



HATTEN LAND LIMITED

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

Unaudited Financial Statements and Dividend Announcement For the First Quarter ended 30 September 2021

The Company is required under Catalist Rule 705(2) to report its financial statements quarterly.

This announcement has been prepared by Hatten Land Limited (the "Company") and its contents have been reviewed by UOB Kay Hian Private Limited (the "Sponsor") for compliance with the relevant rules of 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.

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**A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
For the financial period ended 30 September 2021

	Notes	Group 3 Months Ended		%
		30/9/2021	30/9/2020	
		RM'000	RM'000	Change
Revenue	5	1,678	4,079	(58.9)
Cost of sales		(1,495)	(7,619)	(80.4)
Gross profit/(loss)		183	(3,540)	N/M
Other income/ gains		1,613	9,624	(83.2)
Other items of expense				
Selling and marketing expenses		(112)	(719)	(84.4)
General and administrative expenses		(7,460)	(10,957)	(31.9)
Impairment loss on trade receivables-credit loss on revocation of sales		(1,688)	(597)	N/M
Finance costs		(8,432)	(10,563)	(20.2)
Share of results of the associated company		(90)	-	N/M
Loss before tax	6	(15,986)	(16,752)	(4.6)
Income (expenses)/tax credit	7	-	180	N/M
Loss after tax		(15,986)	(16,572)	(3.5)
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Currency translation differences arising on consolidation		-	3	N/M
Total comprehensive loss		(15,986)	(16,569)	(3.5)
Loss for the period attributable to:				
Owners of the Company		(15,986)	(16,572)	(3.5)
Total comprehensive loss for the period attributable to:				
Owners of the Company		(15,986)	(16,569)	(3.5)
(Loss) per share attributable to owners of the Company (RM cents per share)		(1.0)	(1.1)	

Note: Please refer to Paragraph 3 in Section F - Other information required by Catalist Listing Rule Appendix 7C for further details.

N/M – Not meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

		<u>Group</u>		<u>Company</u>	
	Note	30/9/2021 RM'000	30/6/2021 RM'000	30/9/2021 RM'000	30/6/2021 RM'000
Assets					
Non-current assets					
Property, plant and equipment	11	183,012	183,654	-	-
Right-of-use assets		54,912	59,527	-	-
Investment in a subsidiaries	12	-	-	710,739	710,739
Investment in associate company	13	19,643	19,805	-	-
Trade and other receivables	14	76,198	76,643	-	-
		<u>333,765</u>	<u>339,629</u>	<u>710,739</u>	<u>710,739</u>
Current assets					
Development properties	15	627,625	625,365	-	-
Trade and other receivables	14	298,985	309,432	267,851	267,692
Prepayments		1,126	1,344	101	158
Cash and bank balances		13,126	8,272	5,534	175
		<u>940,862</u>	<u>944,413</u>	<u>273,486</u>	<u>268,025</u>
Total assets		<u>1,274,627</u>	<u>1,284,042</u>	<u>984,225</u>	<u>978,764</u>
Liabilities					
Current liabilities					
Lease liabilities		12,747	13,170	-	-
Loans and borrowings	16	293,779	286,969	187,535	186,901
Income tax payable		42,558	42,568	-	-
Trade and other payables	17	336,422	316,720	5,665	5,987
Provisions		132,046	131,416	-	-
Contract liabilities		263,419	281,134	-	-
		<u>1,080,971</u>	<u>1,071,977</u>	<u>193,200</u>	<u>192,888</u>
Net current (liabilities)/assets		(140,109)	(127,564)	80,286	75,137
Non-current liabilities					
Lease liabilities		48,624	52,089	-	-
Loans and borrowings	16	102,665	107,233	-	-
Other payables	17	34,006	34,058	-	-
Deferred tax liabilities		-	-	-	-
		<u>185,295</u>	<u>193,380</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>1,266,266</u>	<u>1,265,357</u>	<u>193,200</u>	<u>192,888</u>
Net assets		<u>8,361</u>	<u>18,685</u>	<u>791,025</u>	<u>785,876</u>
Equity					
Share capital	18	303,706	298,044	1,336,210	1,330,548
Accumulated losses		(212,408)	(196,422)	(545,185)	(544,672)
Translation reserve		(27)	(27)	-	-
Merger reserve		(79,513)	(79,513)	-	-
Other reserve		(3,397)	(3,397)	-	-
Total equity		<u>8,361</u>	<u>18,685</u>	<u>791,025</u>	<u>785,876</u>
Total equity and liabilities		<u>1,274,627</u>	<u>1,284,042</u>	<u>984,225</u>	<u>978,764</u>

Note: Please refer to Paragraph 3 in Section F - Other information required by Catalist Listing Rule Appendix 7C for further details.

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the financial period ended 30 September 2021

	Attributable to owners of the Company				
	Share capital	(Accumulated losses)/ Retained earnings	Translation reserve	Merger reserve	Premium paid on acquisition of non-controlling interests
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
At 1 July 2021	298,044	(196,422)	(27)	(79,513)	(3,397)
Loss for the period	-	(15,986)	-	-	-
<u>Contributions by and distributions to owners</u>					
Issuance of ordinary shares	5,662	-	-	-	-
Balance as at 30 September 2021	303,706	(212,408)	(27)	(79,513)	(3,397)
At 1 July 2020	267,425	(24,554)	4	(79,513)	(3,397)
Loss for the year	-	(16,572)	-	-	-
<u>Other comprehensive loss</u>					
Currency translation on consolidation	-	-	3	-	-
Total comprehensive loss for the year	-	(16,572)	3	-	-
<u>Distributions to owners</u>					
Issuance of ordinary shares	24,581	-	-	-	-
Shares issuance expenses	(235)	-	-	-	-
Total transactions with owners in their capital as owners	24,346	-	-	-	-
Balance as at 30 September 2020	291,771	(41,126)	7	(79,513)	(3,397)

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (con't)
For the financial year ended 30 June 2021

Company

	Share capital	(Accumulated losses)/ Retained earnings	Total equity
	RM'000	RM'000	RM'000
At 1 July 2021	1,330,548	(544,672)	785,876
Loss for the period	-	(513)	(513)
<u>Contributions by and distributions to owners</u>			
Issuance of ordinary shares	5,662	-	5,662
Shares issuance expenses	-	-	-
Dividend on ordinary shares	-	-	-
	5,662	-	5,662
Balance as at 30 September 2021	1,336,210	(545,185)	791,025
 At 1 July 2020	 1,299,929	 (485,345)	 814,584
Loss for the period	-	(1,283)	(1,283)
<u>Contributions by and distributions to owners</u>			
Issuance of placement shares	24,581	-	24,581
Placement shares expenses	(235)	-	(235)
	24,346	-	24,346
Balance as at 30 September 2020	1,324,275	(486,628)	837,647

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For financial year ended 30 September 2021

	Group	
	3 Months Ended	
	30/9/2021	30/9/2020
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(15,986)	(16,752)
Adjustments for:		
Share of results of associated company	90	-
Depreciation of property, plant and equipment	310	753
Depreciation of right-of-use assets	3,618	7,759
Gain on disposal of property, plant and equipment	(352)	-
Gain on disposal of right-of-use assets	(62)	-
Interest income	(199)	(934)
Interest expense	8,384	10,563
Unrealised foreign exchange (gain)/loss	587	(6,449)
Amortisation of capitalised transaction costs	-	90
Operating cash flows before working capital changes	(3,610)	(4,970)
Changes in operating assets and liabilities		
Development properties	(2,260)	5,571
Trade and other receivables and contract assets	11,263	25,162
Trade and other payables and contract liabilities	(66)	(12,989)
Cash flow generated from operations	5,327	12,774
Interest paid	(5,746)	(6,777)
Interest received	199	934
Income tax paid	(10)	(1,009)
Net cash flows (used in)/ from operating activities	(230)	5,922
Cash flows from investing activities		
Proceeds from right-of-use assets	155	-
Increase in pledged fixed deposit	-	(1,068)
Additions to property, plant and equipment	684	(916)
Net cash flows generated from/(used in) investing activities	839	(1,984)
Cash flows from financing activities		
Proceeds from term loans	-	-
Repayment of lease liabilities	(1,314)	(963)
Repayment of term loans and medium term note	(103)	(1,024)
Proceeds from placement shares	5,662	-
Shares issuance expenses	-	(235)
Net cash flows from/(used in) financing activities	4,245	(2,222)
Net (decrease) in cash and cash equivalents	4,854	1,716
Cash and cash equivalents at the beginning of the period	8,272	21,878
Effects of exchange rate changes on cash and cash equivalents	-	224
Cash and cash equivalents at the end of the period	13,126	23,818
Cash and bank balances	13,126	26,150
Less: Pledged fixed deposit	-	(2,332)
Cash and cash equivalents as per above	13,126	23,818

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the financial period ended 30 September 2021

These notes form an integral part of and should be read in conjunction with the accompanying condensed interim financial statements.

1. Corporate information

Hatten Land Limited (the “Company”) (Company. Registration. No. 199301388D) is incorporated and domiciled in Singapore and is listed on the Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The immediate and ultimate holding company is Hatten Holdings Pte. Ltd, which is also incorporated and domiciled in Singapore.

The registered office and principal place of business of the Company is located at 53 Mohamed Sultan Road, #04-02, Singapore 238993.

The principal activity of the Company is that of investment holding.

2. Basis of Preparation

The condensed interim financial statements for the three months ended 30 September 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Malaysian ringgit which is the Company’s functional currency.

2.1. New and amended standards adopted by the Group

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2021:

- Amendments to SFRS(I) 16 Covid-19-Related Rent Concessions
- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2

The application of the above amendments to standards and interpretations is not expected to have a material effect on the consolidated financial statements of the Group and of the Company.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Proposed divestment of Gold Mart Sdn. Bhd.

The Company announced on 11 August 2020 on the proposed divestment of wholly owned subsidiary, Gold Mart Sdn. Bhd. to a third party. However, the completion date of the proposed divestment has been re-extended several times due to substantial documentation and time required by the financial institutions involved to approve and process the cross-border payment of an amount of monies which is not unsubstantial. Such delays have been further exacerbated by the pandemic situation leading to worldwide lockdowns in the past and current year. As at the date of this announcement, the directors have considered all relevant factors and concluded that there is no assurance that the proposed divestment would be completed. Therefore, the Board has not considered the relevant accounting treatments on the proposed divestment on Gold Mart Sdn. Bhd. in accordance with SFRS(I) 5 – Non-current Assets Held for Sale and Discontinued Operations.

3. Going Concern Assumption

For the financial period ended 30 September 2021, the Group incurred a net loss of RM16.0 million. As at 30 September 2021, the Group's current liabilities exceeded its current assets by RM140.1 million. The Group's total loans and borrowings amounted to RM396.4 million, of which RM293.8 million were classified as current liabilities and exceeded the Group's cash and bank balances of RM13.1 million. The Group's working capital primarily comprises development properties and the related receivables.

Notwithstanding the above, the financial statements have been prepared on a going concern basis as the Directors believe that the Group can continue as a going concern based on the following factors: -

- (a) As at 30 September 2021, the Group had net assets of RM8.4 million. In addition, the Group has a substantial value of unsold completed properties. The estimated market value of the development properties as at 30 June 2021 is approximately RM1,150,750,000. The Group's priority is to monetise these assets through sales and collection to generate cashflow;
- (b) On 11 August 2020, the Company announced the disposal of Gold Mart Sdn Bhd ("GMSB") to a third party for gross proceeds of US\$60 million, which will be used to redeem certain loans and borrowings of the Group. At the date of this announcement, the conditions precedent for completion of this transaction, namely the payment of the consideration, has not been met and management cannot currently reasonably ascertain the date of completion. Tayrona Capital Group Corporation inform that they remain keen and committed to completing the deal. However, the Board recognises that there has been an undue delay in completion and that the Group cannot wait for payment indefinitely and will keep its options open for other alternatives should the deal fall through.
- (c) The Group has embarked on strategic restructuring of its two subsidiaries MDSA Resources Sdn Bhd and MDSA Ventures Sdn Bhd to restructure its legacy contractual obligations to achieve a more sustainable capital structure which will reduce pressure on the Group's cash outflows going forward. On 6 January 2021, the High Court of Malaysia in Malacca has approved the scheme of arrangement between MDSA Ventures and its creditors. Separately, the Court of Appeal of Malaysia had fixed a hearing date for MDSA Resources Sdn Bhd on 4 January 2022 and allowed for any additional submissions, authorities, and executive summary (if any) to be filed before 21 December 2021.
- (d) The Company has worked closely with its lenders to extend the repayment obligations for its borrowings. This has helped aligned the Group's repayment requirements with the current business climate and channel its cashflow for operation purposes. In addition, the Company is also currently in a discussion with the bondholders to extend the repayment obligations of the US\$25 million secured bonds. The secured bonds are secured against an asset owned by related party of the borrowing entity with an estimated collateral valuation of approximately two times of the loan amount.

In addition, the Company is currently working to secure a refinancing package for the US\$20 million and US\$25 million.

- (e) An indirectly wholly-owned subsidiary in Malaysia has established a RM200,000,000 Medium Term Notes ("MTN") Programme, of which RM54,000,000 has been drawn down to date. As at date of this announcement, balance of the MTN Programme that remains unutilized by the subsidiary amounted

to RM146,000,000. The subsidiary will draw down this facility for its investment activities, capital expenditure, working capital expenditure, working capital requirements and/or other general corporate purposes when need arises.

- (f) On 15 September 2021, the Company entered into Placement Agreement with the Subscribers to allot and issue an aggregate of 80,000,000 new ordinary shares (the "Placement Shares") in the capital of the Company at the price of S\$0.023 per placement shares for an aggregate amount of S\$1,840,000 and was completed on 29 September 2021. In addition, the Company has agreed to constitute 80,000,000 non-listed, transferable warrants (the "Warrants") at exercise price of S\$0.048 per Warrants.

On 8 November 2021, certain Subscribers completed the exercise of 40,000,000 Warrants at the exercise price of S\$0.048 per Warrants for an aggregate amount of S\$1,920,000. There are 40,000,000 outstanding warrants remaining after the aforesaid exercise. Please refer to Section E - note 19 for more information.

- (g) On 1 November 2021, the Company entered into Placement Agreement with Golden Summit International Ltd (the "Placee") to allot and issue an aggregate of 20,000,000 new ordinary shares (the "Placement Shares") in the capital of the Company at the price of S\$0.06 per ordinary shares for an aggregate amount of S\$1,200,000.

Based on the above and with the continued support of the Group's lenders the Board is of the view that it is appropriate to prepare the financial statements on a going concern basis.

4. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period from 1 July 2021 to 30 September 2021 ("1Q FY2022") except for continuous impact from the Covid 19 pandemic.

5. Segment and revenue information

5.1. Segment Information

The entire Group's operations constitute a single operating segment, which is in the business of property development in Malaysia. Accordingly, no business or geographical segment information is presented.

5.2. Disaggregation of Revenue

	Group	
	30.09.21	30.09.20
	RM'000	RM'000
<u>Revenue from sale of development properties in Malaysia</u>		
Revenue from project sales	1,678	4,079

6. Loss before tax

	Group	
	3 Months Ended	
	30.09.21	30.09.20
	RM'000	RM'000
Loss for the year is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	310	753
Depreciation of right-of-use assets	3,618	7,759
(Gain) on disposal of property, plant and equipment	(352)	-
(Gain) on disposal of right-of-use assets	(62)	-
Interest expense	8,384	10,563
Interest income	(199)	(934)
Net loss/(gain)on foreign exchange	714	(6,449)

7. Taxation

The Group calculates the year's income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	30.09.21	30.09.20
	RM'000	RM'000
Current income tax		
- Current year	-	-
- (Over)/under provision in prior years	-	180
	-	180
Income tax expense/(credit) recognised in profit or loss	-	180

8. Loss per share attributable to equity holders of the Company

	Group	
	3 Months Ended	
	30.09.21	30.09.20
Loss attributable to owners of the Company(RM'000)	(15,986)	(16,572)
Weighted average number of ordinary shares in issue *	1,596,038,793	1,482,518,092
Basic and fully diluted loss per share ("LPS")(RM'cents)	(1.00)	(1.12)

*As the Group was in a loss position the outstanding warrants were not included in the computation of diluted loss per share because these potential ordinary shares were anti-dilutive.

9. Net assets value

	Group		Company	
	30.09.21	30.06.21	30.09.21	30.06.21
Net asset value attributable to owners of the Company (RM'000)	8,361	18,685	791,025	785,876
Number of ordinary shares in issue	1,675,169,228	1,595,169,228	1,675,169,228	1,595,169,228
Net asset value per ordinary share (RM'cents)	0.50	1.17	47.22	49.27

10. Related party transactions

For the financial period ended 30 September 2021, the Group had no significant related party transactions apart from that interested person transactions as disclosed in page 22.

11. Property, plant and equipment

During the financial period ended 30 September 2021, the Group acquired assets amounting to RM0.7million (30 June 2021: RM 2.0 million) and disposed of assets at net book value amounting to RM0.9 million (30 June 2021: RM 1.3 million)

12. Investment in subsidiary

	Company	
	30.09.21 RM'000	30.06.21 RM'000
Unquoted equity shares, at cost	1,203,315	1,203,315
Less: Allowance for impairment loss	(492,576)	(492,576)
	<u>710,739</u>	<u>710,739</u>

	Company	
	30.09.21 RM'000	30.06.21 RM'000
Movements in allowance for impairment loss		
At 1 July	492,576	492,576
Impairment loss charged to profit or loss	-	-
At 30 September 2021 and 30 June 2021	<u>492,576</u>	<u>492,576</u>

13. Investment in associate company

	Group	
	30.09.21 RM'000	30.06.21 RM'000
Investment in associate company, at cost	19,805	21,973
Less: Group's share of loss for the period/year	(90)	(2,168)
	<u>19,715</u>	<u>19,805</u>

On 29 June 2020, Hatten Land Limited ("the Company") proposed to acquire 20% equity interest in ECXX Global Pte Ltd ("ECXX"), a company incorporated in Singapore.

In accordance with the sale and purchase agreement between the Company and ECXX, the Company will acquire 19,809 ordinary shares in the capital of ECXX, representing approximately 18.54% equity interest

in ECXX. The Company has nominated Hatten Technology (S) Pte Ltd ("HTPL") to hold the shares in ECXX.

In accordance with the share subscription agreement between the Company and ECXX, the Company will subscribe for 1,557 ordinary shares in the capital of ECXX, representing approximately 1.46% equity interest in ECXX.

On 18 August 2020 (the "completion date"), the proposed acquisition was completed with the allotment and issuance of 100,200,000 ordinary shares in the capital of the Company at the share price on the completion date of S\$0.066 per share and cash consideration of US\$354,930 (equivalent to S\$504,000) which will be paid by the Company on behalf of HTPL.

Subsequent to the completion date, ECXX issued 3,750 ordinary shares to another third-party shareholder on 4 February 2021. As a result, the equity interest held by HTPL in ECXX has been diluted from the initial 20% to 19.3%. ECXX is deemed to be an associated company of HTPL as HTPL has the ability to exercise significant influence over ECXX through its board representation.

14. Trade and other receivables

	Group		Company	
	30.09.21	30.06.21	30.09.21	30.06.21
	RM'000	RM'000	RM'000	RM'000
Current:				
Trade receivables	202,481	208,794	-	-
Amount due from related parties	49,940	48,646	-	-
Amount due from subsidiaries	-	-	267,851	267,692
Refundable deposits	5,384	5,449	-	-
GST recoverable	14	15	-	-
Other receivables	41,166	46,528	-	-
	<u>298,985</u>	<u>309,432</u>	<u>267,851</u>	<u>267,692</u>
Non-current:				
Trade receivables	75,590	75,677	-	-
Refundable deposits	608	966	-	-
	<u>76,198</u>	<u>76,643</u>	<u>-</u>	<u>-</u>
Total Trade and other receivables (current and non-current)	<u>375,183</u>	<u>386,075</u>	<u>267,851</u>	<u>267,692</u>

Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 21 days' terms. Extended credit terms are assessed and approved on a case by case basis by management. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition. During the financial year, certain trade receivables were reclassified from current to non-current due to the continuing challenges affecting the property market in Melaka, Malaysia and the uncertainties brought by the COVID-19 pandemic. Accordingly, the Group recognised modification loss on certain trade receivables due to change in expected timing in collecting the cash flows.

Amount due from related parties and amount due from subsidiaries

Amount due from related parties and amount due from subsidiaries are unsecured, non-interest bearing, repayable on demand and to be settled in cash.

In assessing that the recoverability of the non-current trade and other receivables, the Group considered whether the credit risk of each customer had increased taking into consideration factors including:

- a) financial condition of each customer
- b) the credit rating of each customer if available
- c) existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in debtor's ability to meet its debt obligations
- d) actual or expected significant deterioration in the operating results/key financial performance ratios of the debtors
- e) an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in a customer's ability to meet its debt obligations.

As these units can be relisted for sale in the event that a purchaser decides to terminate the purchase of the units if the bank loan or financing application is not granted, the Board does not foresee any issues with the collection of the outstanding trade receivables. This opinion is consistent with the opinion on recoverability of trade receivables as disclosed on page 113 of the Group's FY2020 Annual report.

15. Development properties

	Group	
	30.09.21	30.06.21
	RM'000	RM'000
Completed Development properties	449,607	449,434
Development properties under construction	152,218	150,131
Properties for development representing land carried at cost	25,800	25,800
	627,625	625,365

In the financial year ended 30 June 2021 ("FY2021"), the Group has engaged an independent valuer to conduct a valuation on the development properties held by the Group.

Based on the valuations, the estimated market value of the development properties as at 30 June 2021 held by the Group is approximately RM1,150,750,000. The valuations were performed by Sr Stanley Toh Kim Seng (V-927) from Laurelcap Sdn. Bhd. with recognized and relevant professional qualification and with relevant experience in the location and category of the property being valued.

In arriving at the Market Value of the Subject Properties, we have adopted two (2) approaches namely the Comparison Approach and Income Approach by way of Term & Reversion Approach in valuing the completed project, whilst we have adopted only the Income Approach by way of "Residual Method" in valuing the development properties construction project.

Impairment loss on development properties

During the financial period, an impairment loss on development properties is nil (2021: RM4,500,000) was recognized in the Group's profit or loss to write-down the properties for development properties.

16. Loan and Borrowings

	Group		Company	
	As at 30/09/2021 RM'000	As at 30/6/2021 RM'000	As at 30/09/2021 RM'000	As at 30/6/2021 RM'000
<u>Amount repayable within one year</u>				
Secured	293,779	286,969	187,535	186,901
<u>Amount repayable after one year</u>				
Secured	102,665	107,233	-	-
Total	396,444	394,202	187,535	186,901

The Group's loans and borrowings include bank borrowings, guaranteed secured bonds, 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 760 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 related parties of the borrowing entities
8. Deed of subordination of advances due to shareholders and directors.
9. Pledge of fixed deposits with licensed banks.
10. Debenture over the 44 units of luxury residences service apartments, 11 units of penthouse suites and 345 retail units from the development of borrowing entity.
11. Assignment of insurances
12. Land charge for assets owned by related parties of the borrowing entity.

17. Trade and other payables

	Group		Company	
	30.09.21 RM'000	30.06.21 RM'000	30.09.21 RM'000	30.06.21 RM'000
Current:				
Trade payables	45,236	43,111	773	696
Deposits received	14,549	10,528	-	-
Accruals	91,211	96,861	3,137	3,006
Amount due to related parties	49,316	48,972	-	-
Amount due to director	1,296	1,144	-	-
Amount due to subsidiaries	-	-	656	1,252
Amount due to creditors under scheme arrangement	31,159	31,159	-	-
Rental guarantees provided in conjunction with the sale of development properties	52,702	34,241	-	-
Deferred payables	8,672	8,701	-	-
Other payables	42,281	42,003	1,099	1,033
	336,422	316,720	5,665	5,987

	Group		Company	
	30.09.21 RM'000	30.06.21 RM'000	30.09.21 RM'000	30.06.21 RM'000
Non- Current:				
Deferred payables	34,006	34,058	-	-
Deposits received	-	-	-	-
	34,006	34,058	-	-
 Total	 370,428	 350,778	 5,665	 5,987

Amount due to related parties and amount due to director

Amount due to related parties and amount due to director are unsecured, non-interest bearing, repayable on demand and to be settled in cash.

Rental payables

This pertains to rental guarantees provided to the purchasers in conjunction with the sale of development properties, in which the Group is obliged to pay rental yield of 6% to 8% (2021: 6% to 8%) per annum of the purchase price to the purchasers for a committed lease term of 2 years to 9 years (2021: 2 years to 9 years) commencing six months from the date of issuance of the Certificate of Completion and Compliance or start of full business operations, whichever is earlier.

Deferred payables

These are payables mainly relates the acquisition of VVSB Group amounting to RM43,000,000 measured at amortised costs using an effective interest rate of 7% (2021: 7.00%) per annum. Within the deferred payables as of year end, RM34.1 million is payables to two directors of the company.

Accruals

Accruals mainly comprised of various accrued operating expenses including but not limited to accrued finance cost, project cost and professional fees.

Other payables

Other payables comprised of various operating expenses from numerous suppliers which is individually immaterial.

Amount owing to creditors under scheme arrangements

All the amount owing to intermediate holding company, immediate holding company, fellow subsidiaries, directors' related companies and director by one of the Company subsidiaries, MDSA Ventures Sdn Bhd ("MDSA Ventures") had been transferred to and vested in a Special Purpose Vehicle ("SPV") under the scheme arrangement upon the effective date of the scheme.

Included in amount owing to creditors by MDSA Ventures under scheme arrangement are unsecured creditors, which consists of third-party scheme creditors relating to purchasers of sold units in the mixed development of Hatten City Phase 2 having outstanding Guaranteed Rental Guarantee ("GRR") payables and future GRR claims ("GRR Creditors"), purchasers of sold units in the Development with Liquidated Ascertained Damages claims ("LAD Creditors") and other third-party trade creditors, collectively know as "Scheme Creditors". The total debts owing to the Scheme Creditors had been transferred to and vested in a SPV.

18. Share capital

	The Group			
	30.09.21		30.06.21	
	No. of shares '000	RM'000	No. of shares '000	RM'000
<u>Issued and fully paid ordinary shares</u>				
	1,675,169	303,706	1,595,169	298,044

The total number of issued shares excluding treasury shares as at 30 September 2021 was 1,675,169,228 (30 June 2021: 1,595,169,228).

The Company did not hold any treasury shares and subsidiary holdings as at 30 September 2021, 30 June 2021 and 30 September 2020.

As at 30 September 2021, the Company has outstanding warrants of 80,000,000 (30.06.2021: Nil, 30.09.2021: Nil) convertible into 80,000,000 ordinary shares representing approximately 4.8% of the total number of issued shares as at 30 September 2021.

Issuance of ordinary shares

During the financial period, the Company had completed the Proposed Placement with the allotment and issuance of 80,000,000 new ordinary shares for an aggregate of 80,000,000 new ordinary shares at the price of S\$0.023 per share for an aggregate amount of S\$1,840,000 (equivalent to RM5,662,048).

19. Subsequent events

(a) Exclusive Framework Agreement with Enjinstarter

On 7 October 2021, Hatten Technology (S) Pte Ltd ("HTPL") has entered into an Exclusive Framework Agreement with Prakai Pte Ltd ("EnjinStarter") to develop a dedicated token system and create digital assets. This token system will involve existing tokens already issued by the Hatten Group as well as non-fungible tokens ('NFTs') and the creation of a digital Metaverse, starting with a digital twin city of Melaka ("Digital Melaka").

(b) Entry into Joint Venture Agreement with Hydra X and proposed issuance of consideration shares

On 1 November 2021, the Company announced that HTPL has entered into a Joint Venture Agreement ("JVA") with HydraX Pte. Ltd. ("Hydra X") to establish a joint venture company ("JVC") to jointly develop and operate 'first-of-its-kind' green cryptocurrency exchanges.

In addition, partial consideration of services to be rendered by Hydra X to JVC pursuant to the Services Agreement amounting to US\$400,000 will be settled by the allotment and issuance of 8,989,333 new ordinary shares in the capital of the Company at an issue price of S\$0.06 of each share.

(c) Entry into placement agreement

On 28 October 2021, the Company entered into Placement Agreement with Golden Summit International Ltd (the "Placee") to allot and issue an aggregate of 20,000,000 new ordinary shares (the "Placement Shares") in the capital of the Company at the price of S\$0.06 per ordinary shares for an aggregate amount of S\$1,200,000.

(d) Entry into Joint Venture Agreement for renewable energy market opportunities

On 10 November 2021, the Company's wholly-owned subsidiary Hatten Renewable Energy Sdn. Bhd. ("HRE") has entered into a Joint Venture Agreement ("JVA") with Nestcon Sustainable Solutions Sdn. Bhd. ("NSS") pursuant to which the parties to the JVA have agreed to incorporate a joint venture company ("JV Co") to co-operate and collaborate with each other and other potential partners to jointly secure, supply,

construct, develop and manage solar photovoltaic plants and facilities (“SPPFs”) in Malaysia (the “Joint Venture”).

(e) Litigation against subsidiary

On 3 November 2021, the Company has announced that it has been informed by its subsidiary, Gold Mart Sdn. Bhd. that a winding up petition for the sum of RM1,380,307.01 was filed against it. Please refer to the announcement dated 3 November 2021 for further details.

(f) Exercise of Warrants

On 8 November 2021, the Company has completed the exercise of 40,000,000 Warrants at the exercise price of S\$0.048 per Warrants for an aggregate amount of S\$1,920,000. There are 40,000,000 outstanding warrants remaining after the aforesaid exercise.

F. OTHER INFORMATION REQUIRED BY CATALIST LISTING RULE APPENDIX 7C

1. 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.

2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) updates on the efforts taken to resolve each outstanding audit issue

(b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern:-

Impairment loss on investment in a subsidiary

The Company's Independent Auditor, Baker Tilly TFW LLP (the “Independent Auditor”), had in their Independent Auditor’s Report dated 15 October 2020, expressed, among others, a qualified opinion in respect of the recognition of impairment loss on investment in a subsidiary.

The Company recognised impairment loss on investment in a subsidiary of RM492.6 million in the financial year ended 30 June 2020 (“FY2020”). In the previous financial year, the other firm of auditors 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. Consequently, the Independent Auditor were unable to satisfy itself as to whether the impairment loss or a portion of the impairment loss should be recognised in the FY2020 or previous financial year ended 30 June 2019. The Independent Auditor’s opinion on the current financial year’s financial statements is also modified because of the possible effect of these matters on the comparability of the FY2020’s figures and the corresponding figures.

The Board is of the view that the impairment loss on investment in a subsidiary of RM492.6 million in the financial year ended 30 June 2020 was based on the independent valuation conducted for the exercise and hence, it would reflect the latest valuation of the investment. The Board confirms that the impact of all outstanding audit issues on the financial statements has been adequately disclosed.

3. Review of the performance of the Group

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 on the following: -

- (a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of Group performance for the first quarter ended 30 September 2022 ("1Q FY2022") as compared to the first quarter ended 30 September 2020 ("1Q FY2021")

Revenue and cost of sales

The Group's revenue decreased by RM2.4 million in 1Q FY2022 as compared to 1Q FY2021 mainly due to lower sales of our projects as a result of decrease in property viewings and purchase closures during this challenging market due to the COVID-19 pandemic.

The decrease in cost of sales was in tandem with the decrease in revenue.

Other income/gains

Other income/gains decreased by RM8.0 million in 1Q FY2022 as compared to 1Q FY2021 was due mainly to lower overdue interest charged to purchasers in 1Q FY2022.

General and administrative expenses

The general and administrative expenses decreased by RM3.5 million were mainly due to the decline in operating expenses arising from the cost cutting measures implemented by the Group and decrease in depreciation of right of-use assets.

Impairment loss on trade receivables -credit loss on revocation of sales

The increase in the impairment loss on trade receivables – credit loss on revocation of sales was mainly due to higher revocation of sales from purchasers in 1Q FY2022 as compared to 1Q FY2021.

Finance costs

Finance costs decreased by RM2.1 million mainly due to lower interest expense and interest expense on lease liabilities in 1Q FY2022 as compared to 1Q FY2021.

Net loss for the financial period

As a result of the aforementioned, the Group reported a loss after tax in 1Q FY2022 of RM16.0 million as compared to a loss of RM16.6 million in 1Q FY2021.

Review for the financial position of the Group as at 30 September 2021 as compared to 30 June 2021

Total assets

Total assets as at 30 September 2021 was RM1,274.6 million as compared to RM1,284.0 million as at 30 June 2021, a decrease of RM9.4 million as follows:

- decrease in right-of-use assets due mainly from depreciation charges; and
- decrease in trade and other receivables due mainly to collections during the financial period

The decrease was partially offset by an increase in development properties and cash and bank balances.

Total Liabilities

Total liabilities as at 30 September 2021 was RM1,266.3 million as compared to RM1,265.4 million as at 30 June 2021, an increase of RM0.9 million. The increase was mainly due to increase in loans and borrowings, trade and other payables as a result of the Company's effort to conserve its cashflow. The increase was partially offset by a decrease in lease liabilities and contract liabilities.

Total equity

The decrease in total equity of RM10.3 million as at 30 September 2021 from RM18.7 million to RM8.4 million as at 30 June 2021 was mainly resulted from the loss incurred during the financial period. However, the decrease was partially offset by the increase in share capital with the allotment and issuance of 80,000,000 ordinary shares in the capital of the company.

There were no significant changes in the Group balance sheet items except for the above-mentioned.

Negative working capital

The Group recorded a negative working capital of RM140.1 million as at 30 September 2021.

Notwithstanding, the Board is of the view that the Group is able to meet the liabilities obligation when its fall due as the Group has substantial value for development properties held by the Group with the estimated market value approximately RM1,150,750,000 as at 30 June 2021. In addition, the Company is also currently working to secure a refinancing package for the two secured borrowings of US\$20 million and US\$25 million.

Please refer Section E- note 3 for more information.

C. Consolidated Statement of Cash Flows (1Q FY2021)

The Group reported net decrease in cash and cash equivalents was mainly due to lower cash flow generated from operations, partially offset by the increase in net cash flows from financing activities mainly due to proceed from issuance of placement shares.

As a result of the above, the Group recorded a cash and cash equivalent of RM13.1 million as at 30 September 2021.

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

No specific forecast or prospect statements were made previously and the Group's performance for the period under review is in line with expectations disclosed in prior announcements.

7. 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 know factors or events that may affect the group in the next reporting period and the next 12 months.

Amid increasing rates of vaccination, Malaysia has opened up interstate and overseas travel since 11 October 2021. The Governments of Malaysia and Singapore have also announced a Vaccinated Travel Lane for air travellers commencing 29 November 2021. This easing of restrictions will facilitate pent-up demand for domestic and international tourism. In turn, this will contribute significantly to the recovery of the Group's hospitality and property-related activities in Melaka which had been affected by COVID-19 restrictions since FY2020.

The Group has been stepping up preparations ahead of this reopening including i) implementation health and safety procedures at all malls and hospitality assets such as regular testing for staff, safe distancing, regular cleaning and disinfection; ii) engaging tenants who are making their own preparations to resume business operations; and iii) planning for and sales and marketing promotion activities. While these activities have commenced ahead of the Christmas holiday period, the momentum is expected to build up more significantly from the 2H FY2022 (January-June 2022).

Since the end of FY2021, the Group has outlined initiatives to re-purpose its physical assets and align its business model with the growth trends of the digital economy. These include operating cryptocurrency mining activities, plans to create a 'metaverse' digital twin of Melaka and to develop a dedicated token system, and creating digital assets, including nonfungible tokens ("NFTs"). Beyond the announcement on 27 October 2021 of the Group's results for FY2021, the Group has disclosed additional initiatives and strategies, including:

- 1) The Group's wholly-owned subsidiary Hatten Technology (S) Pte. Ltd. ("Hatten Technology") has signed a joint venture agreement ("JVA") with fintech company HydraX Pte. Ltd. ("Hydra X") to establish a joint venture company ("JVC") to jointly develop and operate 'first-of-its-kind' green cryptocurrency exchanges.
- 2) The Group's wholly-owned subsidiary, Hatten Renewable Energy Sdn. Bhd. has signed a joint-venture agreement ("JVA") with Nestcon Sustainable Solutions Sdn. Bhd. ("NSS"), a wholly-owned subsidiary of Bursa-listed Nestcon Berhad. Please refer to announcement for further details.

The share placement agreements announced in September 2021 and November 2021 will provide initial working capital for these digital initiatives.

Barring unforeseen circumstances, we expect the Group's performance in the financial year ending 30 June 2022 to benefit as a result of the above-mentioned initiatives and the expected recovery of the industry due to the reopening of travel lanes.

8. Dividend Information

(a) Whether an interim (final) ordinary dividend has been declared (recommended):

No.

(b) (i) Amount per share: cents

(ii) Previous corresponding period: Nil

Nil

(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 Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined:

Not applicable.

9. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared for 1Q FY2022 as the Group is in a loss position during the financial period.

10. 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) of the Catalist Rules. 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 30 October 2020. For details, please refer to the Company’s Appendix to the Annual Report 2020. There were no IPTs that exceeded S\$100,000 during the financial period ended 30 September 2021.

11. Disclosure of Acquisition (including incorporations and sale of shares under Catalist Rule 706A.

The Company’ indirect wholly owned subsidiary, Hatten Technology (S) Pte. Ltd (“HTPL”) has incorporated the following wholly-owned subsidiaries, with details set out below:

Name	Place of Incorporation	Date of Incorporation	Issue and Paid-up capital
Hatten Renewable Energy Sdn Bhd	Malaysia	14 October 2021	RM1.00, comprising 1 ordinary share issued at RM1.00 per shares
Hatten Technology Sdn Bhd	Malaysia	14 October 2021	RM1.00, comprising 1 ordinary share issued at RM1.00 per shares

12. Confirmation pursuant to Rule 705(5) of the Catalist 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 first quarter ended 30 September 2021 to be false or misleading in any material aspect.

13. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

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 Catalist Listing Manual.

16. Use of proceeds

Placement proceeds

The company raised net proceeds of approximately S\$1.78 million from the placement completed on 29 September 2021. Please refer to the Company's announcement dated 16 September 2021 for further details. The intended use of the net proceeds of approximately S\$1.78 million are as follows:

Use of proceeds	Amount allocated S\$	Amount Utilised S\$	Amount Unutilised S\$
To fund new business initiatives of the Group	1,248,800	(500,000)	748,800
Working capital purposes	535,200	(120,000) ⁽¹⁾	415,200
Total	1,784,000	(620,000)	1,164,000

Note 1:

The use of the net proceeds for working capital purposes is for payment of professional and consultancy fees.

On 8 November 2021, the Company raised proceeds of approximately S\$1.92 million from the exercise of 40,000,000 Warrants at the exercise price of S\$0.048 per Warrant. The intended use of the proceeds of approximately S\$1.92 million are as follows:

Use of proceeds	Amount allocated S\$
To fund new business initiatives of the Group	1,344,000
Working capital purposes	576,000
Total	1,920,000

There are no material disbursement on the use net proceeds up to the date of this announcement.

BY ORDER OF THE BOARD
HATTEN LAND LIMITED

Dato' Tan June Teng, Colin
Executive Chairman and Managing Director
14 November 2021

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