



HATTEN LAND LIMITED

(formerly known as VGO Corporation Limited)
(Company Registration No: 199301388D)
(Incorporated in the Republic of Singapore)

Unaudited Financial Statements Announcement For Third Quarter Ended 31 March 2018

Hatten Land Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 26 January 2017 via a reverse take-over ("**RTO**"). The financial adviser for the RTO was UOB Kay Hian Private Limited (the "**Sponsor**").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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 Alvin Soh, Head of Catalist Operations, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

Background

The Company and together with its subsidiaries (the "**Group**"), formerly known as VGO Corporation Limited, was formed subsequent to the successful RTO by Sky Win Management Consultancy Pte Ltd ("**Sky Win**" and together with its subsidiaries, the "**Sky Win Group**"). Immediately prior to the completion of the RTO, the existing business of VGO Corporation Limited was disposed (the "**Disposal**"). The RTO and the Disposal were completed on 24 January 2017 and the Company changed its name to Hatten Land Limited. Please refer to the Company's circular to shareholders (the "**Circular**") dated 29 December 2016 for further details of the RTO and the Disposal. The Sky Win Group is principally engaged in the business of property development in the state of Melaka, Malaysia.

Following the completion of the RTO, the Company changed the presentation currency for its financial statements from Singapore Dollars ("**SGD**") to Malaysia Ringgit ("**RM**"). In addition, the Company changed its financial year end from 31 March to 30 June.

Group Level

Following the completion of the RTO, the wholly-owned subsidiary, Sky Win, is regarded as the accounting acquirer and the Company as the accounting acquiree, for accounting purpose. As such, the consolidated financial statements have been prepared and presented as a continuation of the Sky Win Group.

Accordingly, the consolidated financial statements comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows for the third quarter and nine months ended 31 March 2018 have been presented as a continuation of the Sky Win Group's financial results and operations, in accordance with the following:

- 1) the assets and liabilities of the accounting acquirer, Sky Win Group, are recognised and measured in the consolidated statement of financial position at their pre-combination carrying amount;
- 2) the assets and liabilities of the accounting acquiree, the Company, are recognised and measured in accordance with their acquisition date fair value;
- 3) the retained earnings and other equity balances recognised in the consolidated financial statements of the Group are the retained earnings and other equity balances of the Sky Win Group immediately before the RTO;
- 4) the amount recognised in the issued equity interest in the consolidated financial statements of the Group is computed by adding the issued equity of Sky Win Group immediately before the RTO to the fair value of the consideration effectively transferred based on the share price of the Company at the acquisition date. However, the equity structure presented in the consolidated financial statements of the Group (i.e. the number and type of equity instruments issued) shall reflect the equity structure of the Company, including the equity instruments issued by the Company to effect the combination; and
- 5) the comparative figures presented in these consolidated financial statements of the Group are those of consolidated financial statements of the Sky Win Group.

Following the completion of the RTO, the principal business of the Group are those of Sky Win Group. The consolidated financial statements of the Group have been prepared using the reverse acquisition accounting as set out in FRS 103, but it does not result in the recognition of goodwill, as the Company was deemed a cash company under the Rule 1017 of the Catalist Rules on 24 January 2017 and did not meet the definition of a business as set out in FRS 103. Instead, such transaction falls within the scope of FRS 102 “Share-based payments”, which requires the shares deemed issued by the legal subsidiary (as consideration for the acquisition of the Company) to be recognised at fair value. Any difference between the consideration sum and the fair value of the Company’s identifiable net assets represents a service received by the legal subsidiary, Sky Win Group, which is recognised as an expense in the statement of comprehensive income.

Company Level

Reverse acquisition accounting applies only to the consolidated financial statements at the Group level. As such, the investment in Sky Win Group recorded in the Company’s financial statements is accounted for at cost less accumulated impairment losses, if any.

Notes:

- i) The Group’s consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the 3 months ended 31 March 2018 refer to the enlarged group which included the results of enlarged group comprising Sky Win Group and Hatten Land Limited from 1 January 2018 to 31 March 2018.
- ii) The Group’s consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the 9 months ended 31 March 2018 refer to the enlarged group which included the results of enlarged group comprising Sky Win Group and Hatten Land Limited from 1 July 2017 to 31 March 2018.
- iii) The Group’s consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the 3 months ended 31 March 2017 refer to the enlarged group which included the results of Sky Win Group from 1 January 2017 to 31 March 2017 and the result of Hatten Land Limited from 25 January 2017 to 31 March 2017.
- iv) The Group’s consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the 9 months ended 31 March 2017 refer to the enlarged group which included the results of Sky Win Group from 1 July 2016 to 31 March 2017 and the result of Hatten Land Limited from 25 January 2017 to 31 March 2017.
- v) The Group’s consolidated statement of financial position as at 31 March 2018 and 30 June 2017 refers to the consolidated statement of financial position of the enlarged group comprising Sky Win Group and Hatten Land Limited.
- vi) The Company’s statement of financial position as at 31 March 2018 and 30 June 2017 refer to that of Hatten Land Limited.
- vii) The Company’s statement of changes in equity for the third quarter ended 31 March 2018 and 31 March 2017 refer to that of Hatten Land Limited.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Notes	Group 3 months ended			Group 9 months ended		
		31/3/2018 (Unaudited)	31/3/2017 (Unaudited)	%	31/3/2018 (Unaudited)	31/3/2017 (Unaudited)	%
		RM'000	RM'000	Change	RM'000	RM'000	Change
Revenue	8a	85,503	164,896	(48.1)	185,386	332,445	(44.2)
Cost of sales		(81,223)	(115,805)	(29.9)	(125,622)	(225,109)	(44.2)
Gross profit	8b	4,280	49,091	(91.3)	59,764	107,336	(44.3)
Other income/gains	8c	4,710	1,767	N/M	12,036	7,339	64.0
Other items of expense							
Selling and distribution expenses	8d	(12,927)	(17,326)	(25.4)	(34,144)	(32,850)	3.9
General and administrative expenses	8e	(10,990)	(7,458)	47.4	(30,993)	(25,382)	22.1
Finance costs	8f	(2,089)	(94)	N/M	(3,274)	(317)	N/M
(Loss)/Profit before tax		(17,016)	25,980	N/M	3,389	56,126	(94.0)
Non-operating expenses	8g	-	(87,798)	N/M	-	(87,798)	N/M
(Loss)/profit before tax		(17,016)	(61,818)	(72.5)	3,389	(31,672)	N/M
Income tax expense	8h	3,800	(12,435)	N/M	(2,804)	(19,355)	(85.5)
(Loss)/Profit after tax	8i	(13,216)	(74,253)	(82.2)	585	(51,027)	N/M
Other comprehensive income:							
<u>Items that may be reclassified subsequently to profit or loss</u>							
Foreign currency translation		(562)	1,759	N/M	(1,088)	1,531	N/M
Total comprehensive income		(13,778)	(72,494)	(81.0)	(503)	(49,496)	(99.0)
(Loss)/Profit for the period attributable to:							
Owners of the Company		(13,216)	(74,253)	(82.2)	585	(51,027)	N/M
Total comprehensive income for the period attributable to:							
Owners of the Company		(13,778)	(72,494)	(81.0)	(503)	(49,496)	(99.0)

N/M - Not Meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

	Group 3 months ended			Group 9 months ended		
	31/3/2018	31/3/2017	%	31/3/2018	31/3/2017	%
	(Unaudited) RM'000	(Unaudited) RM'000	Change	(Unaudited) RM'000	(Unaudited) RM'000	Change
Profit/(Loss)for the period is arrived at after charging/(crediting):						
Depreciation of property, plant and equipment	1,021	2,886	(64.6)	2,332	4,108	(43.2)
Gain on disposal of property, plant and equipment	-	(294)	N/M	(202)	(294)	(31.3)
Interest expense	2,089	94	N/M	3,274	317	N/M
Interest income	(429)	(135)	N/M	(3,001)	(1,871)	60.4
Acquisition costs arising from reverse acquisition	-	77,763	N/M	-	77,763	N/M
RTO professional fees	-	10,035	N/M	-	10,035	N/M
Issuance of shares to employees	-	-	N/M	1,845	-	N/M

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

		<u>Group</u>		<u>Company</u>	
		31/3/2018	30/6/2017	31/3/2018	30/6/2017
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
Note		RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	8j	135,122	94,638	-	-
Investment in subsidiaries		-	-	1,203,315	1,203,315
Deferred tax assets		71,183	61,313	-	-
		<u>206,305</u>	<u>155,951</u>	<u>1,203,315</u>	<u>1,203,315</u>
Current assets					
Development properties	8k	588,306	537,613	-	-
Trade and other receivables	8l	505,886	463,977	209,552	69,485
Other current assets		53,338	51,198	643	932
Cash and bank balances		112,256	83,625	45,847	16,473
		<u>1,259,786</u>	<u>1,136,413</u>	<u>256,042</u>	<u>86,890</u>
Total assets		<u>1,466,091</u>	<u>1,292,364</u>	<u>1,459,357</u>	<u>1,290,205</u>
Liabilities					
Current liabilities					
Loans and borrowings	8m	47,704	56,656	-	-
Income tax payable	8n	38,478	49,330	-	-
Trade and other payables	8o	423,667	468,505	1,352	1,034
Other current liabilities		5,045	5,005	-	-
		<u>514,894</u>	<u>579,496</u>	<u>1,352</u>	<u>1,034</u>
Net current assets		744,892	556,917	254,690	85,856
Non-current liabilities					
Loans and borrowings	8m	477,087	298,793	176,968	-
Other non-current liabilities	8p	247,500	186,665	-	-
		<u>724,587</u>	<u>485,458</u>	<u>176,968</u>	<u>-</u>
Total liabilities		<u>1,239,481</u>	<u>1,064,954</u>	<u>178,320</u>	<u>1,034</u>
Net assets		<u>226,610</u>	<u>227,410</u>	<u>1,281,037</u>	<u>1,289,171</u>
Equity					
Share capital		252,719	250,874	1,285,223	1,283,378
Retained earnings/(Accumulated losses)		29,687	31,244	(4,186)	5,793
Translation reserve		(969)	119	-	-
Merger reserve		(54,827)	(54,827)	-	-
Total equity		<u>226,610</u>	<u>227,410</u>	<u>1,281,037</u>	<u>1,289,171</u>
Total equity and liabilities		<u>1,466,091</u>	<u>1,292,364</u>	<u>1,459,357</u>	<u>1,290,205</u>

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/03/2018		As at 30/06/2017	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
47,704	-	56,656	-

Amount repayable after one year

As at 31/03/2018		As at 30/06/2017	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
477,087	-	298,793	-

The Group's loans and borrowings include obligations under finance leases and bank borrowings, guaranteed secured bonds, convertible loan and the medium-term notes issued.

Details of collaterals

The loans and borrowings are secured by the following: -

1. Joint and several guarantee by directors of the borrowing entities.
2. Legal charge over the project land under development, fixed and floating charges over all assets of the project of the borrowing entities.
3. Pledge of 400 million shares of the Company provided by Hatten Holdings Pte Ltd
4. Third party first legal assignment over certain property assets owned by related parties of the borrowing entities.
5. Debenture over fixed and floating present and future assets of the borrowing entities.
6. Legal assignment over designated bank account and monies and legal assignment of sales proceeds from the sale of project units of the borrowing entities in favour of the lender.
7. Corporate guarantee by a related party of the borrowing entities and deed of subordination of advances due to shareholders and directors.
8. Pledge of fixed deposits with licensed banks.
9. Debenture over the 44 units of luxury residences service apartments and 11 units of penthouse suites from the development of borrowing entity.
10. Personal guarantee by a director of the Company.
11. Land charge for assets owned by related parties of the borrowing entity.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 3 months ended		Group 9 months ended	
	31/3/2018 (Unaudited) RM'000	31/3/2017 (Unaudited) RM'000	31/3/2018 (Unaudited) RM'000	31/3/2017 (Unaudited) RM'000
Cash flows from operating activities				
(Loss)/Profit before tax	(17,016)	(61,818)	3,389	(31,672)
Adjustments for:				
Depreciation of property, plant and equipment	1,021	2,886	2,332	4,108
Gain on disposal of property, plant and equipment	-	(294)	(202)	(294)
Interest income	(429)	(135)	(3,001)	(1,871)
Interest expense	219	94	1,404	317
Issuance of shares to employees	-	-	1,845	-
Unrealised foreign exchange (gain)/ loss	98	(989)	(3,371)	(708)
Acquisition costs arising from reverse acquisition		77,763	-	77,763
Operating cash flows before working capital changes	(16,107)	17,507	2,396	47,643
Decrease/(increase) in:				
Development properties	(14,296)	26,877	(50,693)	(78,831)
Trade and other receivables	(43,548)	(134,551)	(41,909)	(228,394)
Other current assets	4,453	(32,929)	(2,140)	(2,943)
Increase/(decrease) in:				
Trade and other payables	(12,135)	138,640	(41,467)	214,612
Other liabilities	50,331	(94,059)	60,875	(46,344)
Cash flow used in operations	(31,302)	(78,515)	(72,938)	(94,257)
Interest paid	(219)	(94)	(1,404)	(317)
Interest received	429	135	3,001	1,871
Income tax paid	(5,677)	24,317	(23,526)	(20,078)
Net cash flows used in operating activities	(36,769)	(54,157)	(94,867)	(112,781)
Cash flows from investing activities				
Proceeds from disposal of property, plant and	-	880	265	880
Acquisition of a subsidiary	-	(748)	-	(748)
Additions to property, plant and equipment	(22,868)	(13,415)	(41,472)	(31,814)
Net cash flows used in investing activities	(22,868)	(13,283)	(41,207)	(31,682)
Cash flows from financing activities				
Proceeds from loan and borrowings	16,708	25,595	70,619	112,497
Proceeds from issuance of placement shares	-	82,922	-	82,922
Proceeds from issuance of bonds	96,575	-	96,575	-
Proceeds from issuance of convertible loan	-	-	81,985	-
Proceeds from issuance of medium-term note	-	-	25,000	-
Repayment of obligations under finance leases	(371)	(450)	(1,350)	(1,243)
Repayment of loan and borrowings	(18,260)	(3,132)	(104,892)	(33,814)
Dividend paid on ordinary shares	-	-	(2,142)	-
Increase in pledged fixed deposits	-	-	(54)	-
Net amount due from shareholders	-	-	-	(990)
Net cash flows generated from financing activities	94,652	104,935	165,741	159,372
Net change in cash and cash equivalents	35,015	37,495	29,667	14,909
Cash and cash equivalents at the beginning of the period	75,594	56,583	81,468	79,842
Effects of exchange rate changes on cash and cash equivalents	(564)	2,204	(1,090)	1,531
Cash and cash equivalents at the period	110,045	96,282	110,045	96,282
Cash and bank balances	112,256	98,370	112,256	98,370
Less: Pledged fixed deposit	(2,211)	(2,088)	(2,211)	(2,088)
Cash and cash equivalents as per above	110,045	96,282	110,045	96,282

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company				
	Share capital	Retained earnings	Translation reserve	Merger reserve	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
(Unaudited)					
Balance as at 31 December 2017	252,719	42,903	(407)	(54,827)	240,388
Total comprehensive loss for the period	-	(13,216)	(562)	-	(13,778)
Balance as at 31 March 2018	252,719	29,687	(969)	(54,827)	226,610
Balance as at 31 December 2016	38,235	45,748	(250)	-	83,733
Total comprehensive income for the period	-	(74,253)	1,759	-	(72,494)
Capital reorganisation	54,827	-	-	(54,827)	-
Acquisition costs arising from the Reserve Acquisition	77,763	-	-	-	77,763
Issuance of Placement shares	82,923	-	-	-	82,923
Balance as at 31 March 2017	253,748	(28,505)	1,509	(54,827)	171,925
Company					
(Unaudited)					
	Share capital	Retained earnings/ (Accumulated losses)	Total equity		
	RM'000	RM'000	RM'000		
Balance as at 31 December 2017	1,285,223	(869)	1,284,354		
Total comprehensive loss for the period	-	(3,317)	(3,317)		
Balance as at 31 March 2018	1,285,223	(4,186)	1,281,037		
Balance as at 31 December 2016	88,074	(94,756)	(6,682)		
Total comprehensive loss for the period	-	(2,006)	(2,006)		
Capital reduction	(88,060)	88,060	-		
Issuance of placement shares	82,922	-	82,922		
Issuance of shares pursuant to the Reverse Acquisition	1,203,316	-	1,203,316		
Balance as at 31 March 2017	1,286,252	(8,702)	1,277,550		

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Number of issued shares	Share capital RM
Balance as at 31 December 2017	1,378,096,353	252,718,519
Balance as at 31 March 2018	1,378,096,353	252,718,519

As at 31 March 2018, the Company had granted a convertible loan of an aggregate amount of US\$20,000,000, which may be converted into approximately 77,142,857 new fully paid ordinary shares of the Company based on a fixed conversion price of S\$0.35 per share (assuming an exchange rate of US\$1: S\$1.35). The Company did not have any outstanding convertibles as at 31 March 2017.

The Company did not have any treasury shares and subsidiary holdings as at 31 March 2018 and 31 March 2017.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 31/3/2018	As at 30/6/2017
Total number of issued shares	1,378,096,353	1,375,080,353

The Company did not have any treasury shares as at 31 March 2018 and 30 June 2017.

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements for the financial year ended 30 June 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

The accounting policies adopted are consistent with those the previous financial year except in the current financial year, the Group has adopted all new and revised standards which are effective for annual financial periods beginning on or after 1 July 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group 3 months ended		Group 9 months ended	
	31/3/2018	31/3/2017	31/3/2018	31/3/2017
(Loss)/Profit attributable to owners of the Company (RM'000)	(13,216)	(74,253)	585	(51,027)
Weighted average number of ordinary shares in issue	1,378,096,353	1,223,449,195	1,376,637,527	1,223,449,195
Basic and fully diluted earnings per share ("EPS") (RM'sens)	(0.96)	(6.07)	0.04	(4.17)

Note:

The diluted EPS for the periods ended 31 March 2018 were the same as the basic EPS assuming that no potential ordinary shares are to be issued under convertible loan due to the conversion price or exercise price being higher than the prevailing market price at the relevant date.

7. Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31/3/2018	30/6/2017	31/3/2018	30/6/2017
Net asset value (RM'000)	226,609	227,410	1,281,037	1,289,171
Number of ordinary shares in issue	1,378,096,353	1,375,080,353	1,378,096,353	1,375,080,353
Net asset value per ordinary share (RM'sens)	16.44	16.54	92.96	93.75

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**
(i) any significant factors that affected the revenue, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(ii) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Consolidated Statement of Comprehensive Income

Review of Group performance for the 3 months ended 31 March 2018 ("3Q FY2018") as compared to the 3 months ended 31 March 2017 ("3Q FY2017")

- (a) The Group recorded revenue of RM85.5 million for the 3Q FY2018, which was RM79.4 million or 48.1% lower than the revenue recorded for the preceding year corresponding quarter. The decrease in revenue was mainly attributed to lower revenue recognised for Hatten City Phase 2 project and lower sales from Hatten City Phase 1 project in 3Q FY2018. The revenue decline was partially offset by the higher revenue contribution from Harbour City and Satori projects.
- (b) The Group recorded gross profit of RM4.3 million for the 3Q FY2018, which was RM44.8 million or 91.3% lower than the preceding year corresponding quarter. The decrease in gross profit was mainly due to the additional estimated borrowings costs of approximately RM17.7 million charged out to income statement for Hatten City Phase 2, which was in line with the financing facilities made available to the Group in 3Q FY2018.
- (c) The Group recorded an increase in other income of approximately RM2.9 million as compared to the preceding year corresponding quarter mainly due to the increase in unrealised foreign exchange gain resulted from the strengthening of the Ringgit Malaysia in 3Q FY2018 and higher interest income from late payment interest charged to purchasers.
- (d) Selling and distribution expenses decreased by RM4.4 million or 25.4% mainly due to lower sales and marketing expenses for Hatten City Phase 1 project. The decrease in selling and distribution expenses was partially offset by the intensified sales and marketing initiatives for the Harbour City and Satori projects.
- (e) General and administrative expenses increased by RM3.5 million or 47.4% mainly due to professional fees and related expenses incurred in relation to the Group's funding and corporate exercises coupled with corporate expenses incurred subsequent to RTO which was completed in January 2017. The increase was partially offset by lower depreciation due to disposal of property, plant and equipment.
- (f) Finance costs increased by RM2.0 million which was in line with the new financing facilities made available to the Group.
- (g) The Group reported a one-off non-operating expense of RM87.8 million in 3Q FY2017. The non-operating expenses incurred in 3Q FY2017 were in relation to professional fees and acquisition costs arising from the RTO.
- (h) Income tax expense decreased in 3Q FY2018 as compared to preceding year same period is mainly due to the adjustment made to the provision of income tax expense arising from lower taxable profits in 3Q FY2018.
- (i) As a result of the above, the Group recorded a loss after tax of RM13.2 million in 3Q FY2018 as compared to a loss after tax of RM74.2 million in 3Q FY2017.

Review of Group performance for the 9 months ended 31 March 2018 ("9M FY2018") as compared to the 9 months ended 31 March 2017 ("9M FY2017")

- (a) The Group recorded revenue of RM185.4 million for the 9M FY2018, which was RM147.1 million or 44.2% lower than the revenue recorded for the preceding year corresponding period. The decrease in revenue was mainly attributed to lower revenue recognised for Hatten City Phase 2 project and

lower sales for Hatten City Phase 1 project in 9M FY2018. The revenue decline was partially offset by the higher revenue contribution from Harbour City and Satori projects.

- (b) The Group recorded gross profit of RM59.8 million for the 9M FY2018, which was RM47.6 million or 44.3% lower than the preceding year corresponding period while the profit margin remains unchanged.
- (c) The Group recorded an increase in other income of RM4.7 million or 64.0% higher than the preceding year corresponding period mainly due to the increase in unrealised foreign exchange gain resulted from the strengthening of the Ringgit Malaysia in 9M FY2018, gain on disposal of property, plant and equipment and higher interest income from late payment interest charged to purchasers.
- (d) Selling and distribution expenses increased by RM1.3 million or 3.9% mainly due to the Group intensified the sales and marketing efforts and initiatives for the Harbour City and Satori Projects. The increase in selling and distribution expenses was partially offset by lower sales and marketing expenses for Hatten City Phase 1 project.
- (e) General and administrative expenses increased by RM5.6 million or 22.1% mainly due the one-off costs in relation to the issuance of shares to employees, professional fees and related expenses incurred in relation to the Group's funding and corporate exercises coupled with corporate expenses incurred subsequent to the RTO which was completed in January 2017. The increase was partially offset by lower depreciation due to disposal of property, plant and equipment.
- (f) Finance costs increased by RM2.9 million which was in line with the new financing facilities made available to the Group.
- (g) The Group reported a one-off non-operating expense of RM87.8 million in 9M FY2017. The non-operating expenses incurred in 9M FY2017 were in relation to professional fees and acquisition costs arising from the RTO.
- (h) Income tax expense decreased to RM2.8 million in 9M FY2018 from RM19.4 million in 9M FY2017 was mainly due to lower taxable profits. The higher effective tax rate was mainly due to recognition of deferred tax asset in 9M FY2018.
- (i) As a result of the above, the Group recorded a profit after tax of RM0.6 million in 9M FY2018 as compared to a loss after tax of RM51.0 million in 9M FY2017.

Consolidated Statement of Financial Position

Review for the financial position of the Group as at 31 March 2018 as compared to 30 June 2017

- (j) Property, plant and equipment increased by RM40.5 million or 42.8% to RM135.1 million as at 31 March 2018 compared to RM94.6 million as at 30 June 2017 mainly due to the additional construction work in progress for car park and theme park for Harbour City, Hatten City Phase 2 and Vedro by the River projects. The increase was partially offset by the lower depreciation during the financial period.
- (k) Development properties increased by RM50.7 million or 9.4% to RM588.3 million as at 31 March 2018 from RM537.6 million as at 30 June 2017 mainly attributable to development costs and construction services fees incurred during the financial period.
- (l) Trade and other receivables increased by RM41.9 million or 9.0% to RM505.9 million as at 31 March 2018 from RM464.0 million as at 30 June 2017 mainly due to progress billings from Harbour City and Satori projects offset by higher collections from Vedro by the River and Hatten City Phase 2 projects.
- (m) Loans and borrowings (current and non-current) increased by RM169.4 million or 47.6% to RM524.8 million as at 31 March 2018 from RM355.4 million as at 30 June 2017 mainly due to the new financing facilities made available to the Group, i.e the guaranteed secured bonds, the convertible loan, medium term notes, term loan, drawdown from existing bridging loan and new finance lease liabilities amounting to RM275.6 million. Nevertheless, this was partially offset by the repayments of the existing loans and borrowings during the period of approximately RM106.2 million.

- (n) Income tax payable decreased to RM10.8 million as at 31 March 2018 mainly due to progressive payment of income tax and lower provision for income tax during the financial period.
- (o) Trade and other payables decreased by RM44.8 million or 9.6% to RM423.7 million as at 31 March 2018 from RM468.5 million as at 30 June 2017 mainly due to payment to suppliers and purchasers from sales of properties with leaseback arrangements, partially offset by increase in development costs accrued for Vedro by the River project and higher progress billings for Harbour City project.
- (p) Other non-current liabilities increased by RM60.8 million or 32.6% to RM247.5 million as at 31 March 2018 from RM186.7 million as at 30 June 2017 mainly relates to deferred revenue which is the amount payable to the purchasers for sales of properties with leaseback arrangements. The increase in deferred revenue is a result of the progress of the projects.

Consolidated Statement of Cash Flows

Review of Statement of Cash Flows for 9M FY2018 as compared to 9M FY2017

The Group recorded net cash flows used in operating activities of RM94.9 million mainly due to progress development works, payments of suppliers and income taxes and decrease in trade and other receivable.

The Group recorded net cash flows used in investing activities of RM41.2 million mainly due to additional construction work in progress for car park and theme park for ongoing projects.

The Group recorded net cash flows generated from financing activities of RM165.7 million mainly due to proceeds from issuance of guaranteed secured bonds, medium-term notes, convertible loan and term loan totaling RM274.2 million, partially offset by repayment of loans and borrowings of RM106.2 million and payment of dividend on ordinary shares of RM2.1 million.

As at 31 March 2018, the Group's cash and cash equivalents increased to RM110.0 million as compared to RM96.3 million as at 31 March 2017.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. The Group has not previously disclosed any forecast or prospect statements to its shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

According to a tourism performance report published on 10 January 2018 by Tourism Malaysia, Melaka ranks as the second most visited state in Malaysia and registered 16.7 million tourists in 2017. The Group believes that the numerous mega infrastructure and tourism projects being unveiled in the western Peninsular state will continue to contribute to tourism growth and underpin demand for its projects.

The Construction of Harbour City comprises a theme park, shopping mall and three hotels – is progressing well. The Group is on track to launching Harbour City Premier Resort, the last phase of Harbour City in the financial year ending 30 June 2018 ("FY2018"). The Group is also planning the launch of Satori Serviced Residences in second half 2018.

As at 31 March 2018, the Group's unbilled sales of development properties amounted to approximately RM866.1 million. With the expected completion of Hatten City Phase 2 in 4Q FY2018, some of unbilled sales is expected to be converted into billings for the project.

Subsequent to the period under review, the Group unveiled its expansion into property management on 29 April 2018 via its new division, Hatten Commercial Management Sdn. Bhd. ("Hatten Commercial Management"). Hatten Commercial Management will lease and manage commercial retail units within the Group's malls, driving value for tenants as well as providing the Group with a new revenue stream. The Group currently has 4900 commercial retail units across five malls. Elements Mall @ Hatten City

Phase 1 and Vedro by the River have been completed, while Imperio Mall @ Hatten City Phase 2, Harbour City Mall @ Harbour City and Satori are pending completion. Elements Mall will be the maiden project of Hatten Commercial Management, with revenue contributions expected to commence by December 2018.

In addition to growing its existing Melaka portfolio, the Group will continue to pursue value-accretive growth opportunities outside Melaka in areas such as Klang Valley with a view to enhance shareholders' value.

The 14th Malaysian general election will be held in May 2018 and generally business activities are expected to be slower due to the election. Barring any unforeseen circumstances, the Directors are cautiously optimistic of the Group's financial performance for FY2018.

11. Dividend

If a decision regarding dividend has been made:-

(a) Whether an interim (final) dividend has been declared (recommended); and

No. No dividend has been declared for 3Q FY2018.

(b) Amount per share (cents) and previous corresponding period (cents).

No. No dividend has been declared for 3Q FY2017.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfer receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable. No dividend has been declared/recommended for 3Q FY2018.

13. If the Group has obtained a general mandate from shareholders for interested person transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company had obtained a general mandate from its shareholders for IPTs at an annual general meeting of the Company held on 26 October 2017. For details, please refer to the Company’s Appendix to the Annual Report 2017. Save as disclosed below, there were no IPTs that exceeded S\$100,000 during the 9 months ended 31 March 2018.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	Group RM'000	Group RM'000
Hatten Properties Sdn. Bhd. ¹	-	2,952
Montane Construction Sdn. Bhd. ²	-	234,623
Temasek Blooms Sdn. Bhd. ³	548	-
Hatten Brand Management Sdn. Bhd. ⁴	-	-

Note:

- (1) Hatten Properties Sdn. Bhd. is a company wholly owned by Dato’ Tan June Teng Colin @ Chen JunTing (Executive Chairman and Managing Director) and Dato’ Tan Ping Huang Edwin @ Chen BingHuang (Executive Director and Deputy Managing Director) (the “**Tan Brothers**”) and their associates.
- (2) Montane Construction Sdn. Bhd. is a company wholly owned by the aunt (sister of Datuk Wira Eric Tan) of the Tan Brothers, Tan Ler Choo. Transactions with Montane Construction Sdn. Bhd. were included as part of the IPTs provided for under the general mandate for prudence and good corporate governance although the transactions between the Group and Montane Construction Sdn. Bhd. do not fall within the ambit of “interested person transactions” under Chapter 9 of the Catalist Rules.
- (3) Temasek Blooms Sdn. Bhd. is a company wholly owned by the Tan Brothers and their associates.
- (4) Hatten Brand Management Sdn. Bhd. is a company wholly owned by the Tan Brothers. The IPT relates to the tenancy agreement signed in the second quarter ended 31 December 2018 for the rental of retail units at Elements Mall to Hatten Brand Management Sdn. Bhd. The total contract sum of the tenancy agreement is RM3.23 million for a period of 3 years commencing March 2018. The rental income for the 9 months ended 31 March 2018 is RM94,344, which was less than S\$100,000.

14. Use of proceeds

Convertible Loan

The Company raised net proceeds from the convertible loan amounting to US\$19.8 million pursuant to the convertible loan agreement with Haitong International Financial Products (Singapore) Pte. Ltd. dated 22 September 2017. The grant of the convertible loan was completed on 11 October 2017 following the disbursement of the loan to the Company.

As at the date of this announcement, the status on the use of the net proceeds is as follows:

	Amount Allocated	Amount Utilised	Amount Unutilised
	US\$'000	US\$'000	US\$'000
Financing the completion of Hatten City Project and other approved development projects (where applicable)	18,810	(18,810)	-
General working capital ¹	990	(990)	-
	19,800	(19,800)	-

Note:

(1) General working capital consists of project expenses and corporate and administrative expenses.

15. Confirmation pursuant to Rule 705(5) of the Catalyst Listing Manual

The Board of Directors of the Company hereby confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for the third quarter ended 31 March 2018 to be false or misleading in any material aspect.

16. Confirmation pursuant to Rule 720(1) of the Catalyst Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalyst Listing Manual.

By Order of the Board
HATTEN LAND LIMITED

Dato' Tan June Teng, Colin
Executive Chairman and Managing Director

Dato' Tan Ping Huang, Edwin
Executive Director and Deputy Managing Director

09 May 2018