

Unaudited Financial Statements Announcement
For First Quarter Ended 30 September 2020

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

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		%
		30/9/2020	30/9/2019	
		RM'000	RM'000	Change
Revenue	8a	4,079	82,959	(95.1)
Cost of sales	8b	(7,619)	(52,293)	(85.4)
Gross profit		(3,540)	30,666	N/M
Other operating income	8c	226	2,583	(91.3)
Other income/gains	8d	9,398	5,949	58.0
Other items of expense				
Selling and marketing expenses		(719)	(1,008)	(28.7)
General and administrative expenses	8e	(10,957)	(12,238)	(10.5)
Impairment loss on trade receivables-credit loss on revocation of sales		(597)	-	N/M
Other expenses	8f	-	(13,778)	N/M
Finance costs	8g	(10,563)	(8,550)	23.5
(Loss)/profit before tax		(16,752)	3,624	N/M
Income tax credit/(expenses)		180	(1,085)	N/M
(Loss)/profit after tax		(16,572)	2,539	N/M
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Currency translation differences arising on consolidation		3	(12)	N/M
Total comprehensive (loss)/ income		(16,569)	2,527	N/M
(Loss)/profit for the period attributable to:				
Owners of the Company		(16,572)	2,550	N/M
Non-controlling interests		-	(11)	N/M
		(16,572)	2,539	N/M
Total comprehensive (loss)/income for the period attributable to:				
Owners of the Company		(16,569)	2,538	N/M
Non-controlling interests		-	(11)	N/M
		(16,569)	2,527	

N/M - Not Meaningful

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

	Group		
	3 Months Ended		%
	30/9/2020	30/9/2019	
	RM'000	RM'000	Change
(Loss)/profit for the period is arrived at after charging/(crediting):			
Depreciation of property, plant and equipment	753	1,172	(35.8)
Depreciation of right-of-use assets	7,759	-	N/M
Gain on disposal of property, plant and equipment	-	(1,203)	N/M
Interest expense	10,563	8,550	23.5
Interest income	(934)	(343)	N/M
Unrealised foreign exchange (gain)/loss	(6,449)	3,000	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.

	Note	Group		Company	
		30/9/2020	30/6/2020	30/9/2020	30/6/2020
		RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment		191,033	190,870	-	-
Right-of-use assets	8h	112,200	121,517	-	-
Investment in a subsidiary		-	-	710,739	710,739
Investment in associate company	8i	25,845	-	25,845	-
Trade and other receivables	8j	125,256	118,341	-	-
		<u>454,334</u>	<u>430,728</u>	<u>736,584</u>	<u>710,739</u>
Current assets					
Development properties		636,231	641,802	-	-
Trade and other receivables	8j	352,388	384,404	292,055	299,318
Prepayments		3,691	3,751	112	158
Cash and bank balances		26,150	23,142	811	840
		<u>1,018,460</u>	<u>1,053,099</u>	<u>292,978</u>	<u>300,316</u>
Total assets		<u>1,472,794</u>	<u>1,483,827</u>	<u>1,029,562</u>	<u>1,011,055</u>
Liabilities					
Current liabilities					
Lease liabilities		31,131	37,169	-	-
Loans and borrowings		286,175	276,810	186,381	192,464
Income tax payable		41,001	42,190	-	-
Trade and other payables	8k	387,770	380,799	5,534	4,007
Provisions		97,402	93,922	-	-
Contract liabilities		243,147	256,976	-	-
		<u>1,086,626</u>	<u>1,087,866</u>	<u>191,915</u>	<u>196,471</u>
Net current assets		(68,166)	(34,767)	101,063	103,845
Non-current liabilities					
Lease liabilities		77,750	81,313	-	-
Loans and borrowings		108,062	122,320	-	-
Other payables		32,448	32,191	-	-
Deferred tax liabilities		172	172	-	-
		<u>218,432</u>	<u>235,996</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>1,305,058</u>	<u>1,323,862</u>	<u>191,915</u>	<u>196,471</u>
Net assets		<u>167,736</u>	<u>159,965</u>	<u>837,647</u>	<u>814,584</u>
Equity					
Share capital	8i	291,771	267,425	1,324,275	1,299,929
Accumulated losses		(41,126)	(24,554)	(486,628)	(485,345)
Translation reserve		1	4	-	-
Merger reserve		(79,513)	(79,513)	-	-
Other reserve		(3,397)	(3,397)	-	-
Total equity		<u>167,736</u>	<u>159,965</u>	<u>837,647</u>	<u>814,584</u>
Total equity and liabilities		<u>1,472,794</u>	<u>1,483,827</u>	<u>1,029,562</u>	<u>1,011,055</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 30/09/2020		As at 30/06/2020	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
286,175	-	276,810	-

Amount repayable after one year

As at 30/09/2020		As at 30/06/2020	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
108,062	-	122,320	-

The Group's loans and borrowings include obligations under finance leases and 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.

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	
	30/9/2020	30/9/2019
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/profit before tax	(16,752)	3,625
Adjustments for:		
Depreciation of property, plant and equipment	753	1,172
Depreciation of right-of-use assets	7,759	-
Gain on disposal of property, plant and equipment	-	(1,203)
Interest income	(934)	(343)
Interest expense	10,563	8,550
Unrealised foreign exchange (gain)/loss	(6,449)	3,000
Amortisation of capitalised transaction costs	90	
Operating cash flows before working capital changes	(4,970)	14,801
<u>Changes in operating assets and liabilities</u>		
Development properties	5,571	17,416
Trade and other receivables and contract assets	25,162	18,821
Trade and other payables and contract liabilities	(12,989)	(37,211)
Cash flow generated from operations	12,774	13,827
Interest paid	(6,777)	(8,550)
Interest received	934	343
Income tax paid	(1,009)	(2,097)
Net cash flows generated from operating activities	5,922	3,523
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	1,203
Increase in pledged fixed deposit	(1,068)	-
Additions to property, plant and equipment	(916)	(4,380)
Net cash flows from used in investing activities	(1,984)	(3,177)
Cash flows from financing activities		
Proceeds from term loans	-	11,366
Repayment of lease liabilities	(963)	-
Repayment of obligations under finance leases	-	(591)
Repayment of term loans and medium term note	(1,024)	(21,523)
Shares issuance expenses	(235)	-
Net cash flows generated used in financing activities	(2,222)	(10,748)
Net decrease in cash and cash equivalents	1,716	(10,402)
Cash and cash equivalents at the beginning of the period	21,878	27,250
Effects of exchange rate changes on cash and cash equivalents	224	(169)
Cash and cash equivalents at the end of the period	23,818	16,680
Cash and bank balances	26,150	17,907
Less: Pledged fixed deposit	(2,332)	(1,227)
Cash and cash equivalents as per above	23,818	16,680

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	(Accumulated losses)/ Retained earnings	Translation reserve	Merger reserve	Premium paid on acquisition of non-controlling interests	Total equity	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
At 1 July 2020	267,425	(24,554)	4	(79,513)	(3,397)	159,965	-	159,965
Loss for the period	-	(16,572)	-	-	-	(16,572)	-	(16,572)
<u>Other comprehensive income</u>								
Currency translation on consolidation	-	-	(3)	-	-	(3)	-	(3)
Total comprehensive (loss)/ income for the period	-	(16,572)	(3)	-	-	(16,575)	-	(16,575)
<u>Contributions by and distributions to owners</u>								
Issuance of ordinary shares	24,581	-	-	-	-	24,581	-	24,581
Shares issuance expenses	(235)	-	-	-	-	(235)	-	(235)
Dividend on ordinary shares	-	-	-	-	-	-	-	-
Total transactions with owners in their capital as owners	24,346	-	-	-	-	24,346	-	24,346
Balance as at 30 September 2020	291,771	(41,126)	1	(79,513)	(3,397)	167,736	-	167,736
At 1 July 2019, as previously reported	252,719	215,029	5	(79,513)	(3,222)	385,018	(150)	384,868
Restatement adjustments	-	(9,312)	-	-	-	(9,312)	-	(9,312)
At 1 July 2019, as restated	252,719	205,717	5	(79,513)	(3,222)	375,706	(150)	375,556
Profit for the period	-	2,550	-	-	-	2,550	(11)	2,539
<u>Other comprehensive income</u>								
Currency translation on consolidation	-	-	7	-	-	7	-	7
Total comprehensive income for the year	-	2,550	7	-	-	2,557	(11)	2,546
Balance as at 30 September 2019	252,719	208,267	12	(79,513)	(3,222)	378,263	(161)	378,102
Company								
	Share capital	(Accumulated losses)/ Retained earnings	Total equity					
	RM'000	RM'000	RM'000					
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 ordinary shares	24,581	-	24,581					
Shares issuance expenses	(235)	-	(235)					
	24,346	-	24,346					
At 30 September 2020	1,324,275	(486,628)	837,647					
At 1 July 2019	1,285,223	8,225	1,293,448					
Loss for the period	-	(554)	(554)					
Balance as at 30 September 2019	1,285,223	7,671	1,292,894					

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 30 June 2020	1,434,596,353	267,424,247
Issuance of ordinary shares	100,200,000	24,581,064
Shares issuance expense	-	(235,025)
Balance as at 30 September 2020	1,534,796,353	291,770,286

As at 30 September 2019, the Company had a convertible loan due 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). On 10 October 2019, the convertible loan had matured and the lender has decided not to convert the loan into conversion shares. For more information, please refer to the Company's announcement dated 10 October 2019. As at 30 September 2020, the Company does not have any outstanding convertibles.

The Company does not have any treasury shares and subsidiary holdings as at 30 September 2020 and 30 September 2019.

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 30/9/2020	As at 30/6/2020
Total number of issued shares	1,534,796,353	1,434,596,353

The Company does not have any treasury shares as at 30 September 2020 and 30 June 2020.

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 does not have any treasury shares during and as at the end of the current financial year 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 does not have any subsidiary holdings during and as at the end of the current financial year 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.

- 3A. 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 Auditors, Baker Tilly TFW LLP (the "Independent Auditor"), has 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. 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 are unable to satisfy itself as to whether the impairment loss or a portion of the impairment loss should be recognised in the current financial year 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 current year'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.

- 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 in the financial statements for the current financial year compared with those of the audited financial statements for the financial year ended 30 June 2020.

- 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 2020. 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	
	30/9/2020	30/09/2019
(Loss)/profit attributable to owners of the Company (RM'000)	(16,572)	2,550
Weighted average number of ordinary shares in issue	1,482,518,092	1,378,096,353
Basic and fully diluted (loss)/earnings per share ("EPS")(RM'cents)	(1.12)	0.19

Note:

The fully diluted EPS for the period ended 30 September 2020 and 30 September 2019 were the same as the basic EPS as the convertible loan had matured and the lender has decided not to convert the loan into conversion shares.

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	
	30/9/2020	30/6/2020	30/9/2020	30/6/2020
Net asset value attributable to owners of the Company (RM'000)	167,736	159,965	837,647	814,584
Number of ordinary shares in issue	1,534,796,353	1,434,596,353	1,534,796,353	1,434,596,353
Net asset value per ordinary share (RM'cents)	10.93	11.15	54.58	56.78

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 first quarter ended 30 September 2020 ("1Q FY2021") as compared to the first quarter ended 30 September 2019 ("1Q FY2020")

- (a) The Group's revenue decreased by RM78.9 million in 1Q FY2021 as compared to 1Q FY2020 mainly due to the following reasons:
- Lower sales of our projects in 1Q FY2021 as compared to 1Q FY2020 due to decrease in property viewings and purchase closures mainly due to the COVID-19 pandemic;
 - Lower revenue recognized from Harbour City project due to slower project's construction progress in 1Q FY2021 caused by suspension of construction.
- (b) The decrease in cost of sales was in tandem with the decrease in revenue. The Group recorded gross loss of RM3.5 million for the 1Q FY2021 was mainly due to higher discount and promotional rebates to purchasers to secure sales during this challenging market due to COVID-19 pandemic.
- (c) Other operating income decreased by RM2.3 million was mainly due to the absent of rental income from Hatten Place which has been closed since the implementation of the Movement Control Order by the Government of Malaysia on 18 March 2020.
- (d) Other income/gains increased by RM3.4 million was mainly due to increase in overdue interest charged to purchasers and reversal of modification loss on trade receivables.
- (e) General and administrative expenses decreased by RM1.3 million was mainly due to decline in operating expenses arising from the cost cutting measures implemented by the Group, lower depreciation of property, plant and equipment and absent of advisory fees paid to consultant in 1Q FY2020. The decrease was partially offset by the increase in depreciation of right-of-use assets resulted from the adoption of SFRS(I) 16 Leases in 1Q FY2021.
- (f) Other expenses decreased by RM13.8 million was mainly due to absence of leaseback payment which was made to purchasers of the Group's completed projects in 1Q FY2020.
- (g) Finance costs increased by RM2.0 million in 1Q FY2021 mainly due to adoption of SFRS(I) 16 Leases which resulted in the recognition of interest expense on lease liabilities of RM3.8 million, partially offset by lower interest expenses relating to loans and borrowing.

As a result of the aforementioned, the Group reported a loss after tax in 1Q FY2021 of RM16.6 million as compared to a profit of RM2.5 million 1Q FY2020.

Consolidated Statement of Financial Position

Review for the financial position of the Group as at 30 September 2020 as compared to 30 June 2020

- (h) Right-of-use assets decreased by 7.7% as compared to RM121.5 million as at 30 June 2020 was mainly due to depreciation charges during the financial period.
- (i) The increase in investment in associated company was mainly due to the acquisition of 20% equity interest in ECXX Global Pte. Ltd. with the allotment and issuance of 100,200,000 ordinary shares in the capital of the Company.
- (j) Trade and other receivables (current and non-current) decreased by 5.0% as compared to RM502.7 million as at 30 June 2020 was mainly due to better collections during the financial period.
- (k) Trade and other payables increased by 1.8% as compared to RM380.8 million as at 30 June 2020 was mainly due to the Company's effort to manage its cashflow in line with its business.

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

Negative working capital

The Group recorded negative current liabilities of RM68.2 million as at 30 September 2020 as compared to RM34.8 million as at 30 June 2020.

Notwithstanding, the Board is of the view that it is appropriate to prepare these financial statements on a going concern basis after considering the following:

- As at 30 September 2020, the Group had net assets of RM167.7 million. In addition, the Group has a substantial value of unsold completed properties and the Group's priority is to monetise these assets through collection and sales to generate cashflow;
- In response to the challenging business environment, the Company has implemented various cost containment measures to generate immediate savings and conserve financial resources. In addition to salary adjustments and reduction of non-essential expenses, the Company announced on 31 August 2020 the capitalisation of rental expenses to preserve cash;
- On 11 August 2020, the Company announced the disposal of Gold Mart Sdn Bhd ("GMSB") to a third party which will generate gross proceeds of US\$60 million for the Company, and the proceeds will be used to redeem certain loans and borrowings of the Group as planned. The disposal of GMSB is subject to satisfaction of conditions precedent included in the announcement.
- 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;
- The Company has worked closely with its lenders to extend the repayment obligations for its borrowings. For example, the Company announced on 23 September 2020 the rollover of the RM15.65 million outstanding medium term notes to 24 September 2021. This initiative has helped aligned the Group's repayment requirements with the current business climate and channel its cashflow for operation purposes;
- The Company is currently working to secure a refinancing package for the US\$25 million secured bonds due in June 2021. The secured bonds are secured against an asset owned by a related party of the borrowing entity with an estimated collateral valuation of approximately two times of the loan amount; and
- An indirectly wholly-owned subsidiary in Malaysia has established a RM200,000,000 Medium Term Notes ("MTN") Programme, of which RM40,650,000 has been drawn down to date. As at date of this announcement, balance of the MTN Programme that remains unutilised by the subsidiary amounted to RM159,350,000. 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.

The Board's view above on the Company's going concern is similar to its view on the same as described in the Annual Report for financial year 30 June 2020.

Consolidated Statement of Cash Flows

Review of Statement of Cash Flows for 3M FY2021 as compared to 3M FY2020

The Group reported net increase in cash and cash equivalents mainly due to net cash generated from operating, partially offset by lower cash used in investing and financing activities.

As a result of the above, the Group recorded a cash and cash equivalent of RM23.8 million as at 30 September 2020.

9. 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.

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.

In August 2020, the Malaysian government announced the extension of the COVID-19 recovery movement control order till 31 December 2020 and tourists will remain barred from entering the country⁽¹⁾. Subsequently on 7 November 2020, the Malaysian government announced that all states in Peninsular Malaysia except for Perlis, Pahang and Kelantan would be placed under the conditional movement control order (CMCO) for four weeks from 9 November 2020 to 6 December 2020 whereby movement across districts is disallowed and emergency cases must apply for approval from the police⁽²⁾.

According to a recent press release on MALAYSIA PROPERTY MARKET FOR FIRST HALF 2020 issued by National Property Information Centre ("NAPIC") in September 2020⁽³⁾, the property market performance recorded a sharp decline in the first half of 2020 (H1 2020), in consonance with the Malaysian economic performance, which contracted by 17.1% in Q2 2020 (Q1 2020: 0.7%). Performance across the Malaysian states was dampened as all states recorded declines in market activity.

While there is cautious optimism regarding the possibility of a gradual economic recovery from the government's stimulus measures and the reopening of the economy, due to internal and external factors such as weakening economic sentiments, COVID-19 pandemic and political stability, the property market in Malaysia is expected to remain challenging and lackluster. Against this backdrop, the Company has implemented and undertaken various initiatives to preserve cash, bolster our balance sheet and fortify our business resiliency including: -

- The Group will continue to focus on monetising its property inventories. On 11 August 2020, the Company announced the disposal of Gold Mart Sdn Bhd to a third party which will generate gross proceeds of US\$60 million for the Company. The disposal of Gold Mart Sdn Bhd is subject to satisfaction of conditions precedent included in the announcement;
- Subsidiary company MDSA Resources Sdn Bhd and MDSA Ventures Sdn Bhd have embarked on restructuring exercise to strengthen their balance sheet and restructure its legacy contractual obligations to achieve a more sustainable capital structure in line with the current business climate. Details of the restructuring exercise will be provided in due course;
- To develop new sales channel for the Group's properties and additional revenue pillar for the Company, subsidiary company Hatten Technology (S) Pte Ltd has completed its acquisition of 20% stake in ECXX Global Pte Ltd ("ECXX"). ECXX has obtained approval from the Monetary Authority of Singapore ("MAS") for admission to the Fintech Sandbox Express under a Recognised Market Operator (RMO) regime. With the approval from the MAS, ECXX targets to launch a blockchain based securities exchange platform, ecxx.co, that offer various asset-based digital securities, such as real estate, private equity, venture capital and investment funds to institutional and accredited non-individual investors.

There remain a number of uncertainties which may cloud the prospect of the Group's business depending on factors such as how quickly the COVID-19 pandemic is contained, movement restrictions are removed and economy can recover. The Company will continue to be vigilant in managing its cost structure while monitoring the sentiments of the property sector and economic recovery.

Source:

- (1) <https://www.straitstimes.com/asia/se-asia/malaysia/pm-muhyiddin-says-extending-movement-curbs-to-dec-31>
- (2) <https://www.malaymail.com/news/malaysia/2020/11/07/ismail-sabri-cmco-in-all-but-three-peninsular-states-from-nov-9-to-dec-6/1920355>
- (3) https://napic.jpoh.gov.my/portal/web/guest/publication?p_p_id=ViewPublishings_WAR_ViewPublishingsportlet&p_p_lifecycle=2&p_p_state=normal&p_p_mode=view&p_p_resource_id=fileDownload&p_p_cacheability=cacheLevelPage&p_p_col_id=column-1&p_p_col_count=2&_ViewPublishings_WAR_ViewPublishingsportlet_publishingId=431&_ViewPublishings_WAR_ViewPublishingsportlet_language=&_ViewPublishings_WAR_ViewPublishingsportlet_action=renderReportPeriodScreen&_ViewPublishings_WAR_ViewPublishingsportlet_pageno=1&publishingId=138843

11. Dividend

If a decision regarding dividend has been made:-

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

No.

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

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 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 and the reason(s) for the decision.

No dividend has been declared for 1Q FY2021 as the Group wishes to conserve its cash for the purpose of the Group's development and operations.

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 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 2020.

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

There are no changes in the composition of the Group during the currently financial period under review.

15. 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 2020 to be false or misleading in any material aspect.

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

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

Dato' Tan June Teng, Colin
Executive Chairman and Managing Director
13 November 2020

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

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 ("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.