

HATTEN LAND LIMITED

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

ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE CATALIST RULES

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Board of Directors (the "Board") of Hatten Land Limited (the "Company", and together with its subsidiaries, the "Group") wishes to announce that the Company's Independent Auditors, Baker Tilly TFW LLP (the "Independent Auditor") has in their Independent Auditor's Report dated 8 December 2021 (the "Independent Auditors' report"), expressed a Disclaimer of Opinion, based on the following matters:

- (i) Use of going concern assumption;
- (ii) Appropriateness of the classification of disposal group classified as held-for-sale; and
- (iii) Investment in subsidiaries and amounts due from subsidiaries in the Company's financial statements

in the Independent Auditor's report on the audited financial statements of the Company and the Group for the financial year ended 30 June 2021 ("FY2021").

A copy of the Independent Auditors' Report and extracts of the relevant notes to the financial statements is attached to this announcement for information. The Independent Auditors' Report and a complete set of the audited Financial Statements can also be found in the Company's Annual Report for FY2021 ("FY2021 Annual Report"), which has been released on SGXNET on 15 December 2021. Shareholders of the Company are advised to read this announcement in conjunction with the FY2021 Annual Report.

BOARD'S COMMENTS ON DISCLAIMER OF OPINION

Note 1 of Basis for Disclaimer of Opinion - Use of going concern assumption

The Independent Auditors' report highlighted certain conditions that give rise to material uncertainties surrounding the continuing use of the going concern assumption in preparation of the financial statements.

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

- (a) As at 30 June 2021, the Group had net assets of RM21.5 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 (including the development properties of Gold Mart Sdn Bhd), which is determined by a third party firm of professional valuers. The Group's priority is to monetise these assets through sales and collection to generate cashflow;
- (b) In response to the challenging business environment, the Company has implemented various cost containment measures to generate immediate savings and conserve financial resources, including salary adjustments and reduction of non-essential expenses;
- (c) 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 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 currently cannot reasonably ascertain the date of completion. Tayrona Capital Group Corporation has provided assurance 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;

- (d) 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. Following the completion of the Scheme, the Group's liabilities were reduced by approximately RM43.4 million.

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. Assuming the scheme of arrangement approved by the High Court of Malaysia in Malacca, the Group's liabilities is expected to be reduced by approximately of RM29.4 million;

- (e) The Company has worked closely with its lenders to extend the repayment obligations for its borrowings. This had helped aligned the Group's repayment requirements with the current business climate and channel its cashflow for operation purposes;
- (f) The Company is in the process of negotiation with the lender on the possible extension of repayments of the US\$20 million convertible loan. The loan is secured by personal guarantee by directors of the Company, corporate guarantee by a subsidiary in Malaysia and a charge over 760,000,000 shares in the Company held by related party of the borrowing entity and 345 retails units of the Group with an estimated collateral value of approximately two times of the loan amount.

The Company is also in the process of negotiation with the bondholders on the possible extension of repayments of the US\$25 million secured bonds. The secured bonds are secured by a land charge for assets owned by a related party of the borrowing entity with an estimated collateral valuation of approximately two times of the loan amount.

In addition, the Company is concurrently working to secure a refinancing package for the US\$20 million convertible loan and US\$25 million secured bonds, respectively.

- (g) As disclosed in Note 19 to the financial statements, 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 the financial statements, the balance of the MTN Programme that remains unutilised by the subsidiary amounted to RM146,000,000. The subsidiary will utilise this facility for its investment activities, capital expenditure, working capital expenditure, working capital requirements and/or other general corporate purposes when the need arises subject to issuance of the MTN;
- (h) On 15 September 2021, the Company entered into a placement agreement with subscribers to allot and issue an aggregate of 80,000,000 new ordinary shares in the capital of the Company at an issue price of S\$0.023 per placement share for an aggregate amount of S\$1,840,000 (approximately RM 5,681,000), which was completed on 29 September 2021. In addition, the Company has agreed to constitute 80,000,000 non-listed, transferable warrants (the "Warrants") at an exercise price of S\$0.048 per Warrant. Assuming the Warrants are fully exercised into warrant shares, the estimated amount of additional proceeds that may be raised is approximately S\$3,840,000 (approximately RM11,855,000).

On 8 November 2021, certain subscribers completed the exercise of 40,000,000 Warrants at the exercise price of S\$0.048 per Warrant for an aggregate amount of S\$1,920,000 (approximately RM 5,928,000). There are 40,000,000 outstanding Warrants remaining after the aforesaid exercise; and

- (i) On 1 November 2021, the Company entered into placement agreement with Golden Summit International Ltd to allot and issue an aggregate of 20,000,000 new ordinary 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 (approximately RM 3,705,000) and the placement was completed on 22 November 2021.

- (i) 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.

In addition, the Group believes that 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.

Note 2 of Basis for Disclaimer of Opinion - Appropriateness of the classification of disposal group classified as held-for-sale

The assets and liabilities related to Gold Mart Sdn Bhd ("GMSB") have been presented as disposal group classified as held-for-sale in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations. There was a delay in the completion of the disposal due to the substantial documentation and time required by the financial institutions involved to approve and process the cross-border payment and this was further exacerbated by the COVID-19 pandemic situation. In view of the delay and also the significant uncertainties with respect to the estimated date of completion of the disposal, the Independent Auditors are unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness of the classification of the disposal group classified as held-for-sale as at 30 June 2021.

Notwithstanding the delay in the completing the disposal of GMSB, as at report date, the Group and Tayrona Capital Group Corporation remain keen and committed to complete the transaction. Further, the Group's intention to dispose GMSB remains unchanged. As the Group has entered into an agreement to dispose GMSB, the Board is of the view that it is appropriate to present the assets and liabilities of GMSB as held-for-sale in the financial statements for FY2021.

Note 3 of Basis for Disclaimer of Opinion - Investment in subsidiaries and amounts due from subsidiaries in the Company's financial statements

In view of the material uncertainties on the ability of the Group to continue as going concern as described in Note 1 of the Basis for Disclaimer of Opinion above and the ability of the subsidiaries in realising its development properties at expected timings which is inherently uncertain, the Independent Auditors are unable to determine whether any impairment loss is required on the carrying amounts of the Company's investments in subsidiaries and amount due from subsidiaries as at 30 June 2021.

Notwithstanding the Independent Auditors' disclaimer of opinion, the investment in subsidiaries and amounts due from subsidiaries were only presented at the Company's financial statements and had been eliminated at the Group's financial statements and therefore, there will be no financial impact on the Group's consolidated statement of financial position and consolidated statement of comprehensive income.

In addition, property valuations have been conducted by a third party firm of professional valuers on the development properties as at 30 June 2021 and the estimated market value of the development properties is approximately RM1,150,750,000 (including the development properties of Gold Mart Sdn Bhd). Therefore, the Board is of the view that the amount investment in subsidiaries and amounts due from subsidiaries are fairly presented and the amount due from subsidiaries are recoverable through the sales of the unsold units of the completed properties.

The Board is of the opinion that sufficient information has been disclosed for the trading of the Company's securities to continue in an orderly manner; and confirmed that all material disclosures have been provided for the trading of the Company's shares to continue.

By Order of the Board
HATTEN LAND LIMITED

Dato' Tan June Teng Colin @ Chen JunTing
Executive Chairman and Managing Director
15 December 2021

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

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

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HATTEN LAND LIMITED

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Hatten Land Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 June 2021, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1) Use of the going concern assumption

We draw attention to Note 3(i) to the financial statements with respect to the Group's and the Company's ability to continue as going concerns. The Group and the Company incurred a net loss of RM168.7 million and RM59.3 million respectively during the financial year ended 30 June 2021.

The Group's working capital primarily comprises development properties and the related receivables. Subsequent to the end of the financial year, the Group had not been able to meet its forecasted sales target for its development properties and experienced slower recovery of its receivables. As disclosed in Note 3(i), the Group faces continuing challenges from the COVID-19 pandemic which has affected the property market in Melaka, Malaysia, and this has continued to impact the realisation of the Group's development properties causing a strain on its cash flows.

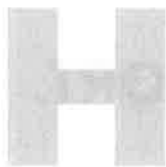
In addition to the above, as at 30 June 2021, the Group's total loans and borrowings amounted to RM298.6 million, of which RM217.6 million were classified as current liabilities and exceeded the Group's cash and bank balances of RM8.1 million. The Company's total loans and borrowings amounted to RM186.9 million, all of which were classified as current liabilities, and exceeded the Company's cash and bank balances of RM0.2 million. Included in the Group's and Company's loans and borrowings are convertible loan and secured bonds of US\$20 million (approximately RM83.1 million) and US\$25 million (approximately RM103.8 million) as at 30 June 2021, which originally matured on 10 October 2019 and 8 March 2020, respectively (Note 19). The Company is in the process of negotiation with the lender and the bondholders on the possible extension of repayments. At the date of this report, the definitive outcome of the extension of repayments or potential loan refinancing has yet to be executed.

The Group is also undergoing restructuring of its indirect wholly-owned subsidiaries as disclosed in Note 34(a).

These conditions give rise to material uncertainties on the ability of the Group and the Company to continue as going concerns.

Notwithstanding the above, the directors have prepared the financial statements on a going concern basis based on the assumptions disclosed in Note 3(i) to the financial statements. However, based on the information available to us, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves whether the use of the going concern assumption in preparing these financial statements are appropriate as (i) the exact timing for the date of completion in relation to the disposal of Gold Mart Sdn Bhd ("GMSB") to a third party which will generate gross proceeds of US\$60 million for the Company cannot be reasonably ascertained; (ii) the arrangements to secure additional funding and loan refinancing have yet to conclude satisfactorily; and (iii) the restructuring of MDSA Resources Sdn Bhd ("MRSB") is subject to the outcome of the appeal to the Court of Appeal of Malaysia against the decision of the High Court of Malaya in Malacca, Malaysia at the date of this report. The Group also continues to face challenges in realising its development properties and recover the related receivables as planned.

The financial statements did not include any adjustments that may result in the event that the Group and the Company are unable to continue as going concerns. In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to realise their assets and discharge their liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. No such adjustments have been made to the financial statements.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HATTEN LAND LIMITED

Report on the Audit of the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

2) Appropriateness of the classification of disposal group classified as held-for-sale

The assets and liabilities related to GMSB have been presented as disposal group classified as held-for-sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* as disclosed in Note 3(v) and Note 17 to the financial statements. As disclosed in Note 17, there was a delay in the completion of the disposal due to the substantial documentation and time required by the financial institutions involved to approve and process the cross-border payment and this was further exacerbated by the COVID-19 pandemic situation. In view of the delay and also the significant uncertainties with respect to the estimated date of completion of the disposal, we are unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness of the classification of the disposal group classified as held-for-sale as at 30 June 2021.

3) Investment in subsidiaries and amounts due from subsidiaries in the Company's financial statements

As at 30 June 2021, the carrying amounts of the Company's investment in subsidiaries and amount due from subsidiaries were RM710.7 million and RM267.5 million as disclosed in Notes 12 and 15 to the financial statements, respectively. In view of the material uncertainties on the ability of the Group to continue as going concern as described in the preceding paragraphs and the ability of the subsidiaries in realising its development properties at expected timings which is inherently uncertain, we are unable to determine whether any impairment loss is required on the carrying amounts of the Company's investments in subsidiaries and amount due from subsidiaries as at 30 June 2021. We are also unable to obtain sufficient appropriate audit evidence on the appropriateness of the classification of amounts due from subsidiaries as current assets in the statement of financial position of the Company, and the disclosures of credit risk with respect to the Company's amounts due from subsidiaries in Note 29(a) to the financial statements.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct the audit of the Group and Company's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HATTEN LAND LIMITED

Report on the Audit of the Financial Statements (cont'd)

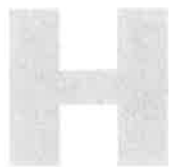
Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chan Sek Wai.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

8 December 2021



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

2. Summary of significant accounting policies (cont'd)

(v) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Groups chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

(w) Disposal group held-for-sale

Disposal group are classified as held-for-sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

The assets are not depreciated or amortised while they are classified as held-for-sale.

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations):

(i) Going concern assumption

The Group and the Company incurred a net loss of RM168.7 million and RM59.3 million respectively during the financial year ended 30 June 2021.

The Group's working capital primarily comprises development properties and the related receivables. Subsequent to the end of the financial year, the Group had not been able to meet its forecasted sales target for its development properties and experienced slower recovery of its receivables. The Group faces continuing challenges from the COVID-19 pandemic which has affected the property market in Melaka, Malaysia, and this has continued to impact the realisation of the Group's development properties causing a strain on its cash flows.

In addition to the above, as at 30 June 2021, the Group's total loans and borrowings amounted to RM298.6 million, of which RM217.6 million were classified as current liabilities and exceeded the Group's cash and bank balances of RM8.1 million. The Company's total loans and borrowings amounted to RM186.9 million, all of which were classified as current liabilities, and exceeded the Company's cash and bank balances of RM0.2 million. Included in the Group's and the Company's loans and borrowings are convertible loan and secured bonds of US\$20 million (approximately RM83.1 million) and US\$25 million (approximately RM103.8 million) as at 30 June 2021, which originally matured on 10 October 2019 and 8 March 2020, respectively (Note 19). The Company is in the process of negotiation with the lender and the bondholders on the possible extension of repayments. At the date of this report, the definitive outcome of the extension of repayments or potential loan refinancing has yet to be executed.

The Group is also undergoing restructuring of its indirect wholly-owned subsidiaries as disclosed in Note 34(a).

These conditions give rise to material uncertainties on the ability of the Group and the Company to continue as going concerns.

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Critical judgements in applying the entity's accounting policies (cont'd)

(i) Going concern assumption (cont'd)

- (a) As at 30 June 2021, the Group had net assets of RM21.5 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 RM780,750,000, excluding the development properties of Gold Mart Sdn Bhd. The Group's priority is to monetise these assets through sales and collection to generate cashflow;
- (b) In response to the challenging business environment, the Company has implemented various cost containment measures to generate immediate savings and conserve financial resources, including salary adjustments and reduction of non-essential expenses;
- (c) 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, which at this point of time the management cannot reasonably ascertain the exact timing for 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 (Note 17);
- (d) 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 (Note 34(a));
- (e) The Company has worked closely with its lenders to extend the repayment obligations for its borrowings. This has helped align the Group's repayment requirements with the current business climate and channel its cashflow for operation purposes;
- (f) As disclosed in Note 19 to the financial statements, the Company is in the process of negotiation with the lender on the possible extension of repayments of the US\$20 million (approximately RM83.1 million) convertible loan. The loan is secured by personal guarantee by directors of the Company, corporate guarantee by a subsidiary in Malaysia and a charge over 760,000,000 shares in the Company held by the immediate and ultimate holding company and 345 retail units of the Group. The Company is also in the process of negotiation with the bondholders on the possible extension of repayments of the US\$25 million (approximately RM103.8 million) secured bonds. The secured bonds are secured by a land charge for assets owned by a related party of the borrowing entity with an estimated collateral valuation of approximately two times of the loan amount;
- (g) As disclosed in Note 19 to the financial statements, 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 the financial statements, the balance of the MTN Programme that remains unutilised by the subsidiary amounted to RM146,000,000. The subsidiary will draw down this facility for its investment activities, capital expenditure, working capital requirements and/or other general corporate purposes when need arises;
- (h) On 15 September 2021, the Company entered into a 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 a price of S\$0.023 per placement share for an aggregate amount of S\$1,840,000 (approximately RM 5,681,000) which has been completed on 29 September 2021. In addition, the Company has agreed to constitute 80,000,000 non-listed, transferable warrants (the "Warrants") at an exercise price of S\$0.048 per Warrant. Assuming the Warrants are fully exercised into warrant shares, the estimated amount of additional proceeds that may be raised is approximately S\$3,840,000 (approximately RM11,855,000).

On 8 November 2021, certain subscribers completed the exercise of 40,000,000 Warrants at the exercise price of S\$0.048 per Warrant for an aggregate amount of S\$1,920,000 (approximately RM5,928,000). There are 40,000,000 outstanding Warrants remaining after the aforesaid exercise; and



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Critical judgements in applying the entity's accounting policies (cont'd)

(i) Going concern assumption (cont'd)

- (i) On 1 November 2021, the Company entered into a placement agreement with Golden Summit International Ltd to allot and issue 20,000,000 new ordinary shares in the capital of the Company at the price of S\$0.06 per ordinary share for an aggregate amount of S\$1,200,000 (approximately RM3,705,000). The Company has completed the allotment and issuance of 20,000,000 new ordinary shares on 22 November 2021.

The Group and the Company remain confident of raising additional funds required and will be able to generate sufficient cash flows from its operations in the next 12 months and therefore the directors consider it appropriate to prepare the financial statements on a going concern basis.

The financial statements did not include any adjustments that may result in the event that the Group and the Company are unable to continue as going concerns. In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to realise their assets and discharge their liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. No such adjustments have been made to the financial statements.

(ii) Classification of properties

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property, plant and equipment and/or development property held for sale. The Group develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment and development property held for sale. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in SFRS(I) 1-2 Inventories, SFRS(I) 1-16 Property, Plant and Equipment and SFRS(I) 1-40 Investment Property, and in particular, the intended usage of property as determined by the management.

(iii) Contracts with customers

(a) Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. The Group has assessed that based on the contracts entered into with customers and the provisions of relevant laws and regulations, the Group recognises revenue over time where contracts are entered into for property development (sale of properties to customers), the Group is restricted contractually from directing the properties for other use and has an enforceable right to payment for performance completed to date.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

(b) Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

(iv) Investment in an associated company

Management has considered the Group's representation in the board of ECXX Global Pte Ltd ("ECXX") and contractual terms in the shareholders agreement, and has determined that it has significant influence on ECXX even though the Group's shareholding is 19.3%. Consequently, this investment has been classified as an associated company (Note 13).

