%)	9.3	56.3	(83.5%)

**Singapore, 14 May 2019** – Capital World Limited (the “Company”, and together with its subsidiaries, the “Group”), an innovative property developer, announced today its unaudited financial results for the third quarter ended 31 March 2019 (“3QFY2019”) and 9 months ended 31 March 2019 (“9MFY2019”). The Group registered a net loss of RM15.8 million for 3QFY2019 as compared to a net profit of RM19.3 million for 3QFY2018 largely due to lower revenue, higher general and administrative expenses, and higher finance cost.

The Group's revenue decreased by RM40.4 million from RM43.5 million for 3QFY2018 to RM3.1 million for 3QFY2019. This is due to a decrease in the incremental percentage of completion (“POC”) used for revenue recognition and sluggish market sentiments. The POCs for Capital City Mall (retail podium component of the Group's mixed development in Johor, Malaysia) and Capital Suites were 97.9% and 27.7% respectively as at 31 March 2019.

Cost of sales decreased by RM2.8 million from RM10.4 million for 3QFY2018 to RM7.6 million for 3QFY2019 due to substantial completion of Capital City Mall which has commenced operations in October 2018.

Other income increased to RM1.7 million in 3QFY2019 mainly due to rental income from the leasing of the Capital City Mall units.

The increase in general and administrative expenses of RM7.4 million from RM5.8 million for 3QFY2018 to RM13.2 million for 3QFY2019 was mainly due to higher payroll related costs from additional headcounts for indoor theme park business, fees for liaising and sourcing tenants for the Capital City Mall and maintenance and service fee for the retained and unsold units.

Finance cost increased by RM3.9 million in 3QFY2019 mainly due to the interest expenses relating to the increase in loans and borrowings secured during the period.

## Outlook

The Group is expecting the Johor property market to remain lackluster in the near term which is in tandem with the soft real estate industry in Malaysia<sup>1</sup>. On the bright side, the expansion of southern Johor region which includes parts of Kota Tinggi, Kluang and Pontian districts would offer greater job opportunities for the local which in turn will drive the demand for residential and commercial properties.

Mr. Siow Chien Fu, Executive Director and CEO said, **“Even though Malaysia’s property industry is challenging at the moment, we remain optimistic due to changing political landscapes as well as developments in the Johor region. Entertainment nature of the Capital City Mall presents us with a unique positioning as compared to other traditional retail malls in Johor Bahru. Moving forward, we will continue to monitor developments in the industry and take prudent steps in seeking out future opportunities.”**

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Note: This press release is to be read in conjunction with the Company’s 3QFY2019 financial results announcement released on SGXNET on 14 May 2019.

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<sup>1</sup> Johor property market to stay muted, <https://www.thestar.com.my/business/business-news/2019/01/26/johor-property-market-to-stay-muted/>

### **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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