

## HATTEN LAND LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 199301388D)

---

### DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITORS ON THE AUDIT FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

---

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalyst (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Board of Directors (the "Board") of Hatten Land Limited (the "Company", and together with its subsidiaries, the "Group") wishes to announce that the Company's Independent Auditors, Ernst & Young LLP, have included a disclaimer of opinion based on the use of going concern assumption on the consolidated financial statements of the Group and the Company's balance sheet and statement of changes in equity (the "Disclaimer Opinion") in their Independent Auditors' Report dated 8 November 2019 (the "Independent Auditors' Report") in relation to the audited consolidated financial statements of the Group and the Company for the financial year ended 30 June 2019 ("FY2019") (the "Financial Statements").

A copy of the Independent Auditors' Report is attached to this announcement for information. The Independent Auditors' Report and a complete set of the audited Financial Statements will also be found in the Company's Annual Report for FY2019 ("FY2019 Annual Report"), which has been released on SGXNET on 8 November 2019. Shareholders of the Company are advised to read this announcement in conjunction with the FY2019 Annual Report.

In relation to the Disclaimer Opinion, the Board is of the opinion that the continuing use of the going concern assumptions in the preparation of the Financial Statements is appropriate having regard to the following which is set out in Note 2.1 to the Financial Statements:-

- a) On 10 October 2019, the Group obtained a 7-year term financing agreement for a facility amount of RM60,000,000 to refinance the existing facilities of a subsidiary in Malaysia.
- b) Subsequent to year end, the Company obtained approval from the lender to extend the repayment date of the US\$20,000,000 convertible loan due on 10 October 2019 for another 12 months and repayable in four instalments of US\$5,000,000 on 10 January 2020, 10 April 2020, 10 July 2020 and on 10 October 2020. The roll-over of US\$20,000,000 has no equity conversion option and is subject to terms and conditions to be finalised with the execution of a definitive agreement.
- c) The Company is currently working to secure a refinancing package for the US\$25,000,000 secured bond due in March 2020. We are currently in discussions with various potential lenders for the refinancing. The secured bonds are secured against an asset owned by a related party of the borrowing entity with an estimated collateral valuation of approximately 2 times of the loan amount.
- d) The directors have reasons to believe that the Group will be able to complete its projects as scheduled and achieve the projected sales and collection for its development properties.
- e) As disclosed in Note 16 to the financial statements, the Group has established a RM200,000,000 Medium Term Notes ("MTN") Programme through an indirectly wholly-owned subsidiary in Malaysia of which RM25,000,000 million has been drawn down to date. As at date of the financial statements, balance of the MTN programme that remains unutilised by the Group amounted to RM175,000,000. The Group will draw down on this facility when need arises.

The Group and the Company remain confident of raising additional funds required and will be able to generate sufficient cash flows from its operations in the next 12 months. In addition, the Board would also like to highlight the following to further support their opinion that the Group will be able to continue as going concern:

- 1) The financial performance of the Group FY2019 showed an improvement from FY2018. In

FY2019, the Group registered revenue of RM340.5 million, representing an increase of 14.2% from RM 298.1 million registered in FY2018. Profit after tax increased by 335.2% from RM4.7 million in FY2018 to RM20.4 million in FY2019. As at 30 June 2019, the Group registered net assets of RM384.9 million. In terms of operating cash flow, the Group generated RM183.6 million cash inflow in FY2019 as compared to a cash outflow of RM108.7 million in FY2018.

- 2) As at 30 June 2019, the Group had unbilled sales of development properties amounting to approximately RM379.9 million and this amount is expected to be recognised as the ongoing projects reach completion stage. As Harbour City is expected to complete in FY2020, we expect a substantial amount of the unbilled sales to be recognised beyond FY2019.
- 3) As at 30 June 2019, the Group had unsold properties in aggregate amounting to approximately RM2.2 billion. The Group is currently implementing various sales and marketing strategies including but not limited to tapping buyers from overseas such as Hong Kong, China and The Middle East. The directors believe that the Group will be able to achieve the projected sales for its inventory properties by venturing out of its traditional markets of Malaysia and Singapore and adoption of innovative sales programme specifically tailored to cater for the new markets. The Group is prepared to consider offering attractive discounts to sell some of these unsold properties to raise urgent cash if need arises.
- 4) Continued support from the Company's major shareholder, namely Managing Director Dato' Colin Tan and Deputy Managing Director Dato' Edwin Tan, will provide additional financial resources to the Company to ensure any going concern can be addressed. This is evident by the fact that the Convertible Loan and Secured Bond are secured against assets privately owned by Dato' Colin Tan and Dato' Edwin Tan. In the unlikely event that the Company is unable to fully repay these borrowings, the collateral will ensure these borrowings do not adversely impact the Company's financial position as a going concern.

The Board is of the opinion that sufficient information has been disclosed for the trading of the Company's securities to continue in an orderly manner; and confirmed that all material disclosures have been provided for the trading of the Company's shares to continue.

Shareholders of the Company are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board  
**HATTEN LAND LIMITED**

Dato' Tan June Teng Colin @ Chen JunTing  
Executive Chairman and Managing Director  
9 November 2019

*This announcement has been prepared by Hatten Land Limited (the "Company") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.*

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

*The contact person for the Sponsor is Mr Lance Tan, Senior Vice President at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.*

# Independent Auditor's Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

## Independent Auditor's Report to the Members of Hatten Land Limited

### Report on the Audit of the Financial Statements

#### Disclaimer of Opinion

We were engaged to audit the financial statements of Hatten Land Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 June 2019, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### Basis for Disclaimer of Opinion

##### Use of the going concern assumption

As at 30 June 2019, the Group's total loans and borrowings amounted to RM416,524,000, of which RM328,832,000 were classified as current liabilities and exceeded the Group's cash and bank balances of RM28,477,000. The Company's total loans and borrowings amounted to RM186,055,000, all of which were classified as current liabilities, and exceeded the Company's cash and bank balances of RM269,000. The Group's working capital primarily comprise development properties and the related receivables. Subsequent to the year end, the Group had not been able to meet its forecasted sales target for its development properties and experienced slower recovery of its receivables. The continuing challenges affecting the property market in Melaka, Malaysia, continues to impact the realisation of the Group's development properties causing a strain on its cash flows. In addition, completion delays experienced with certain development projects may further strain the Group's cash flows. Additionally, as disclosed in Note 29 to the financial statements, the Company announced on 10 October 2020 that a convertible loan of an aggregate amount of US\$20,000,000 had matured on that day, and the lender has agreed to extend the loan maturity with staggered repayments up to 10 October 2020 at a higher interest cost, subject to terms and conditions to be finalised with the execution of a definitive agreement. As at the date of this report, the definitive agreement has not yet been executed. These conditions give rise to material uncertainties on the ability of the Group and Company to continue as going concern.

The directors have prepared the financial statements on a going concern basis based on the assumptions disclosed in Note 2.1 to the financial statements. However, based on the information available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves whether the use of the going concern assumption in preparing these financial statements is appropriate as the arrangements to secure additional funding and loan refinancings have yet to conclude satisfactorily at the date of these financial statements. The Group also continues to face challenges in realising its development properties and recover the related receivables as planned.

The Company has an investment in a subsidiary with carrying amount of RM1,203,315,000 as disclosed in Note 11 to the financial statements. Due to factors mentioned above and lack of information, we were unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness on the recoverable amount of the investment in the subsidiary as at 30 June 2019.

The carrying values of the assets as recorded on the statements of financial position of the Group and Company as at 30 June 2019 have been determined based on their continuation as going concern and recovery in the normal course of business. If the going concern assumption is not appropriate and the financial statements were presented on a realisation basis, the carrying values of assets and liabilities may be materially different from that currently recorded in the statements of financial position. If the Group and the Company were unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position.



# Independent Auditor's Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

---

## Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct the audit of the Group and Company's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

## Report on Other Legal and Regulatory Requirements

In view of the significance of the matters referred in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Wei Hock.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

8 November 2019