

HATTEN LAND LIMITED

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

VARIANCE BETWEEN THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 AND THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 ANNOUNCED ON 29 AUGUST 2022

The Board of directors (the “Board” or the “Directors”) of Hatten Land Limited (the “Company”, and together with its subsidiaries, the “Group”) refers to the unaudited full year financial statements announcement for the financial year ended 30 June 2022 (“FY2022”) announced on 29 August 2022 (the “Unaudited Full Year Results”).

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 Board wishes to highlight certain material adjustments and reclassifications to the unaudited consolidated statement of comprehensive income, statements of financial position and consolidated statement of cash flows for FY2022, following the finalization of the audit. The aforesaid adjustments and reclassifications with the explanation for the material variance are set out in Appendix A of this announcement.

By Order of the Board
HATTEN LAND LIMITED

Dato’ Tan June Teng Colin@ Chen JunTing
Executive Chairman and Managing Director
29 November 2022

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.

Appendix A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
	Financial year ended 30 June 2022			
	Audited RM'000	Unaudited RM'000	Variance RM'000	Note
Revenue	53,375	71,907	(18,532)	a
Less: Provision for liquidated ascertained damages	1,678	1,358	320	a
	55,053	73,265		
Cost of sales	(18,705)	(24,735)	6,030	b
Add: Reversal of impairment loss on development properties	-	12,840	(12,840)	b
	(18,705)	(11,895)	S	
Gross Profit	36,348	61,370		
Other items of income				
Other operating income	654	1,166	(512)	c
Other income/gains	35,301	47,636	(12,335)	d
Interest revenue from non-current trade receivables using the effective interest rate method	4,538	-	4,538	e
Other items of expense				
Selling and marketing expenses	-	1,427	(1,427)	f
Administrative expenses	(65,864)	(70,868)	5,004	g
Loss on revocation of sales	(31,319)	(43,318)	11,999	h
Loss allowance on trade and other receivables	(73)	-	(73)	i
Impairment loss on property, plant and equipment	-	-	-	
Reversal of/(write-down) of development properties	12,840	-	12,840	j
Impairment loss on right-of-use assets	-	-	-	
Other expenses	-	922	(922)	k
Finance costs	(45,885)	(43,794)	(2,091)	l
Share of results of the associated company	(552)	(553)	1	
Loss before tax	(54,012)	(46,012)		
Income tax credit	21,714	9,423	12,291	m
Loss for the year	(32,298)	(36,589)		
Other comprehensive loss:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences arising on consolidation	(719)	87	(806)	n
Currency translation differences arising from associated company	275	-	275	o
Total comprehensive loss for the year	(32,742)	(36,502)		
Loss for the year attributable to:				
Owners of the Company	(32,230)	(36,784)	4,554	
Non-controlling interests	(68)	195	(263)	
Loss for the year	(32,298)	(36,589)		
Total comprehensive loss for the year attributable to:				
Owners of the Company	(32,680)	(36,697)	4,017	
Non-controlling interests	(62)	195	(257)	
Total comprehensive loss for the year	(32,742)	(36,502)		

STATEMENTS OF FINANCIAL POSITION FOR THE GROUP				
	As at 30 June 2022			
	Audited	Unaudited	Variance	
	RM'000	RM'000	RM'000	Note
ASSETS				
Non-current assets				
Property, plant and equipment	30,494	31,942	(1,448)	1
Right-of-use assets	43,844	43,719	125	2
Intangible assets	7,737	6,777	960	3
Investment in subsidiaries	-	-		
Investment in an associated company	22,310	22,034	276	4
Trade and other receivables	12,030	16,500	(4,470)	5
	116,415	120,972		
Current assets				
Development properties	455,471	490,690	(35,219)	6
Contract assets	5,382	-	5,382	7
Trade and other receivables	131,363	107,138	24,225	8
Prepayments	172	171	1	
Cash and cash equivalents	11,241	11,241	-	
	603,629	609,240		
Disposal group assets classified as held-for-sale	429,381	429,391	(10)	
Total assets	1,149,425	1,159,603		
LIABILITIES				
Non-current liabilities				
Lease liabilities	36,314	39,682	(3,368)	9
Loans and borrowings	72,826	72,808	18	10
Other payables	-	30,834	(30,834)	11
Deferred tax liabilities	-	1	(1)	
	109,140	143,325		
Current liabilities				
Lease liabilities	14,826	12,313	2,513	9
Loans and borrowings	225,284	225,302	(18)	10
Income tax payable	16,132	26,799	(10,667)	12
Trade and other payables	241,103	205,958	35,145	13
Provisions	6,332	8,103	(1,771)	14
Contract liabilities	59,849	63,989	(4,140)	15
	563,526	542,464		
Liabilities directly associated with disposal group classified as held-for-sale	435,569	427,173	8,396	16
Total liabilities	1,108,235	1,112,962		
Net assets	41,190	46,641		
Equity				
Share capital	328,862	328,862	-	
Accumulated losses	(231,970)	(230,004)	(1,966)	
Translation reserve	(899)	(362)	(537)	
Merger reserve	(54,827)	(54,827)	-	
Other reserve	(175)	(175)	-	
Equity attributable to equity holders of the Company, total	40,991	43,494		
Non-controlling interests	199	3,147	(2,948)	
Total equity	41,190	46,641		
Total equity and liabilities	1,149,425	1,159,603		

CONSOLIDATED STATEMENT OF CASHFLOWS			
	As at 30 June 2022		
	Audited RM'000	Unaudited RM'000	Variance RM'000
Cash flows from operating activities			
Loss before tax	(54,012)	(46,012)	(8,000)
Adjustments for:			
Depreciation of property, plant and equipment	1,144	1,369	(225)
Depreciation of right-of-use assets	16,436	15,480	956
Gain on disposal of right-of-use assets	(1,228)	(215)	(1,013)
Gain on disposal of property, plant and equipment	-	(1,073)	1,073
Gain on disposal of subsidiary	(9,525)	(6,174)	(3,351)
Loss allowance on trade and other receivables	73	-	73
Loss on termination of joint development agreement	-	-	-
Loss on termination of right-of-use assets	-	-	-
Loss on modification of lease	-	-	-
Loss on derecognition of lease liabilities	-	-	-
Interest income	(5,302)	(4,906)	(396)
Interest expense	45,885	43,794	2,091
(Reversal of)/write-down of development properties	(12,840)	(12,840)	-
Reversal of provision, net	(26,906)	-	(26,906)
Loss on revocation of sales	31,319	43,318	(11,999)
Unrealised foreign exchange loss/(gain)	10,645	2	10,643
Amortisation of capitalised costs of obtaining contracts	158	-	158
Waiver of debts	(69)	-	(69)
Interest revenue from non-current trade receivables using the effective interest rate method	(4,538)	-	(4,538)
Share of results of an associated company	552	553	(1)
Operating cash flows before working capital changes	(8,208)	33,296	
Changes in operating assets and liabilities			
- Intangibles assets	-	(6,777)	6,777
- Development properties	(12,848)	3,624	(16,472)
- Contract assets	159	5,383	(5,224)
- Contract liabilities	(43,153)	8,034	(51,187)
- Trade and other receivables	73,627	41,600	32,027
- Asset held for sales	-	(21,353)	21,353
- Trade and other payables	14,316	(54,121)	68,437
Cash flow generated from operations	23,893	9,686	
Interest paid	(33,927)	(34,585)	658
Interest received	27	4,906	(4,879)
Income tax paid	(2,210)	7,965	(10,175)
Net cash flows (used in)/generated from operating activities	(12,217)	(12,028)	
Cash flows from investing activities			
Proceeds from disposal of right-of-use assets	3,434	(232)	3,666
Proceeds from disposal property, plant and equipment	-	1,073	(1,073)
Additions to intangible assets	(6,856)	-	(6,856)
Additions to property, plant and equipment	(3,869)	(6,857)	2,988
Acquisition of an associated company	-	-	-
Decrease in pledged fixed deposits	-	-	-
Net cash inflow from the contribution of non-controlling interests in subsidiaries	261	-	261
Net cash outflow from the disposal of subsidiary	(181)	-	(181)
Movement in amount due to associated company	(931)	-	(931)
Net cash flows (used in)/ generated from investing activities	(8,142)	(6,016)	
Cash flows from financing activities			
Additions to right-of-use assets	(329)	-	(329)
Net proceeds from issuance of ordinary shares	31,023	31,023	-
Share issuance expenses paid	(205)	(205)	-
Proceeds from term loans	1,417	588	829
Repayment of term loans	(1,767)	-	(1,767)
Repayment of medium-term notes	(2,300)	(2,843)	543
Movement in amount due to related parties	-	-	-
Movement in amount due to a director	482	-	482
Repayment of lease liabilities	(4,335)	(1,309)	(3,026)
Disposal of subsidiaries	-	2,974	(2,974)
Interest paid on lease liabilities	(558)	(9,209)	8,651
Net cash flows generated from/(used in) financing activities	23,428	21,019	
Net increase/(decrease) in cash and cash equivalents	3,069	2,975	94
Cash and cash equivalents at the beginning of the year	8,272	8,070	202
Effects of exchange rate changes on cash and cash equivalents	(2)	196	(198)
Cash and cash equivalents at the end of the year	11,339	11,241	

Notes:

Consolidated statement of comprehensive income

(a) **Revenue**

The decrease in revenue was mainly due to the followings:

- reclassification of backcharged of utility expenses to third party property management office to other income/gains,
- reversal of over adjustment on revocation of sales in relation to sales cancellation

The decrease was partially offset by a reversal of provision for liquidated ascertained damages and additional recognition of sales.

(b) **Cost of sales**

The increase was mainly due to reclassification of reversal of impairment loss on development properties to reversal of development properties, partially offset by reversal of over adjustment on cost of sales in relation to revocation of sales.

(c) **Other operating income**

The decrease in other operating income was mainly due to elimination of inter-company transaction.

(d) **Other income/gains**

The decrease in other income/gains was mainly due to the followings:

- reversal of administrative charges and forfeiture income charged to purchasers in relation to sales cancellation;
- reclassification of net income on developer instalment plan ("DIP") trade receivables to interest revenue from non-current trade receivables using the effective interest rate method; and
- reclassification of overprovision of tax penalty fees to administrative expense

The decrease was partially offset by the followings:

- reclassification of back charges of utility expense from revenue
- reclassification of reimbursement of state consent fee from selling and marketing expenses
- reclassification of interest expense arising from accretion of interest on deferred payables to finance cost.

(e) **Interest revenue from non-current trade receivables using the effective interest rate method**

This item was previously presented under other income/gains and it has been represented as a separate line item in the audited financial statement as required under the SFRS(I) paragraph 82(a).

(f) **Selling and marketing expenses**

The decrease was mainly due to reclassification of reimbursement of statement consent fee to other income/gains.

(g) **Administrative expense**

The decrease in administrative expenses was mainly due the followings:

- reclassification of overprovision of tax penalty fees from other income/gains;
- adjustment of provision of taxation to prior year upon receiving final assessment from the Inland Revenue Board of Malaysia ("IRB"); and

(h) **Loss on revocation of sales**

The decrease in loss on revocation of sales was mainly due to reclassification to revenue and reclassification of impairment of trade receivables to administrative expenses which were wrongly classified in loss on revocation of sales.

(i) **Loss allowance on trade and other receivables**

The increase was mainly due to reclassification from administrative expenses

(j) **Reversal of development properties**

The increase was due to reclassification of the reversal of impairment loss on development properties from cost of sales.

(k) **Other expenses**

The variance in other expenses was mainly due to the adjustment for overprovision for debt waivers and reclassification of credit balances to other income/gains.

(l) **Finance costs**

The increase of finance costs was mainly due to adjustment for interest on lease liability and reclassification of interest expense arising from accretion of interest on deferred payables from other income.

(m) **Income tax credit**

The increase in tax credit was mainly due to adjustment of provision of taxation to prior year upon receiving final assessment from the Inland Revenue Board of Malaysia ("IRB") and reversal of over provision for taxation for the financial year.

(n) **Currency translation differences arising on consolidation**

The decrease in currency translation differences arising on consolidation was mainly due to the foreign exchange differences arising from the translation of financial statements of the two subsidiaries which are denominated in SGD to the functional currency of the Group which is denominated in RM.

(o) **Currency translation differences arising from associated company**

The increase in currency translation differences arising from associated company was mainly due to the foreign exchange differences arising from the translation of financial statements of the associated company which is denominated in USD to the functional currency of the Group which is denominated in RM.

Consolidated statements of financial position for the Group

- (1) The reclassification of property, plant and equipment to right-of use assets and intangibles assets.
- (2) The reclassification from property, plant and equipment and depreciation charged.
- (3) Due to reclassification from property, plant and equipment.
- (4) Due to the currency translation differences arising from associated company which was explained in Note (o) above.
- (5) Due to reclassification from non-current trade and other receivables to current trade and other receivables.
- (6) The decrease in development properties was mainly due to
 - development cost charged out to profit and loss arising from the recognition of sales of completed project; and
 - reclassification of development cost to contract assets and trade and other receivables.
- (7) Due to reclassification from development properties.
- (8) The increase in trade and other receivables was mainly due to the followings:
 - reclassification from non-current trade and other receivables
 - reclassification of credit balances (representing liabilities) in trade and other receivables to trade and other payables accounts. i.e transfer of a negative amount in trade and other receivables to trade and other payables; and
 - additional sales recognition arising from the sales of completed project.

The increase was partially offset by the sales cancellation and reversal of administrative charges and forfeiture income charged to purchasers in relation to sales cancellation.
- (9) Due reclassification from non-current lease liabilities to current lease liabilities and adjustment on interest on lease liability charged out to profit and loss.
- (10) Due to reclassification from current loans and borrowings to non-current loans and borrowings.
- (11) Due to reclassification from non-current other payables to current trade and other payables.
- (12) Due to adjustment of provision of taxation upon receiving final assessment from the Inland Revenue Board of Malaysia ("IRB") pertaining to prior years of assessment and reversal of over provision for taxation for the financial year.
- (13) Due to reclassification from non-current other payables and reclassification of credit balances (representing liabilities) in trade and other receivables to trade and other payables accounts. i.e transfer of a negative amount in trade and other receivables to trade and other payables. In addition, the variances also due to reclassification from provision to current trade and other payables.
- (14) Due to reclassification to current trade and other payables.
- (15) Due to adjustment for the recognition of sales of completed project.
- (16) Due to reversal of administrative charges and forfeiture income charged to purchasers in relation to sales cancellation.

Consolidated statement of cash flow

As a result of changes to the consolidated statement of comprehensive income and the statements of financial position, corresponding changes have been made to the consolidated statement of cash flows, which shall be read in conjunction with the audited consolidated statement of comprehensive income and the statements of financial position.