

HATTEN LAND LIMITED

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

RESPONSE TO SGX-ST'S QUERY

The board of directors (the “**Board**”) of Hatten Land Limited (the “**Company**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) regarding the unaudited results for the second quarter ended 31 December 2021 (“**2QFY2022**”) and the Company’s responses to the queries are as follows:

Query 1:

The Group recorded RM206,013,000 of loans and borrowings as at 31 December 2021, accounting for approximately 35.7% of the Group's total current liabilities. Please disclose:

- (i) The breakdown of the Group's loans and borrowings;
- (ii) Whether the counterparties involved are related parties; and
- (iii) The Board's assessment of whether these loans and borrowings can be repaid back and the basis of assessment.

Company's response

- (i) The breakdown of the Group's loans and borrowings is as follows:

	RM' million
Loan and secured bonds	187.4
Medium term notes	13.4
Term loans	5.2
Total	206.0

- (ii) The counterparties involved are not related parties.
- (iii) The Board is of the view that the loan and borrowings can be repaid back after considering the following:
 - the Group has a substantial value of unsold completed properties. The estimated market value of the development properties as at 30 June 2021 held by the Group is approximately RM780,750,000 (excluding the development properties of Gold Mart Sdn Bhd (“GMSB”)). The Group’s priority is to monetise these assets through sales and collection to generate cashflow;
 - Completion of the proposed disposal of GMSB, which will generate gross proceeds of approximately US\$60 million and the proceeds will allow the Group to redeem certain loans and borrowings. As 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 currently cannot reasonably ascertain the date of completion. However, the representative of the counterparty, Tayrona Capital Group Corporation, had provided assurance that they remain keen and committed to completing the deal. The management will continue to monitor the situation closely;
 - On 1 December 2021, the Group has completed a strategic review to respond to changes in the operating environment including emerging trends associated with blockchain technology and digital economy. With these new business initiatives, the

Group believes that it will add new revenue streams to the Group and ability to continue operating as a going concern;

- The re-opening of the economy, interstate and overseas travel will contribute to the recovery of the Group's hospitality and property-related activities in Melaka; and
- The Group has worked closely with its creditors to extend on repayment plans that included payment structure as well as contra payments with its property units.

In addition, the Company is also currently working to secure a refinancing package for the US\$20 million and US\$25 million. The US\$25 million 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 and the US\$20 million are secured against, among others, assets owned by one of its subsidiaries and shares of the Company provided by related party of the borrowing entity.

Query 2:

As at 31 December 2021, the Group's current liabilities stand at RM1,062,894,000 with cash and cash equivalence of RM11,746,000. Please disclose the Board's assessment of the following:

- (i) Whether the Company's current assets are adequate to meet the Company's short-term liabilities of RM1,062,894,000, including its bases of assessment;
- (ii) How the Company intends to fulfil its significant payment obligations in the next 12 months. Where the company has worked out debt repayment plans to fulfil its debt obligation, please disclose if the Company is on track to fulfilling these obligations; and
- (iii) Please disclose the pro-active actions which the management plans to take to ensure that the Group's financial position remains strong.

Company's response

The Company's current assets amounted to RM1.2 billion. Its development properties inventory of RM446.7 million is worth substantially more at sale price and the Group is working to monetise these assets. In addition, the Group is also working to speed up collection of the current trade and other receivables (excluding refundable deposits) of RM166.2 million.

The Group current liabilities of RM1.1 billion comprised mostly:

- Loans and borrowings of RM206.0 million, representing 19.4% of the current liabilities.
- Trade and other payables of RM253.4 million, representing 23.8% of the current liabilities. The Group is looking to reduce the trade and other payables balance via scheme of arrangements to be implemented by MDSA Ventures Sdn Bhd and MDSA Resources Sdn Bhd, whereby the payables will be repaid in the future through the sale proceeds from earmarked completed properties.
- Liabilities directly associated with disposal group classified as held-for-sale of RM486.3 million, representing 45.7% of the current liabilities. The Group's current liabilities will be reduced by this amount if the disposal of GMSB can be completed.

The Group has undertaken various initiatives to strengthen its financial position and to fulfil its payment obligations in the next 12 months as explained in the Company's 2QFY2022 results announcement dated 13 February 2022. The Company has repayment plan with the creditors and certain bankers and the Company is on track to fulfilling these obligations.

Query 3:

The Group recorded RM23,743,000 of non-current trade receivables as at 31 December 2021. Please disclose:

- (i) The breakdown of the Group's non-current trade receivables;
- (ii) The nature of the non-current trade receivables; and
- (iii) The Board's assessment of the recoverability of the non-current trade receivables by the management.

Company's response

The nature of the Group's non-current trade receivables consists of many individual buyers of property units and there is no material concentration risk from a particular debtor. During the previous financial year, certain trade receivables were reclassified from current trade receivables to non-current trade receivables due to the continuing challenges affecting the property market in Melaka, Malaysia and the uncertainties brought by the Covid-19 pandemic. Therefore, the Group has made "longer repayment term" arrangement with these affected individual buyers.

In assessing the recoverability of the non-current trade receivables, the Group has monitored the credit risk of each customer by 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; and
- 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 the recoverability of trade receivables as disclosed on page 95 of the Group's FY2021 Annual Report.

Query 4:

The Group recorded RM7,622,000 of impairment loss on trade receivables as at 31 December 2021. Please disclose:

- (i) The Group's plan to recover the trade receivables;
- (ii) Whether they are major customer(s) and whether the Company continues to transact with these customer(s) and if so, what are the commercial reasons for doing so;
- (iii) How long the debts are outstanding;
- (iv) What were the actions taken to recover the trade receivables;
- (v) The reasons for the impairment on the trade receivables, including the reasons for delays or non-payment where applicable;
- (vi) The Board's opinion on the reasonableness of the methodologies used to determine the value and impairment on trade receivables, including reasons for delays or non-payment; and

(vii) The Board's assessment of the recoverability of the remaining trade receivables.

Company's response

The Group has a dedicated team, which follows up with the purchasers for collection of receivables on an ongoing basis and continuously engage with the individual purchaser for the recovery of the receivables through actions such as to ensure the debts are acknowledged, negotiation for instalment payment plans and issue of demand letters with these purchasers when needed and management may seek legal advice on possible recourse actions to recover the debts, if necessary.

The ageing profile of the Group's current and non-current trade receivables in bands of 3 months is as follows:

Ageing Days	RM' million
0-90	2.5
91-180	-
More than 180	71.3
Total	73.8

Moving forward, the Group will continue with these efforts more intensely and will take appropriate recovery action if required.

The Group's trade receivables consist of many individual buyers of property units and there is no material concentration risk from a particular debtor.

The reason for the impairment of loss is due to customers revoking the sales and purchase agreement. These units can be relisted for sale.

The Board has reviewed the methodologies used by the management of the Group to assess the value of the impairment of trade receivables and is of the opinion that the methodologies used to determine the value of the impairment on trade receivables are reasonable. The Board will continue to be prudent in determining the value of impairment of the trade receivables.

Please refer to the Company's response to Query 3 on the Board's assessment of the recoverability of the remaining trade receivables.

By Order of the Board
HATTEN LAND LIMITED

Dato' Tan June Teng, Colin
Executive Chairman and Managing Director
11 March 2022

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

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

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