HATTEN 惠胜 LAND

HATTEN LAND LIMITED

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

Unaudited Financial Statements and Dividend Announcement
For the Second Quarter ended 31 December 2023

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

This announcement has been prepared by Hatten Land Limited ("Company") and its contents have been reviewed by RHT Capital Pte. Ltd. ("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.

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial period ended 31 December 2023

	Notes	Group Second Quarter Ended 31.12.2023 RM'000	Group Second Quarter Ended 31.12.2022 RM'000	% Change	Group 6 Months Ended 31.12.2023 RM'000	Group 6 Months Ended 31.12.2022 RM'000	% Change
Revenue	5	3,835	4,876	(21.3)	14,210	15,174	(6.4)
Cost of sales		(1,573)	(2,758)	(43.0)	(8,397)	(8,662)	(3.1)
Gross profit		**2,262**	**2,118**	6.8	**5,813**	**6,512**	(10.7)
Other operating income		340	653	(47.9)	438	939	(53.4)
Other income / gains		2,626	11,081	(76.3)	7,735	17,296	(55.3)
Other items of expense							
Selling and marketing expenses		(37)	(196)	(81.1)	(37)	(500)	(92.6)
General and administrative expenses		(16,411)	(12,541)	30.9	(27,117)	(27,709)	(2.1)
Gain/(Loss) on revocation of sales		1,552	(2,164)	N/M	5,354	(5,599)	N/M
Finance costs		(10,962)	(11,957)	(8.3)	(23,824)	(20,563)	15.9
Share of results of the associated company		-	(127)	N/M	-	(220)	N/M
Loss before tax	6	**(20,630)**	**(13,133)**	57.1	**(31,638)**	**(29,844)**	6.0
Income tax credit	7	-	8,801	N/M	-	8,801	N/M
Loss after tax		**(20,630)**	**(4,332)**	N/M	**(31,638)**	**(21,043)**	50.3
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss							
Currency translation differences arising on consolidation		(172)	223	N/M	(99)	476	N/M
Total comprehensive loss for the period		**(20,802)**	**(4,109)**	N/M	**(31,737)**	**(20,567)**	54.3
Loss for the period attributable to:							
Owners of the Company		(20,680)	(4,332)	N/M	(31,687)	(21,043)	50.6
Non-controlling interests		50	-	N/M	49	-	N/M
		(20,630)	**(4,332)**	N/M	**(31,638)**	**(21,043)**	50.3
Total comprehensive loss for the period attributable to:							
Owners of the Company		(20,839)	(4,109)	N/M	(31,773)	(20,575)	54.4
Non-controlling interests		37	-	N/M	36	8	N/M
		(20,802)	**(4,109)**	N/M	**(31,737)**	**(20,567)**	54.3
Loss per share attributable to owners of the Company (RM cents per share)		**(1.11)**	**(0.23)**		**(1.71)**	**(1.13)**	

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 31 DECEMBER 2023

		Group		Company	
		31.12.2023	30.06.2023	31.12.2023	30.06.2023
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	11	179,813	180,334	-	-
Right-of-use assets		20,306	27,239	-	-
Investment in subsidiaries	12	-	-	720,132	720,132
Investment in associate company	13	200	-	-	-
Trade and other receivables	14	38,994	39,160	-	-
Intangible assets	16	8,787	9,430	-	-
		248,100	256,163	720,132	720,132
Current assets					
Development properties	15	625,277	616,119	-	-
Contract costs		26,926	26,292	-	-
Trade and other receivables	14	221,433	233,461	313,536	323,041
Prepayments		80	215	21	67
Cash and cash equivalent		3,047	2,461	95	4
		876,763	878,548	313,652	323,112
Total assets		1,124,863	1,134,711	1,033,784	1,043,244
Liabilities					
Current liabilities					
Lease liabilities		16,698	15,342	-	-
Loans and borrowings	17	391,797	393,539	208,238	209,926
Income tax payable		14,344	14,504	-	-
Trade and other payables	18	382,231	356,014	3,446	12,967
Provisions		51,901	51,761	-	-
Contract liabilities		204,436	199,575	-	-
		1,061,407	1,030,735	211,684	222,893
Non-current liabilities					
Other payables	18	-	155	-	-
Lease liabilities		17,737	20,850	-	-
Loans and borrowings	17	2,007	3,280	-	-
		19,744	24,285	-	-
Total liabilities		1,081,151	1,055,020	211,684	222,893
Net assets		**43,712**	**79,691**	**822,100**	**820,351**
Equity					
Share capital	19	328,862	328,862	1,361,366	1,361,366
Accumulated losses		(228,014)	(192,084)	(539,266)	(541,015)
Translation reserve		(2,534)	(2,448)	-	-
Merger reserve		(54,827)	(54,827)	-	-
		43,487	79,503	822,100	820,351
Non-controlling interest		225	188	-	-
Total equity		**43,712**	**79,691**	**822,100**	**820,351**
Total equity and liabilities		**1,124,863**	**1,134,711**	**1,033,784**	**1,043,244**

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

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 31 December 2023

	Attributable to owners of the Group							
	Share capital	**Accumulated losses**	**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 October 2023	328,862	(207,334)	(2,375)	(54,827)	-	64,326	188	64,514
Loss for the period	-	(20,680)	-	-	-	(20,680)	50	(20,630)
Other comprehensive loss								
Currency translation on consolidation	-	-	(159)	-	-	(159)	(13)	(172)
Total comprehensive loss for the period	-	(20,680)	(159)	-	-	(20,839)	37	(20,802)
Balance as at 31 December 2023	**328,862**	**(228,014)**	**(2,534)**	**(54,827)**	**-**	**43,487**	**225**	**43,712**
At 1 October 2022	328,862	(248,681)	(877)	(54,827)	-	24,477	199	24,676
Loss for the period	-	(4,332)	-	-	-	(4,332)	-	(4,332)
Other comprehensive loss								
Currency translation on consolidation	-	-	223	-	-	223	8	231
Total comprehensive loss for the period	-	(4,332)	223	-	-	(4,109)	8	(4,101)
Balance as at 31 December 2022	**328,862**	**(253,013)**	**(654)**	**(54,827)**	**-**	**20,368**	**207**	**20,575**

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (con't)
For the financial year ended 31 December 2023

Company

	Share capital	Accumulated losses	Total equity
	RM'000	**RM'000**	**RM'000**
At 1 October 2023	1,361,366	(541,166)	820,200
Profit for the period	-	1,900	1,900
Balance as at 31 December 2023	**1,361,366**	**(539,266)**	**822,100**
At 1 October 2022	1,361,366	(541,994)	819,372
Profit for the period	-	3,416	3,416
Balance as at 31 December 2022	**1,361,366**	**(538,578)**	**822,788**

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For financial year ended 31 December 2023

	Group Second Quarter Ended		Group 6 Months Ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Loss before tax	(20,630)	(13,133)	(31,638)	(29,844)
Adjustments for:				
Share of results of associated company	-	127	-	220
Depreciation of property, plant and equipment	353	408	711	629
Depreciation of right-of-use assets	4,171	7,288	5,008	8,104
Gain on disposal of right-of-use assets	-	-	(143)	-
Gain on disposal of property, plant and equipment	-	(1,180)	-	(1,180)
Gain on disposal of subsidiaries	-	-	(203)	-
(Gain) / Loss on revocation of sales	(1,552)	2,164	(5,354)	5,599
Interest income	(285)	(1,966)	(285)	(4,227)
Interest expense	10,962	11,957	23,824	20,563
Unrealised foreign exchange (gain)/loss	(654)	(9,871)	3,419	(1,343)
Operating cash flows before working capital changes	**(7,635)**	**(4,206)**	**(4,661)**	**(1,479)**
<u>Changes in operating assets and liabilities</u>				
Intangible assets	667	511	667	(1,099)
Development properties	(782)	(33,095)	(1,091)	29,755
Contract assets	3	5,379	(634)	(645)
Contract liabilities	5,657	2,672	4,861	2,832
Trade and other receivables	13,426	26,898	12,164	(2,655)
Trade and other payables	(8,984)	833	(5,389)	(5,381)
Asset held for sales	-	(4,266)	-	5,444
Cash flow generated from / (used in) operations	**2,352**	**(5,274)**	**5,917**	**26,772**
Interest paid	(1,012)	(7,796)	(2,302)	(16,366)
Interest received	285	1,966	285	4,227
Income tax refund/(paid)	-	12,193	(91)	(6,422)
Net cash flows generated from operating activities	**1,625**	**1,089**	**3,809**	**8,211**
Cash flows from investing activities				
Proceeds from disposal of right-of-use assets	-	1,180	-	1,180
Additions to property,plant and equipment and ROU assets	(122)	(1,004)	(295)	(1,004)
Net cash flows (used in)/ generated from investing activities	**(122)**	**176**	**(295)**	**176**
Cash flows from financing activities				
Repayment of lease liabilities	(253)	(292)	(464)	(654)
Proceeds from term notes	-	26	-	103
Repayment of term loans and medium term notes	(284)	(1,212)	(2,440)	(17,064)
Net cash flows used in financing activities	**(537)**	**(1,478)**	**(2,904)**	**(17,615)**
Net decrease in cash and cash equivalents	966	(213)	610	(9,228)
Cash and cash equivalents at the beginning of the period	2,081	2,234	2,437	11,241
Effects of exchange rate changes on cash and cash equivalents	-	(8)	-	-
Cash and cash equivalents at the end of the period	**3,047**	**2,013**	**3,047**	**2,013**

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 ("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, #03-01, Singapore 238993.

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

2. Basis of Preparation

The condensed interim financial statements for the six months ended 31 December 2023 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 interim financial statements for the period ended 30 September 2023.

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

On 1 July 2023, the Company adopted the new or amended SFRS(I)s and Interpretations to SFRS(I)s ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s and INT SFRS(I)s below:

Effective for financial period beginning on 1 January 2023:
- SFRS(I) 1-12: Amendments to SFRS(I) 1-12: International Tax Reform – Pillar Two Model Rules
- SFRS(I) 1-8: Definition of Accounting Estimates
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
- Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for financial periods beginning on or after 1 January 2024:
- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current
- Amendments to SFRS(I) 1-11: Non-current liabilities with covenants

The adoption of these new or amended SFRS(I)s and INT SFRS(I)s did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years. The quarterly results comparative figures will not reflect the restatements done on a full year basis.

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 2023.

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.

3. Going Concern Assumption

For the financial period ended 31 December 2023, the Group incurred a net loss of RM31.6 million. As at 31 December 2023, the Group's total loans and borrowings amounted to RM393.8 million, of which RM391.8 million were classified as current liabilities and exceeded the Group's cash and bank balances of RM3.0 million. The Group's current liabilities of RM1,061.4 million also exceeded its current asset of RM876.8 million. However, the Group was still presenting net assets position of RM43.7 million as at 31 December 2023.

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) While the Malaysian property market is showing signs of gradual improvement, it's important to note that Melaka, being a niche market, hasn't rebounded as quickly as major urban centers such as Kuala Lumpur and Johor Bahru. However, with the resurgence of the economy, interstate, and overseas travel, there is optimism for the recovery of the Group's hospitality and property-related activities in Melaka. Nevertheless, the Group maintains a steadfast focus on its core property development business. Despite the specific challenges faced by Melaka, the Group has demonstrated resilience and sustained positive operating cash flow in the past two consecutive years, as well as the first quarter of the financial year 2024. During the financial period from 1 October 2023 to 31 December 2023 ("2Q FY2024"), the Group continues to achieve a positive operating cash flow of RM1.6 million, reflecting our commitment to financial stability and adaptability in a changing market landscape.

(b) Comparing to cost value of RM625.3 million recognised on the statement of financial position, the total market value of the Group's development properties is over RM1.1 billion as of 30 June 2023, of which approximately RM663.0 million comprises unsold completed properties that the Group intends to sell gradually. In addition, the Company's liabilities, in particular the US$25.0 million (approximately RM114.8 million) secured bonds are secured by additional hospitality assets provided by a related party of the Company, of which the market value is RM238.0 million (approximately US$51.9 million) as at November 2022.

(c) The provision of RM51.9 million and contract liability of RM204.4 million are non-monetary items that arise from accounting treatment in accordance with relevant accounting standards and do not necessitate immediate cash repayment. Out of the current portion of the loans and borrowings, approximately RM206.2 million pertains to the outstanding principal amount of facilities under the refinancing process of the fundraising facilities.

(d) The Group continues to collaborate with its creditors to extend and/or restructure the repayment plans that included payment structure as well as contra payments with its property units. Besides that, the Group is collaborating with its banks in relation to the roll-over and extension of the repayment obligations. This aligns the Group's requirements with the current business climate and channels its cashflow for operation purposes.

(e) The Group has embarked on strategic restructuring of its subsidiary, GMSB to restructure its legacy contractual obligation to achieve more sustainable capital structure which will reduce pressure on the Group's cash outflows going forward. As announced in the Group's announcement on 14 June 2023, 30 June 2023, and 29 August 2023, GMSB has obtained the order from Kuala Lumpur High Court to hold a creditors' meeting which was held on 8 September 2023. This creditors' meeting has waived 60.0% of this scheme creditors' liquidated ascertained damages ("LAD") amounting to approximately RM65.0 million of waiver. The balance 40.0% of the LAD, which amounts to approximately RM43.5 million, shall be settled by way of proceeds received from the sale of certain unsold units of the Harbour City project, thereby preserving the Group's cash reserves. The Proposed Scheme was approved by a majority of 80.0% of the total value of the Scheme Creditors present and voting in person or by proxy at the Meeting. The solicitors for the Initiating Purchasers have filed an application to obtain the Kuala Lumpur High Court’s approval of the Proposed Scheme.

(f) One of the executive directors, who is also a controlling shareholder of the Company, has undertaken to provide necessary financial support, in the form of debt and/or equity, to the Group should it be required to sustain its operations.

Based on the above and 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 2Q FY2024.

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. In FY2022, the Group started the business in the provision of space, power capacity and technical support for external customers who engaged in crypto mining services.

The total revenue generated for this new business is RM0.7 million for the six months ended 31 December 2023, and this represents about 3.6% of the total revenue in the same period, including both sales to external customers and intersegment sales. Accordingly, no business or geographical segment information is presented.

5.2. Disaggregation of Revenue

	Group		Group	
	Second Quarter Ended		6 Months Ended	
	31.12.23 RM’000	31.12.22 RM’000	31.12.23 RM’000	31.12.22 RM’000
Revenue from rendering of data room support services	342	730	709	2,182
Revenue from sale of development properties	3,493	4,146	13,501	12,992
	3,835	4,876	14,210	15,174
Revenue from sale of development properties in Malaysia				
- recognised at a point in time	3,054	4,146	13,062	12,992
- recognised over time	439	-	439	-
	3,493	4,146	13,501	12,992

6. Loss before tax

	Group Second Quarter Ended		Group 6 Months Ended	
	31.12.23 RM'000	31.12.22 RM'000	31.12.23 RM'000	31.12.22 RM'000
Loss for the period is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	353	408	711	629
Depreciation of right-of-use assets	4,171	7,288	5,008	8,104
Interest expense	10,962	11,957	23,824	20,563
Interest income	(285)	(1,966)	(285)	(4,227)
(Gain)/Loss on revocation of sales	(1,552)	2,164	(5,354)	5,599
Net foreign exchange loss	(654)	(9,871)	3,419	(1,343)

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 Second Quarter Ended		Group 6 Months Ended	
	31.12.23 RM'000	31.12.22 RM'000	31.12.23 RM'000	31.12.22 RM'000
Current income tax				
- Over provision in prior year	-	8,801	-	8,801
	-	8,801	-	8,801
Income tax credit recognised in profit or loss	-	8,801	-	8,801
	-	8,801	-	8,801

Due to a loss position, the Group has no chargeable income in 2Q FY2024.

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

	Group Second Quarter Ended		Group 6 Months Ended	
	31.12.23	31.12.22	31.12.23	31.12.22
Loss attributable to owners to the Company (RM'000)	(20,680)	(4,332)	(31,687)	(21,043)
Weighted average number of ordinary shares in issue	1,857,123,228	1,857,123,228	1,857,123,228	1,857,123,228
Basic and fully diluted loss per share (RM'cents)	(1.11)	(0.23)	(1.71)	(1.13)

*As the Group was in a loss position, the oustanding 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	
	31.12.22	30.06.22	31.12.22	30.06.22
Net asset value attributable to owners to the Company (RM'000)	43,487	79,503	822,100	820,351
Number of ordinary shares in issue	1,857,123,228	1,857,123,228	1,857,123,228	1,857,123,228
Net asset value per ordinary share (RM'cents)	2.34	4.28	44.27	44.17

10. Related party transactions

For the financial period ended 31 December 2023, the Group had no significant related party transactions apart from that interested person transactions as disclosed in Page 25.

11. Property, plant and equipment

During the financial period ended 31 December 2023, the Group acquired assets of approximately RM0.3 million (30 June 2023: RM2.3 million) and does not have any disposal of assets recorded at the end of this financial period.

12. Investment in subsidiary

	Company	
	31.12.23 RM'000	30.06.23 RM'000
Unquoted equity shares, at cost	1,212,708	1,212,708
Less: Allowance for impairment loss	(492,576)	(492,576)
	720,132	**720,132**

	Company	
	31.12.23 RM'000	30.06.23 RM'000
Movements in allowance for impairment loss		
At the end of financial period/year	**492,576**	**492,576**

13. Investment in associate company

	Group	
	31.12.23	**30.06.23**
	RM'000	**RM'000**
Unquoted equity shares, at cost		
Balance at beginning of financial period/year	-	22,310
Group's share of loss for the financial period/year	-	(313)
Impairment loss charged to profit or loss [(i)]	-	(21,997)
Transfer from investment in subsidiary upon the disposal [(ii)]	200	-
	200	**-**

The associated company is measured using the equity method. The activities of the associated company are strategic to the Group. The Group did not receive any dividends from the associated company during the financial period.

ECXX Global Pte. Ltd ("ECXX")

In accordance with the sale and purchase agreement between the Company and ECXX, the Company acquired 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 HTPL and ECXX, HTPL subscribed for 1,557 new ordinary shares in the capital of ECXX, representing approximately 1.46% equity interest of the enlarged share capital after the issuance of the new ordinary shares by ECXX.

On 18 August 2020 ("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 (approximately RM20,417,000) and cash consideration of US$354,930 (approximately RM1,556,000) 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 20.0% to 19.3% as at 30 June 2021.

On 18 January 2023, ECXX further issued 3,742 ordinary shares to another third-party shareholder which resulted in a dilution in the equity interest hold by the Group from 19.3% to 18.7%. However, the impact on the dilution of equity interest by the Group in ECXX during the financial year is not material. 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 and the ability to appoint director to ECXX.

[(i)] As at 30 June 2023, the Group determined the recoverable amount of investment in associate using value-in-use approach, based on the discounted cash flows method and an impairment loss of RM22.0 million is recognised. ECXX is engaged in the provision of digital asset exchange services. During the financial year, ECXX has ceased its digital asset exchange services. On 29 December 2023, ECXX filed a striking-off application with the Accounting and Corporate Regulatory Authority ("ACRA") and is expected to complete the striking-off process by the end of February 2024.

Hatten Renewable Energy Sdn. Bhd.("HRESB")

[(ii)] On 27 June 2023, Hatten Edge Pte. Ltd. ("HEPL") has entered into sales of share agreement to disposed 800,000 ordinary shares in the capital of HRESB, representing 80.0% equity interest in HRESB to a third party company incorporated in Malaysia. Subsequently, on 25 August 2023, with the completion of shares transferred, HRESB became an associated company of HEPL with RM200,000, representing 20.0% equity shares in HRESB by transferring from investment in subsidiaries to investment in associates.

14. Trade and other receivables

	Group		Company	
	31.12.23	30.06.23	31.12.23	30.06.23
Current:	RM'000	RM'000	RM'000	RM'000
Trade receivables	146,005	148,211	-	-
Amount due from subsidiaries	-	-	312,972	322,367
Amount due from related parties	19,344	18,216	-	-
Refundable deposits	2,279	2,298	501	495
GST recoverable	838	1,320	-	-
Other receivables	52,967	63,416	63	179
	221,433	233,461	313,536	323,041
Non-current:				
Trade receivables	38,284	38,458	-	-
Refundable deposits	710	702	-	-
	38,994	39,160	-	-
Total trade and other receivables (current and non-current)	**260,427**	**272,621**	**313,536**	**323,041**

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.

Amount due from subsidiaries

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

Other receivables

Included in other receivables are amount due from contractors and also consisting of amount holding by joint management body (JMB) Malaysia for the development properties in Malaysia for the strata scheme purpose.

The management of the Group does not foresee any issues with the collection of the outstanding trade receivables as the Group has policies in place to ensure that sales are made to purchasers with appropriate financial strength and after obtaining sufficient security such as deposits. If a purchaser defaults on payments, the Group may enforce payments via legal proceedings or if the purchaser is assessed to be insolvent, the Group may resume possession of the units, retain a portion of the purchaser's deposits from payments made to date, and resell the property.

15. Development properties

	Group	
	31.12.23	30.06.23
	RM'000	RM'000
Completed development properties	420,251	468,801
Development properties under construction	205,026	147,318
	625,277	**616,119**

16. Intangible assets

	Group	
	31.12.23	30.06.23
	RM'000	RM'000
Development cost	**8,787**	**9,430**

Development cost incurred to-date relates to development costs for building the metaverse and digital platforms. As of 31 December 2023, the development is still in progress and not completed yet. During the financial period ended 31 December 2023, there was no amortization charge on the development cost incurred to date as the development works have not been completed yet.

17. Loan and Borrowings

	Group		Company	
	31.12.23	30.06.23	31.12.23	30.06.23
	RM'000	RM'000	RM'000	RM'000
Amount repayable within one year				
Secured	391,797	393,539	208,238	209,926
Amount repayable after one year				
Secured	2,007	3,280	-	-
Total	**393,804**	**396,819**	**208,238**	**209,926**

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.

18. Trade and other payables

	Group		Company	
	31.12.23	**30.06.23**	**31.12.23**	**30.06.23**
Current:	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Trade payables	43,691	42,885	-	-
Deposits received	4,381	5,383	-	-
Accruals – third parties	169,312	146,150	720	739
Accruals – directors	1,321	1,418	1,320	1,418
Amount due to related parties	22,152	18,337	-	-
Amount due to a director	1,851	1,965	-	-
Amount due to non-controlling interests	982	998	-	-
Amount due to subsidiaries	-	-	-	9,963
Rental payables	71,616	63,700	-	-
Amount due to creditors under scheme arrangement	30,797	30,784	-	-
Other payables	36,128	44,394	1,406	847
	382,231	356,014	3,446	12,967
Non-Current				
Other payables	-	155	-	-
	382,231	**356,169**	**3,446**	**12,967**

Amount due to related parties, amount due to subsidiaries and amount due to a director

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

Amount due to non-controlling interests

Amount due to non-controlling interests are unsecured, non-interest bearing and repayable on demand. An amount of US$214,000 (approximately RM939,000) will 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% (2022: 6% to 8%) per annum of the purchase price to the purchasers for a committed lease term of 2 years to 9 years (2022: 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.

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.

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 known as "Scheme Creditors". The total debts owing to the Scheme Creditors had been transferred to and vested in a SPV.

19. Share capital

	The Group			
	31.12.23		30.06.23	
	No. of shares '000	RM'000	No. of shares '000	RM'000
Issued and fully paid ordinary shares	1,857,123	328,862	1,857,123	328,862

The total number of issued shares excluding treasury shares as at 31 December 2023 was 1,857,123,228 (30 June 2023: 1,857,123,228).

The Company did not hold any treasury shares and subsidiary holdings as at 31 December 2023, 30 June 2023 and 31 December 2022.

As at 31 December 2023, the Company has outstanding warrants of 40,000,000 (31 December 2022: 40,000,000) convertible into 40,000,000 ordinary shares representing approximately 2.2% of the total number of issued shares as at 31 December 2023.

20. Subsequent events

There are no known subsequent events which would lead to adjustment to this set of condensed interim consolidated financial statements.

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:-

The Company's Independent Auditor, Baker Tilly TFW LLP (the "Independent Auditor"), had in their Independent Auditor's Report dated 14 December 2023, expressed, among others, a disclaimer of opinion in respect of:

1. Limitation of scope in relation to the Malaysia entities.

   At the date of this report, the Independent Auditors are unable to obtain sufficient appropriate audit evidence and carry out the necessary audit procedures to form the Independent Auditors' conclusion in relation to MDSA Resources Sdn. Bhd., MDSA Vedro Development Sdn. Bhd., MDSA Ventures Sdn. Bhd., Prolific Properties Sdn. Bhd., Gold Mart Sdn. Bhd. ("GMSB") and Hatten Commercial Management Sdn. Bhd. (collectively, "Malaysia entities") for the matters described below:

   a) Sales revocation and properties repossessed

      As at 30 June 2023, the carrying amount of the Group's development properties was RM616.1 million (2022: RM484.3 million) as disclosed in Note 15 of the financial statements for the financial year ended 30 June 2023 as disclosed in the Annual Report for the financial year ended 30 June 2023 ("2023 Financial Statements"). During the financial year ended 30 June 2023, the Group recognised a gain of RM2.4 million (2022: RM5.5 million) arising from the revocation of sales recognised in the consolidated statement of comprehensive income following management's re-assessment of certain accounting policies and interpretations in relation to sales revocation and properties repossessed by the Group. As a result of the re-assessment, the prior years' financial statements have been restated as disclosed in Note 35 of the 2023 Financial Statements.

      Based on the information available to the Independent Auditors, the Independent Auditors are unable to obtain sufficient appropriate audit evidence to satisfy themselves whether the adjustments made by the management on the sales revocation and the repossessed properties are appropriately measured and recognised in accordance with SFRS(I) 1-2 Inventories at the point of repossession. Accordingly, the Independent Auditors are unable to determine whether any adjustments might have been found necessary in respect of (i) the carrying amounts of development properties, disposal group assets classified as held-for-sale and accumulated losses as at 30 June 2023 and in prior financial years; (ii) the gain on settlement arising from the revocation of sales, cost of sales and write-down of development properties during the financial year ended 30 June 2023 and in prior financial years; and (iii) the current and deferred tax liabilities for the current and prior financial years.

   b) Impairment assessment of property, plant and equipment and net realisable value of development properties

      As at 30 June 2023, the carrying amount of the Group's property, plant and equipment was RM180.3 million as disclosed in Note 11 of the 2023 Financial Statements. As at 30 June 2023, the carrying amount of the Group's development properties was RM616.1 million and the Group has written down the value of its development properties of RM21.0 million during the financial year, as disclosed in Note 15 of the 2023 Financial Statements.

      For the purposes of impairment assessment of the property, plant and equipment and estimation of the net realisable value of the development properties as at 30 June 2023, management engaged a firm of professional valuers to perform the valuation assessment accordingly. The Independent Auditors are unable to obtain sufficient appropriate audit evidence over certain key inputs and assumptions and the appropriateness of the methodology used in the valuation assessment as at 30 June 2023. Accordingly, the Independent Auditors are unable to determine whether any adjustments might have been found necessary in respect of the carrying amounts of the property, plant and equipment and development properties as at 30 June 2023, and write-down of development properties during the financial year ended 30 June 2023.

   c) Reversal of provision for liquidated ascertained damages related to sales of development properties recognised within revenue

During the financial year ended 30 June 2023, the Group recognised a reversal of provision for liquidated ascertained damages (“LAD”) related to sales of development properties of RM67.9 million (Notes 4 and 22 of the 2023 Financial Statements) arising from the restructuring of GMSB as disclosed in Note 33(c) of the 2023 Financial Statements. At the date of this report, the proposed scheme of arrangement between GMSB and its unsecured creditors is awaiting the approval by the Kuala Lumpur High Court.

Due to the uncertainty in obtaining the approval by the Kuala Lumpur High Court, the Independent Auditors are unable to satisfy themselves on the appropriateness of management’s basis to reverse the provision for LAD. Accordingly, the Independent Auditors are unable to determine whether any adjustments to the carrying amount of the provision for LAD as at 30 June 2023 and the reversal of provision for LAD recognised during the financial year ended 30 June 2023 might be necessary.

d) Impairment of trade and other receivables

As at 30 June 2023, the carrying amount of the Group’s trade and other receivables was RM272.6 million as disclosed in Note 16 of the 2023 Financial Statements. Management had performed an expected credit loss assessment as at 30 June 2023 and a loss allowance of RM0.44 million was recognised during the current financial year (Note 29(a) of the 2023 Financial Statements).

Based on the information available to the Independant Auditors, the Independent Auditors are unable to obtain sufficient appropriate audit evidence on the reasonableness of management’s expected credit loss assessment on the carrying amount of the Malaysia entities’ trade and other receivables as at 30 June 2023 and whether any adjustments to these trade and other receivables might be necessary. In addition, the Independent Auditors are unable to determine the appropriateness of the disclosures of credit risk with respect to these trade and other receivables.

e) Other adjustments and related disclosures

In view of the matters described above, the Independent Auditors are unable to satisfy themselves with regards to the recording and measurement of all transactions related to the Malaysia entities during the financial year ended 30 June 2023 and whether the assets and liabilities are complete and fairly stated as at 30 June 2023, including the related disclosures and the possible effect of these matters on the comparability of the current financial year's figures and the corresponding figures.

Accordingly, due to the above limitations on the scope of the Independent Auditors’ audit which significantly impeded the Independent Auditors’ ability to carry out further audit procedures to satisfy themselves through alternative means, the Independent Auditors are unable to ascertain the completeness, existence, occurrence, accuracy, valuation and related disclosures of the various transactions and balances relating to the Malaysia entities.

Consequently, the Independent Auditors are unable to conclude whether the financial information of the Malaysia entities which had been consolidated in the Group’s consolidated financial statements are free from material misstatements and whether any other adjustments might have been found necessary in respect of the multiple elements making up the accompanying financial statements for the financial year ended 30 June 2023. The Independent Auditors’ opinion on the 2023 Financial Statements is also modified because of the possible effect of these matters on the comparability of the current financial year’s figures and the corresponding figures.

As part of the Company's ongoing efforts to address issues raised in the previous financial years, the Group engaged another professional accounting firm to conduct an independent review of certain accounting policies and interpretations in relation to sales revocation and properties repossessed by the Group ("Accounting Review"). The Accounting Review was completed in September 2023. Baker Tilly TFW LLP, ("Independent Auditor"), thereafter carried out its review on the findings of the Accounting Review. In relation to the measurement of the impact, the Group referred to professional valuation reports from the respective years and has provided the Independent Auditor with all the relevant records and documents. However, as at the date of the auditor's report, the Independent Auditor is unable to obtain sufficient appropriate audit evidence to satisfy themselves whether the adjustments made by the management on the sales revocation and the repossessed properties are appropriately measured and recognised in accordance with SFRS(I) 1-2 Inventories at the point of repossession, based on the information available to the Independent Auditor.

For the purposes of impairment assessment of the property, plant and equipment and estimation of the net realisable value of the development properties as at 30 June 2023, the Group engaged a firm of professional valuers to perform the valuation assessment accordingly. The Group has provided the Independent Auditor with all the relevant records and documents. However, as at the date of the auditor's report, the Independent Auditor is unable to obtain sufficient appropriate audit evidence over certain key inputs and assumptions and the appropriateness of the methodology used in the valuation assessment as at 30 June 2023, based on the information available to the Independent Auditor.

2. Use of the 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 2023 Financial Statements.

   Please refer to Section E Note 3 for more information on the Board's view that the Group is able to continue operating as a going concern notwithstanding the Independent Auditors' disclaimer of opinion.

3. Impairment of intangible assets in relation to development costs.

   The Group has carried out an impairment assessment on the Group's development costs capitalised for its respective projects pertaining to crypto assets exchange platform, metaverse gateway and integrated Esports and gaming experiential hub as at 30 June 2023. The impairment assessment was performed on the respective projects or cash generating units ("CGU") of the Group and management has determined the recoverable amount of the CGU using the value-in-use approach based on the discounted cash flow method. Given that these projects rely significantly on the estimated market prices of cryptocurrency, estimated prices and sales of digital assets, and estimated number of platform users and tourists, there are material uncertainties with respect to the reliability and reasonableness of the key assumptions and estimates that are used in the respective CGU forecasts prepared by management.

   Based on the information available to the Independent Auditors, the Independent Auditors are unable to obtain sufficient appropriate audit evidence and explanation to satisfy themselves the appropriateness of the key assumptions and estimates used in the respective CGU forecasts prepared by management. Consequently, the Independent Auditors are unable to determine whether any impairment loss is required on the carrying amount of the Group's intangible assets in relation to development costs as at 30 June 2023.

   Notwithstanding the above, according to SFRS(I) 1-36: Impairment of Assets, assets are required to be impaired when the recoverable amount is less than the carrying amount, where the recoverable amount represents the higher of value in use ("VIU") or fair value less cost of disposal.

The Management performed an impairment assessment on the intangible assets, being development costs of the Group's respective projects pertaining to crypto assets exchange platform, metaverse gateway and integrated Esports and gaming experiential hub and determined the recoverable amount of the development costs using the value-in-use approach based on the discounted cash flow ("DCF") method with projections covering a period of five years.

The key assumptions for the VIU calculations include the estimated market prices of cryptocurrency in the crypto assets exchange platform, estimated prices and sales of digital assets in the metaverse gateway, estimated number of platform users and tourists in the integrated Esports and gaming experiential hub, and discount rates applied. The estimated market prices of cryptocurrency are estimated based on management's judgement after taking into consideration of the latest and historical trends of the cryptocurrency. The estimated prices and sales of digital assets are estimated based on management's judgement after taking into consideration of the prices and sales trends of the digital assets by various competitors of similar nature. The estimated number of platform users and tourists are estimated based on management's judgement after taking into consideration of the popularity of a mobile multiplayer online game of similar concept. Management estimates the discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to these projects. The pre-tax rates used to discount the projected cash flows from these projects pertaining to crypto assets exchange platform, metaverse gateway and integrated Esports and gaming experiential hub are 8.55%, 50.0% and 12.4% respectively. Based on the DCF, the Management estimated that the VIU of respective projects individually and in aggregate was higher than the total carrying amount of the Group's development costs as at 30 June 2023. In addition, the Management has performed sensitivity analysis and is of the view that the change in the estimated recoverable amounts arising from any reasonably possible change in the key assumptions would not cause the recoverable amounts to decrease significantly and result in an impairment loss to be recognised during the financial year. In view of the aforesaid, the Management concluded that no impairment was required of the Group's development costs.

4. Investment in an associated company

During the financial year ended 30 June 2023, an impairment loss of RM22.0 million was recognised to write down the carrying amount of investment in an associated company, ECXX Global Pte Ltd ("ECXX") to its recoverable amount. As a result, the carrying amount of investment in an associated company as at 30 June 2023 was fully impaired.

The Group accounted for the investment in an associated company using the equity method and recorded the share of total comprehensive loss of the associated company amounting to RM0.3 million (Note 14 of the 2023 Financial Statements) for the current financial year based on the unaudited financial information. At the date of this report, the Independent Auditors are unable to obtain sufficient appropriate audit evidence or perform other alternative procedures over the share of results of the associated company.

Accordingly, the Independent Auditors are unable to determine if the impairment loss and share of total comprehensive loss of the associated company recognised during the financial year of RM22.0 million and RM0.3 million as disclosed in Note 14 of the 2023 Financial Statements respectively, are appropriate.

Notwithstanding the above, the Group is of the view that given the Group has provided full provision of the carrying amount of investment in ECXX, there is no financial impact on both consolidated statement of financial position and consolidated statement of comprehensive income.

5. Inability to obtain confirmations from third-party lender and bondholders

The Independent Auditors are not able to obtain confirmations from a third-party lender amounting to US$20,000,000 (approximately RM93.3 million) and two third-party bondholders amounting to US$18,000,000 (approximately RM61.9 million), which are included in "loan and secured bonds" within the Group's and the Company's loans and borrowings as at 30 June 2023 (Note 20 of the 2023 Financial Statements). Consequently, the Independent Auditors are unable to ascertain the accuracy and completeness of the Group's loans and borrowings and whether there are any additional information or terms which could have an impact on the 2023 Financial Statements that require disclosure.

Notwithstanding the above, the Group continues to update the bondholders on the progress of the refinancing packages and holds ongoing negotiations with the bondholders on the possible repayment obligations for its borrowings. In addition, the bond is secured against an asset owned by related party of the borrowing entity with an estimated collateral valuation providing ample coverage over the borrowing amount.

6. Investment in subsidiaries and amount due from subsidiaries in the Company's financial statements

As at 30 June 2023, the carrying amounts of the Company's investment in subsidiaries and amount due from subsidiaries were RM720.1 million and RM322.4 million as disclosed in Notes 13 and 16 of the 2023 Financial Statements, respectively.

In view of the material uncertainties on the ability of the Group to continue as going concern as described in point 2 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 investment in subsidiaries and amount due from subsidiaries as at 30 June 2023. The Independent Auditors are also unable to obtain sufficient appropriate audit evidence on the appropriateness of the classification of amount 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 amount due from subsidiaries, including the expected credit loss assessment in relation to the financial guarantees issued to banks for borrowings of the Company's subsidiaries, as disclosed in Note 29(a) of the 2023 Financial Statements.

In addition, for the purpose of impairment assessment of the Company's investment in subsidiaries as at 30 June 2023, management engaged a firm of professional valuers to perform the valuation assessment accordingly. The Independent Auditors are unable to obtain sufficient appropriate audit evidence over certain key inputs and assumptions and the appropriateness of the methodology used in the valuation assessment as at 30 June 2023. Accordingly, the Independent Auditors are unable to determine whether any adjustments might have been found necessary in respect of the carrying amount of the Company's investment in subsidiaries as at 30 June 2023.

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 2023 and the estimated market value of the development properties is approximately RM1,073 million. 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 confirms that the impact of all outstanding audit issues on the 2023 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 second quarter ended 31 December 2023 ("2Q FY2024") as compared to the second quarter ended 31 December 2022 ("2Q FY2023")

Revenue and costs of sales

The Group's revenue decreased by RM1.0 million in 2Q FY2024 compared to 2Q FY2023.

The Group's sales and marketing strategy is continuing in line with the progress of securing anchor tenants for the Group's malls, which would potentially increase the value and attract more attention to the Group's unsold property assets.

The Group recorded gross profit amounting to RM2.3 million for 2Q FY2024.

Other income/gains

Other income/gains decreased by RM8.5 million in 2Q FY2024 compared to 2Q FY2023, mainly due to certain one-off events occurred in 2Q FY2023, including:-
- gain on disposal of motor vehicle in 2Q FY2023
- other income arising from the reversal of penalty on tax audit, recognised in in 2Q FY2023, due to overcharge penalty.

(Gain) / Loss on revocation of sales

The Group recorded gain on revocation of sales of RM1.6 million in 2Q FY2024 compared to the loss on revocation of sales of RM2.2 million in 2Q FY2023. This is a result of updated measurements and presentation of sales revocation, in accordance with the Accounting Review adopted by the Company.

Finance costs

Finance costs decreased by RM1.0 million mainly due to decrease reducing lease liabilities interest in 2Q FY2024 compared to 2Q FY2023.

General and administrative expenses

The general and administrative expenses increased by RM3.9 million, mainly due to a smaller unrealised foreign exchange gain being recognised in 2Q FY2024 compared to a larger unrealised foreign exchange gain in 2Q FY2023. This was due to quarter-on-quarter fluctuations in foreign exchange rates against the functional currency (MYR) during a period of global volatility. This increase is partially offset by continuous efforts to optimise operating expenses.

Net loss for the financial period

As a result of the aforementioned, the Group reported a loss after tax in 2Q FY2024 of RM20.6 million as compared to a loss of RM4.3 million in 2Q FY2023.

<u>Review for the financial position of the Group as at 31 December 2023 as compared to 30 June 2023</u>

<u>Total assets</u>

Total assets as at 31 December 2023 was RM1,124.9 million as compared to RM1,134.7 million as at 30 June 2023. The decrease of RM9.8 million was mainly due to:

(i) decrease of RM6.9 million in right-of-use assets, primarily caused by depreciation charges;

(ii) decrease of RM12.0 million in trade and other receivables due to improved collection performance; and

partially offset by the increase of RM9.2m in development properties mainly from repossessed properties for the quarter.

<u>Total liabilities</u>

Total liabilities as at 31 December 2023 was RM1,081.1 million as compared to RM1,055.0 million as at 30 June 2023. The increase of RM26.1 million is mainly due to an accrual increase of RM23.2 million, which consists of accrued finance costs in existing loans and borrowings as well as business activities carried out in 2Q FY2024. This increase is partially offset by the repayment of lease liabilities, loans and borrowings in the same quarter.

<u>Total equity</u>

Total equity decreased by RM36.0 million compared to the balance as of 30 June 2023, mainly due to the losses incurred during the financial period.

<u>C. Consolidated Statement of Cash Flows (2Q FY2024)</u>

Net cash flows generated from operating activities for 2Q FY2024 of RM1.6 million, compared to RM1.1 million for 2Q FY2023. This was mainly due to ongoing efforts in managing payments and creditors, including effect from repayment plans; partially offset by movements in other working capital, such as development properties and trade receivables in current financial period.

Net cash used in investing activities for the period ended 31 December 2023 of RM0.1 million is mainly due to the additions of property, plant and equipment and ROU assets.

Net cash used in financing activities for the period ended 31 December 2023 of approximately RM0.5 million was mainly due to the repayment of lease liabilities and loans and borrowings.

As a result of the above, the Group recorded a cash and cash equivalent of RM3.0 million as at 31 December 2023.

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

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

5. 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.

While the Malaysian property market is showing signs of gradual improvement, it is important to note that Melaka, being a niche market, has not rebounded as quickly as major urban centers such as Kuala Lumpur and Johor Bahru. This slower pace of recovery is further compounded by the growing competition in the region. This is particularly evident in the Group's portfolio, as the majority of its unsold completed properties are commercial spaces that have been non-operational since the pandemic and the introduction of government control measures. In response, the Group is focusing on transforming these spaces into versatile and attractive areas. This effort forms part of the Group's broader strategy to elevate the uniqueness and appeal of our properties, drawing a varied range of key tenants and partners. In line with this goal, we have established partnerships in various sectors and are consistently pursuing fundraising activities, despite the competitive landscape. However, the challenges confronting our endeavors in fundraising and partner engagement are intensifying, due to the adverse consequences of recent measures taken by certain lenders. The Group remains committed to engaging proactively with all relevant stakeholders to devise strategic solutions and facilitate a pathway to recovery.

6. 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, no dividend was declared in 2Q FY2024.

(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.

7. 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 2Q FY2024 as the Group is in a loss position during the financial period.

8. 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 29 December 2023. For details, please refer to the Company's Appendix to the Annual Report 2023. There were no disclosable IPTs during the financial period ended 31 December 2023.

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

There is no acquisition, disposals, incorporation of new companies for 2Q FY2024.

The Group has struck off 2 subsidiary companies, which are The Medici-watermark Sdn Bhd (TMWSB) and Hatten Energy (M) Sdn Bhd (HEMSB) during the financial period of 2Q FY2024.

10. 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 second quarter ended 31 December 2023 to be false or misleading in any material aspect.

11. 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.

BY ORDER OF THE BOARD
HATTEN LAND LIMITED

Dato' Tan June Teng, Colin
Executive Chairman and Managing Director
12 February 2024

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