HATTEN® LAND 惠腾

BUILDING TOMORROW TOGETHER

ANNUAL REPORT 2018

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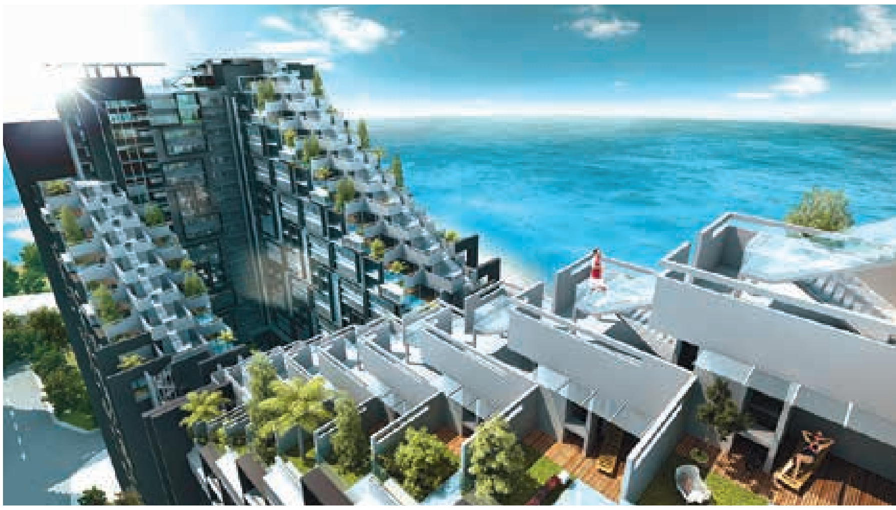


*Hatten Land Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 26 January 2017 via a reverse take-over ("**RTO**"). The financial adviser for the RTO was UOB Kay Hian Private Limited (the "**Sponsor**").*

This Annual Report has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Annual Report.

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

The contact person for the Sponsor is Mr Alvin Soh, Head of Catalist Operations, Senior Vice President at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

Corporate Profile

Hatten Land Limited ("Hatten Land") is one of the leading property developers in Malaysia specialising in integrated residential, hotel and commercial developments and is headquartered in the historical city of Melaka.

The name "Hatten" is derived from the Japanese word (发展) for "growth and development". Hatten Land has an established track record as a visionary developer, winning over 50 awards and accolades for its quality developments, innovative designs and avant-garde architectural concepts.

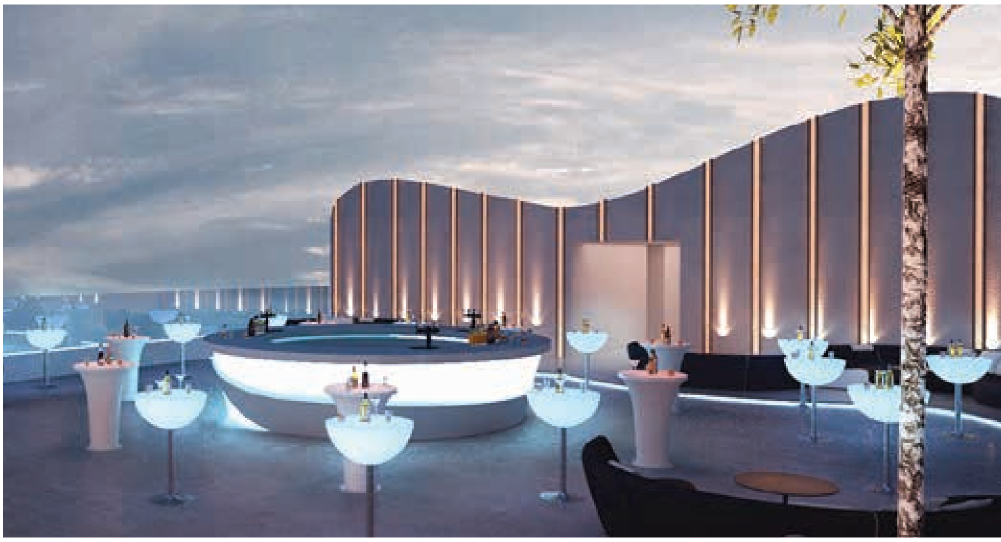
With the Right of First Refusal and Call Options to approximately 200 acres of land banks and development rights in high-growth locations in Malaysia, Hatten Land is able to periodically review whether the specific land bank will be suitable for development. This arrangement places Hatten Land in a near-unrivalled position with priority access to many plots of prime land.

The current development portfolio comprises three integrated mixed-use development projects in Melaka. They are:

1. Hatten City Phase 2: Imperio Mall and Imperio Residences

2. Harbour City: Consists of a retail mall, a water theme park and three hotel blocks

3. Satori: Wellness-themed development consists of Satori Suites, Satori Serviced Residences and a retail mall



Hatten Land also has four upcoming integrated development projects:

1. MICC (Melaka International Convention Centre): mixed development including a shopping mall, cineplex, convention hall, an auditorium, meeting rooms, a hotel block and a serviced apartment block

2. Cyberjaya Project: medical and wellness focused development including retail, commercial (offices), residential and hospitality units as well as a hospital

3. Movie-Town Project: mixed development comprising retail, residential and hospitality units

4. Plot K to E Project: at early conceptualisation stage and will provide a strong pipeline of future developments

Hatten Land began trading on the Singapore Exchange Catalist board (SGX:PH0) on 28 February 2017 after the completion of the reverse takeover by Sky Win Management Consultancy Pte. Ltd.

Milestones

Flagship Project
Largest mall in
Melaka
Dataran Pahlawan
Melaka Megamall
("DPMM")

2006

2008

Completion of
the expansion of
DPMM

Hatten City
Phase 1
Sales Launch

2011

2012

Completion of
Hatten Square
and Hatten Hotel

Hatten City
Phase 2
Sales Launch

Vedro
by The River
Sales Launch

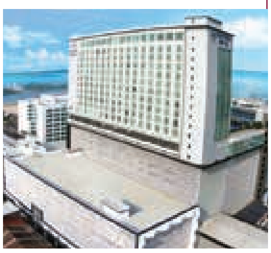
2013

2015

Completion of Terminal Pahlawan

Completion of Estadia Hotel

Harbour City Phase 1 Sales Launch



2016

Completion of Hatten City Phase 1

Harbour City Phase 2 Sales Launch

2017

Listed on Singapore Exchange

Satori Sales Launch

Completion of acquisition of MICC Project

Completion of Vedro by The River

2018

Incorporated Hatten Commercial Management

Unveiled StayCay, Southeast Asia's first Proptech Blockchain for Hotels and Retail Malls

Splash World @ Harbour City Collaboration Agreement Signing with Samsung C&T Corporation and Polin Waterparks

Chairman's Statement

DATO' COLIN TAN JUNE TENG
(DIMP)
Executive Chairman and Managing Director,
Hatten Land Limited

Dear Shareholders,

It gives me great pleasure to present the annual report of Hatten Land Limited and its subsidiaries ("Hatten Land" or the "Group") for the financial year ("FY") ended 30 June 2018.

As one of Melaka's foremost property developers, Hatten Land is a leader in the design and development of higher-end residential apartments and hotel suites in Malaysia. We have been committed to growing the city of Melaka over the years and have come up with innovative ideas to enhance the development of the state and its community together with the authorities. We have a strong relationship with the Melaka State Government, which has supported Hatten Land's development plans throughout the years. Going beyond property development, we have launched initiatives aimed at enriching the lives of the local community by promoting leisure and new shopping experiences.

FY2018 was an eventful year for Hatten Land. We laid the groundwork for several upcoming projects which will accelerate our growth in the medium term and has unveiled new initiatives that reinforce our support as a key partner in transforming Melaka into a smart city. We have made our first foray into the commercial retail management, tourism attraction and technology spheres. All these actions befit our motto "Building Tomorrow Together".

We are also branching out to other cities in Malaysia as well as South East Asia. We believe this herald the start of a new phase of growth for the Group.

FINANCIAL PERFORMANCE

The Group recorded a positive set of results for FY2018 supported by healthy sales, notwithstanding challenging market sentiments in the Malaysia property sector amidst changes in the political environment.

We achieved a net profit of RM3.2 million for FY2018 on revenue of RM235.5 million (FY2017: RM462.4 million) due to lower revenue recognised for Hatten City Phase 2 and lower sales from Hatten City Phase 1, partially offset by higher revenue achieved from the Harbour City and Satori projects.

Gross profit ("GP") declined 57.1% to RM77.4 million for FY2018, in line with the lower revenue.

Our financial position remains healthy with cash and bank balances of RM59.5 million as at 30 June 2018 (FY2017: RM83.6 million). The Group had total assets of RM1,467 million as at 30 June 2018 (FY2017: RM1,292.4 million). The Group's net asset value per share grew 1% to 16.7 RM cents as at 30 June 2018, a reflection of our strengthening financial position.

PROPOSED DIVIDENDS

The Board is pleased to propose a first and final one-tier tax exempt dividend of 0.025 Singapore cent per share for FY2018 as our way to thank shareholders for their loyalty and support.

PROJECT IN THE PIPELINE AND CORPORATE DEVELOPMENTS

SATORI

Launched in July 2017, Satori is the first wellness sanctuary in the heart of the historical city of Melaka. Satori is a two-acre mixed development that integrates health, wellness, beauty and leisure facilities, a hotel, serviced residences and a mall. The project is set for completion in 4th quarter of FY2020. The services and facilities offered in Satori's suite of over 50 wellness facilities include a one-stop fitness and aqua gym, health food outlets, yoga rooms, sea salt spas and mud baths, an infinity pool and sky lounge, amongst others.

HARBOUR CITY

In 2015, we launched Phase 1 of Harbour City, a six-acre integrated development, built on two kilometres of seafront land in Pulau Melaka. Harbour City comprises the Harbour City Mall, Harbour City Suites, Harbour City Resort and Harbour City Premier Resort. It is expected to be completed in 1st quarter of FY2020.

We also have four exciting upcoming projects through non-binding memoranda of understanding:

- MICC (Melaka International Convention Centre): a joint-venture mixed development including a shopping mall, cineplex, convention hall, an auditorium, meeting rooms, a hotel block and a serviced apartment block.
- Movie-Town Project: an integrated mixed development comprising a mix of retail, residential and hospitality units, set on 8.86 acres of land along the Melaka Straits.
- Cyberjaya Project: an integrated mixed development in Selangor, representing Hatten Land's first venture into the medical sector.
- Plot K to E Project: 66 acres of leasehold land fronting the Melaka Straits in its early conceptualisation stage.

NEW BUSINESS INITIATIVES

HATTEN COMMERCIAL MANAGEMENT

In April 2018, Hatten Land unveiled its mall management arm, Hatten Commercial Management Sdn. Bhd. ("HCM") to complement its property development business and drive recurring revenue. This new business division, which is expected to generate recurring income for Hatten Land, will eventually oversee 4,900 commercial retail units with a combined gross floor area of 4.34 million square feet, within five shopping malls developed by the Group.

STAYCAY

In line with the new state government's vision to transform Melaka into a smart city, the Group launched in May 2018 a property tech ("proptech") platform named StayCay. As Asia's first proptech blockchain platform, StayCay integrates hotels and retail malls with a token-based rewards programme for hotel guests and shoppers.

Through StayCay, Hatten Land intends to disrupt traditional hotel booking methods while driving brand loyalty via its rewards programme. StayCay will build a community of users through leisure and retail. The focus will initially be onboarding Hatten's assets – up to 3,400 hotel rooms and approximately 4,900 retail outlets – onto StayCay before expanding to third-party hotels and merchants in Melaka and the region.

StayCay complements Hatten Land's recently launched HCM as part of its strategy to drive recurring revenue and enhance experience at its developments.

SPLASH WORLD @ HARBOUR CITY

In August 2018, we unveiled the 500,000-square feet Splash World @ Harbour City, Melaka's largest 'sky' water theme park, in a RM200 million collaboration with Samsung C&T Corporation and

Polin Waterparks. Samsung C&T Corporation is the operator behind Everland Resort, South Korea's largest theme park, and Polin Waterparks is a global leader in manufacturing water parks. Splash World is slated to open in the first half of 2020 and can accommodate up to 1.9 million visitors annually. This attraction will reshape Melaka's tourism and entertainment landscape.

OUTLOOK

Melaka is a designated UNESCO World Heritage Site with a strategic location and a unique historical legacy that makes it the second most visited state in Malaysia. According to a report by Tourism Malaysia, Melaka is expected to attract 17.8 million tourists in 2018 as compared to 16.7 million recorded in 2017. This growth will be anchored by numerous major infrastructure tourism projects in Malaysia. These developments are expected to boost tourist arrivals, which will in turn bolster the value of – and underpin demand for – Hatten Land's real estate projects, which currently includes hospitality, leisure and wellness services.

The financial year ending 30 June 2019 ("FY2019") will be an exciting year for us, with a pipeline of development projects and new business initiatives launched. The Group has clear earnings visibility with RM875 millions of unbilled sales as at 30 June 2018, as well as the expected completion of Hatten City Phase 2 by the Q1 FY2019. Barring any unforeseen circumstances, we are optimistic about the Group's outlook and the financial performance for FY2019.

Malaysia's near-term economic outlook remains favorable, reflecting a well-diversified and open economy that has successfully weathered the impact of external shocks. It is expected to grow 5.4 percent in 2018, according to the World Bank. This provides a positive backdrop for our businesses to grow.

A SPECIAL WORD OF THANKS

On behalf of the Board, I wish to extend my gratitude to our shareholders for your loyalty and support. I would also like to express my sincere appreciation to our management, staff, business associates and customers for their continuous belief in and support to the Group.

Together, we will continue shaping the future, Melaka and beyond.

DATO' COLIN TAN JUNE TENG
Executive Chairman and Managing Director

主席汇报

致广大股东：
我很荣幸地向各位提呈惠勝置地有限公司及其子公司（“惠勝置地”或“集团”）截至2018年6月30日止财政年度（“财年”）的年度报告。

作为马六甲最主要的房地产开发商之一，惠勝置地是马来西亚高端住宅公寓和酒店套房设计的领导者。多年来，我们一直致力于发展马六甲市，并已提出创新的想法，与当局一起改善马六甲市及社区的发展。我们与马六甲市政府建立了非常密切的合作关系，马六甲市政府多年来一直积极的支持惠勝置地的发展计划。除了房地产开发外，我们还推出了一连串的计划通过促进休闲和新购物体验来丰富当地社区生活。

2018财年对于惠勝置地来说是不平凡的一年。我们为即将开展的几个项目奠定了基础，这些项目将加速我们在短期的增长。我们也推出了新方案，加强我们作为将马六甲转型为智慧城市的重要合作伙伴的支持。我们首次涉足商业零售管理、旅游景点和高科技领域。所有这些行动都符合我们的座右铭“携手共创明天”。

我们的业务也逐渐地扩展至马来西亚的其他城市以及东南亚地区。我们相信这预示着集团新的增长阶段的开始。

财务业绩

尽管政治环境发生变化，马来西亚房地产行业的市场充满挑战，但集团在稳健销售额的支持下，我们2018财年取得了利润。

我们在2018财年净利润为320万令吉，收入为2.355亿令吉（2017财年：4.624亿令吉），利润下滑是由于惠勝之都第二期的收入减少以及惠勝之都第一期的销售额下降，而豪曝湾和Satori项目产生的较高的收入，将部分的下滑抵销。

毛利润下降57.1%至2018财年的7740万令吉，这与收入减少相符。

截至2018年6月30日，公司财务状况保持稳健，现金和银行存款余额为5,950万令吉（2017年6月30日：8,360万令吉）。截至2018年6月30日，集团总资产为14.67亿令吉（2017年6月30日：12.924亿令吉）。集团每股资产净值增长1%至2018年6月30日的16.7仙，反映我们不断增强的财务状况。

拟议派息

作为我们感谢股东的忠诚和支持，董事会欣然提议2018财年的第一及年终一级免税股息每股0.025新分股息。

发展中项目和企业发展

SATORI
Satori于2017年7月推出，是历史文化名城马六甲中心的首个健康中心。Satori是一个占地两英亩的综合开发项目，集体、保健、美容和休闲设施、酒店、服务式住宅和商场于一体。该项目将于2020财年第四季度竣工。Satori套房提供的服务和设施含有50多种健康设施，包括一站式健身和水上健身房、健康食品店、瑜伽室、海盐温泉浴场和泥浴、无边泳池和空中休息室等。

豪曝灣
在2015年，公司推出了豪曝湾第一期，这是一个占地六英亩的综合开发项目，建设在马六甲岛两公里的海滨工地上。豪曝湾包括豪曝湾商场、豪曝湾套房和豪曝湾酒店City Suites、Harbour City Resort 及 Harbour City Premier Resort。豪曝湾预计于2020财年第一季度竣工。

通过不具约束力的谅解备忘录，公司还有四个即将到来且令人兴奋的项目：

- MICC（马六甲国际会议中心）：一个合资综合开发项目，包括购物中心、电影院、会议厅、礼堂、会议室、酒店大楼和服务式公寓楼。
- 电影城项目：沿着马六甲海峡，占地8.86英亩的综合开发项目，包括零售、住宅及酒店单位的综合体。
- 赛城项目：位于雪兰莪的综合开发项目，代表惠勝置地首次涉足医疗领域。
- Plot K至E项目：佔地66英畝，面向馬六甲海峽的租赁土地，仍在早期概念化阶段 。

新的业务计划

Hatten Commercial Management
2018年4月，惠勝置地公布其商场管理部门Hatten Commercial Management（“HCM”），以补充其房地产开发业务并产生常归性收入。这个新的业务部门预计将为惠勝置地带来常归性的收入，最终将监管集团开发的五个购物中心内4,900个商业零售单位，总建筑面积为434万平方呎。

StayCay
根据新的州政府将马六甲转变为智慧城市的愿景，集团于2018年5月推出了一个名为StayCay的房地产高科技平台。作为亚洲首个房地产技术区块链平台，StayCay将酒店及零售商场与面向酒店客人及购物者的代币奖励计划整合起来。

通过StayCay，惠勝置地有意串改传统的酒店预订方式，同时通过其奖励计划促进品牌忠诚度。StayCay将通过休闲和零售建立一个用户社区。侧重点初步是将惠勝的资产—多达3,400间酒店客房和约4,900家零售店—推广到StayCay，然后再扩展到马六甲和该地区的第三方酒店和商家。

StayCay补充了惠勝置地最近推出的商场管理部门，作为其战略的一部分，以产生经常性收入并增强其开发项目的体验。

Splash World @ 豪曝湾
2018年8月，我们预计投资2亿令吉与三星物产和波林水上乐园（Polin Waterparks）合作，推出了500,000平方呎的Splash World @ 豪曝湾，这是马六甲最大的“天空”水上主题乐园。三星物产是韩国最大的主题公园爱宝乐园的幕后经营者，而波林水上乐园（Polin Waterparks）是制造水上乐园的全球领导者。Splash World计划于2020年上半年开放，每年可容纳多达190万游客。这个景点将重塑马六甲的旅游和娱乐格局。

前景

马六甲是联合国教科文组织指定的世界遗产，拥有优越的地理位置和独特的历史遗产，使其成为马来西亚游客造访人数排名第二的州域。根据马来西亚旅游局的报告，预计2018年马六甲将吸引1,780万游客，对比2017年的游客数量1,670万。这一增长将以刚刚公布的众多大型基础设施旅游项目为基础。 预计这些开发项目将推动游客造访人数的增加，从而提升惠勝置地的房地产项目的价值并巩固对其需求，目前惠勝置地的房地产项目包括酒店、休闲和健康服务。

2019年6月30日财政年度（“2019财年”）对我们而言将是令人振奋的一年，其中包括一系列开发项目和推出的新业务计划。截至2018年6月30日，本集团的可预见盈利明确，实现了8.75亿令吉的未开单销售额，以及预计惠勝之都第二期将于2018年第四季度前竣工。除非出现任何不可预计的情况，否则我们对集团2019财年的前景及财务表现是充满乐观的。

马来西亚近期的经济前景依然良好，反映了其成功经受外部冲击影响的多元化、开放的经济体。根据世界银行的数据，预计2018年马来西亚经济将增长5.4%。这为我们的业务增长提供了有利的背景。

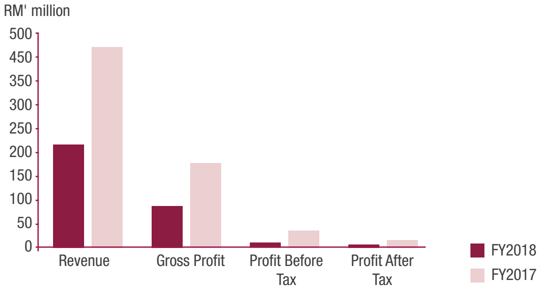
特别致谢

我谨代表董事会对股东的忠诚和支持表示感谢。我也谨此衷心感谢我们的管理团队、工作人员、业务伙伴及客户对集团的持续信任和支持。

携手共进，我们将继续塑造马六甲及其他地区的未来。

拿督陈俊廷
惠勝置地有限公司执行主席兼集团董事经理

Financial Review



RM' million	FY2018	FY2017
Revenue	235.5	462.4
Gross profit	77.4	180.3
Profit before tax ("PBT")	7.4	30.4
Profit after tax	3.2	8.7

INCOME STATEMENT

The Group's revenue for FY2018 decreased 49.1% to RM235.5 million compared to RM462.4 million in FY2017, mainly due to lower revenue recognised for Hatten City Phase 2 and lower sales from Hatten City Phase 1 in FY2018. There was a provision for liquidated ascertained damages arising from late delivery and handover of the property units for Hatten City Phase 2 to the buyers. The liquidated ascertained damages amounting to RM15.2 million will be fully recovered from the contractor.

Gross profit was RM77.4 million for FY2018 compared to RM180.3 million in FY2017, mainly due to the lower revenue recognised in FY2018. Gross profit margin decreased to 32.9% from 39.0%, over the comparative periods.

Other income increased by RM18.8 million mainly due to liquidated ascertained damages amounting to RM15.2 million arising from late completion of units at Hatten City Phase 2 which are to be fully recovered from the contractor.

Selling and distribution expenses increased by RM5.8 million to RM46.3 million respectively. This was mainly due to higher sales activities and marketing efforts for the new projects, namely, Harbour City and Satori, under the current challenging market sentiments in the Malaysian property sector.

General and administrative expenses increased by RM9.9 million which mainly attributed to from income tax penalty paid to Malaysian Inland Revenue Board, one-off costs in relation to the issuance of shares to employees, professional fees and corporate expenses incurred subsequent to the RTO which was completed in January 2017.

Finance costs increased by RM5.5 million in line with the new financing facilities made available to the Group.

The Group recorded a profit after tax of RM3.2 million in FY2018 as compared to a profit after tax of RM8.7 million in FY2017.

Fully diluted earnings per share ("EPS") based on share capital of 1.38 billion shares for FY2018 came to 0.23 RM cents, compared to 0.69 RM cents for FY2017.

BALANCE SHEET

Non-current assets increased to RM232.5 million as at 30 June 2018 from RM156.0 million as at 30 June 2017. This was largely due to the increase in property, plant and equipment by RM60.9 million arising from the construction work in progress for car parks and theme park for Harbour City, Hatten City Phase 2 and Vedro by the River projects.

Current assets increased to RM1,234.5 million as at 30 June 2018 from RM1,136.4 million a year ago. Current assets comprise mainly development properties of RM604.0 million and trade and other receivables of RM519.7 million, this mainly due to progress billings from Harbour City and Satori.

Current liabilities rose to RM798.7 million as at 30 June 2018 from RM579.5 million as at 30 June 2017 mainly due to the increase in progress billings for Habour City and Satori projects and provision of liquidated ascertained damages arising from late delivery and handover of the property units in Hatten City Phase 2 to the buyers. The liquidated ascertained damages are to be fully recovered from the contractor.

Non-current liabilities decreased to RM438.1 million as at 30 June 2018 from RM485.5 million as at 30 June 2017 mainly due to the decrease in amount due to land owner as a result of progress billings billed to land owner for their respective units and reclassification of loan and borrowings from non-current liabilities to current liabilities.

Our financial position remains healthy with cash and bank balance of RM59.5 million. Net assets increased to RM230.2 million as at 30 June 2018 from RM227.4 million a year ago.

STATEMENT OF CASH FLOWS

The Group recorded net cash flows used in operating activities of RM107.1 million mainly due to progress development works, payments to suppliers, income taxes, and increase in trade and other receivables.

The Group's net cash flows used in investing activities of RM62.0 million was mainly due to additional construction work in progress for car parks for ongoing projects and theme park.

The Group recorded net cash flows generated from financing activities of RM143.9 million mainly due to the proceeds from the issuance of guaranteed secured bonds, medium-term notes, convertible loan and term loans totalling RM265.9 million, partially offset by repayment of loans and borrowings of RM119.9 million and payment of dividend on ordinary shares of RM2.1 million.

Development Profile

Phase 1

The mixed development, Hatten City Phase 1, integrates four distinct projects namely Elements Mall, SilverScape Residences, Hatten Place Hotel and a hotel block managed by Hilton Worldwide as part of its DoubleTree brand.

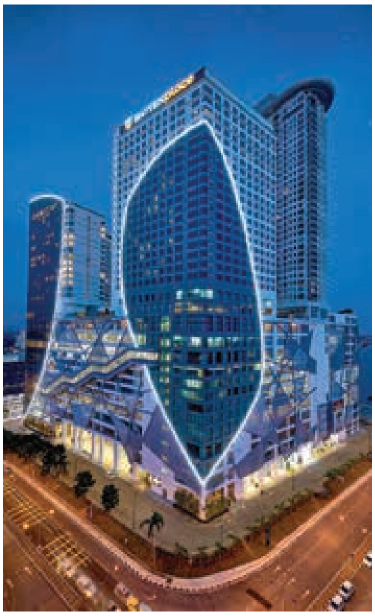
PROPERTY INFORMATION

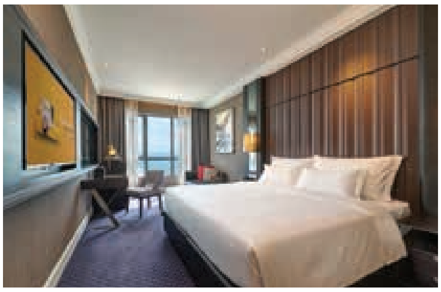
Location
Jalan Syed Abdul Aziz,
Bandar Hilir, Melaka
(fronting the Melaka Straits)

Land Size
Approximately 6 acres

Estimated GDV
RM2.3 billion

Developer
Fuyuu Resources Sdn. Bhd.





Phase 2

Hatten City Phase 2 is a mixed development which comprises Imperio Mall and Imperio Residences. It utilises an iconic "cascading steps" design which functions as an outdoor jogging route with views of the coast and surrounding city.

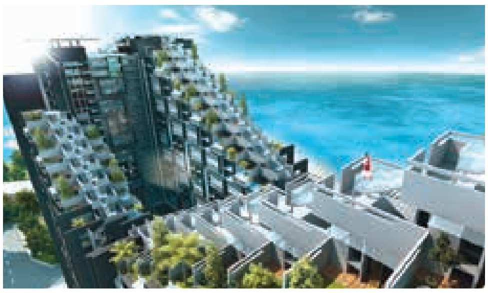
PROPERTY INFORMATION

Location
Jalan Syed Abdul Aziz,
Bandar Hilir, Melaka
(fronting the Melaka Straits)

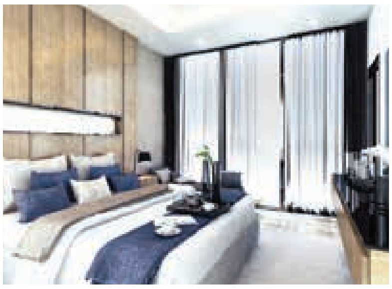
Land Size
Approximately 4 acres

Estimated GDV
RM1.6 billion

Developer
Fuyuu Ventures Sdn. Bhd.



Incorporating elements of retail, hospitality and entertainment, Harbour City aims to change Melaka's tourism and entertainment landscape. The marine-themed mixed development comprises the thematic Harbour City Mall, a 500,000 sq.ft. water theme park and three hotel blocks.



PROPERTY INFORMATION

Location
Pulau Melaka
(fronting the Melaka Straits)

Land Size
Approximately 6 acres

Estimated GDV
RM2.2 billion

Developer
Gold Mart Sdn. Bhd.

Vedro by the River is a retail mall which will feature an eclectic mix of tenants ranging from fashion houses to retailers of chic accessories and novelty gadgets.

PROPERTY INFORMATION

Location
Kee Ann Road
(along Melaka River)

Land Size
Approximately 2 acres

Estimated GDV
RM293 million

Developer
Fuyuu Group Sdn. Bhd.

SATORI
SANCTUARY IN THE CITY

The Satori project is the first wellness project by the Group offering a quality lifestyle with a wholesome range of wellness amenities. Satori is home to a hotel block and a serviced apartment block with exciting health features targeted to rejuvenate the mind, body and soul.

PROPERTY INFORMATION

Location
PN 14975, No. Lot 850,
Kawasan Bandar XXXIX,
Daerah Melaka Tengah,
Melaka

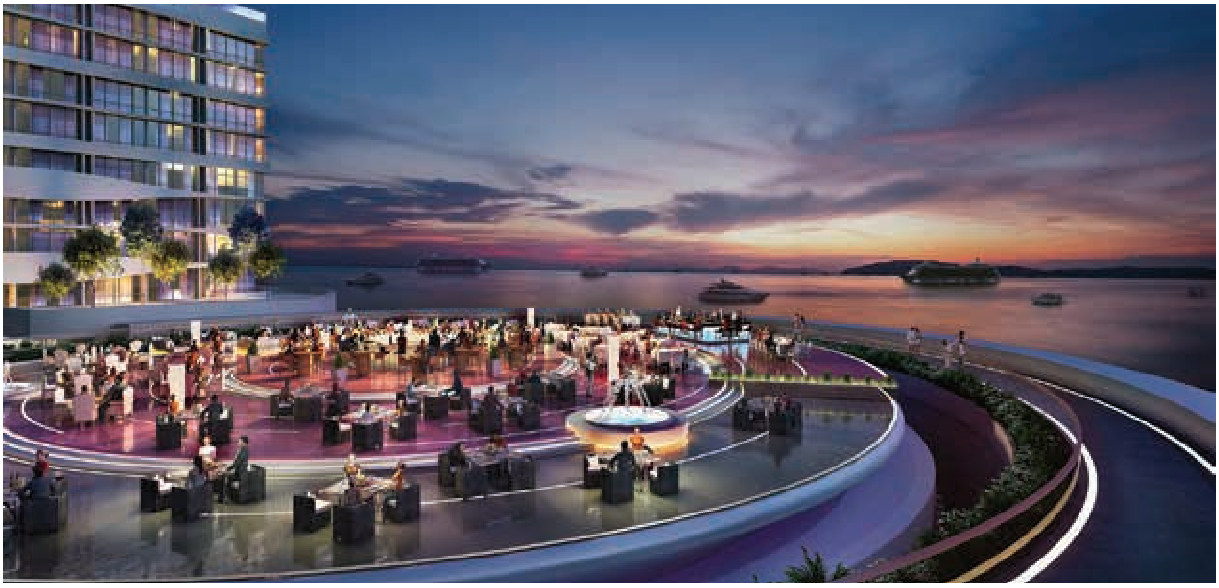
Land Size
Approximately 2.05 acres

Estimated GDV
RM243 million

Developer
Prolific Properties Sdn. Bhd.

MICC Project

The MICC (Melaka International Convention Centre) project is slated to be developed into an integrated mixed development.



PROPERTY INFORMATION

Location
Kawasan Bandar
Daerah Melaka Tengah

Land Size
Approximately 9 acres

Estimated GDV
RM942 million

Developer
Prolific Revenue Sdn. Bhd.

Awards

Hatten has over 10 years of track record in developing award-winning integrated residential, hotel and commercial developments in Melaka.

WINNER OF OVER 50 PRESTIGIOUS PROPERTY AWARDS SINCE 2011

Board of Directors

DATO' COLIN TAN JUNE TENG
Executive Chairman and
Managing Director

Present Directorships (Listed Companies)
Hatten Land Limited

Past Directorships (3 years) (Listed Companies)
Nil

Dato' Colin Tan June Teng was appointed to the Board on 24 January 2017 as Executive Chairman and Managing Director. Dato' Colin Tan is responsible for the overall management and strategic direction of the Group. He also oversees sales and marketing, business growth and development as well as asset and land acquisition.

Dato' Colin Tan was one of the founders of Hatten Group, and began his career with Lianbang Ventures Sdn. Bhd. when he joined as its business development manager in 2006. Together with Dato' Edwin Tan, they developed the Dataran Pahlawan Melaka Megamall, Melaka's largest mall to date.

Dato' Colin Tan is also the Non-Executive Chairman and Non-Executive Director of Hatten Group. Over the years, he has also been responsible for a wide range of business functions including sales and marketing, business growth and development, asset and land acquisitions, investment and growth strategies, governmental regulation and compliance, construction management, market research and analysis and brand management.

Dato' Colin graduated from the University of Dublin with a Bachelor of Science (Finance) in 2009.

DATO' EDWIN TAN PING HUANG
Executive Director and
Deputy Managing Director

Present Directorships (Listed Companies)
Hatten Land Limited

Past Directorships (3 years) (Listed Companies)
Nil

Dato' Edwin Tan Ping Huang was appointed to the Board on 24 January 2017 as Executive Director and Deputy Managing Director. He is responsible for the overall management and strategy of the Group. Dato' Edwin Tan oversees operations, human resources and development management of the Group.

Dato' Edwin Tan was one of the founders of Hatten Group, and began his career as a business development manager in Lianbang Ventures Sdn. Bhd. in 2004, and became a director in the same year. Together with Dato' Colin Tan, they developed the Dataran Pahlawan Melaka Megamall, Melaka's largest mall to date.

Prior to his re-designation as the Non-Executive Director of Hatten Group, Dato' Edwin Tan served as the Executive Director and Deputy Managing Director of Hatten Group and was in charge of operations, human resources, development management, hospitality strategy, planning and design, occupancy growth strategies, tenancy management and tenant relations, leasing and management strategy as well as facilities management.

Dato' Edwin Tan graduated from the University of Dublin with a Bachelor of Science (Finance) in 2009.

DATO' WONG KING KHENG
Lead Independent Director

Present Directorships (Listed Companies)
Hatten Land Limited
Tiong Woon Corporation Holding Limited
Ossia International Limited
JCY International Bhd

Past Directorships (3 years) (Listed Companies)
Nil

Dato' Wong King Kheng was appointed to the Board on 24 January 2017 as Lead Independent Director. Prior to his appointment, he served as an Independent Director in VGO Corporation Limited, a post he had held since 28 October 1996.

Dato' Wong is presently the Managing Partner of KK Wong & Associates, a public accounting firm in Singapore which he founded in 2000. In addition, he is also the Managing Director of Soh & Wong Management Consultants Pte. Ltd. In 1989, he founded public accounting firm Soh, Wong & Partners, where he served as Managing Partner until 2000.

He currently sits on the boards of Tiong Woon Corporation Holding Ltd., Ossia International Limited and JCY International Bhd (of which he is an Executive Director).

He graduated from the Institute of Chartered Accountants in England and Wales, and is a Member of the Institute of Singapore Chartered Accountants, Malaysian Institute of Accountant and CPA Australia.

MR. LOH WENG WHYE
Independent Director

Present Directorships
Hatten Land Limited
BH Global Corporation Limited
Moral Home for the Aged Sick Ltd
Kwong Wai Shiu Hospital Ltd

Past Directorships (3 years) (Listed Companies)
XinRen Aluminum Holdings Limited
Leeden Limited
China New Town Development Company Ltd

Mr. Loh Weng Whye was appointed to the Board on 24 January 2017 as Independent Director.

Mr. Loh is a veteran in the energy industry and infrastructure development in Singapore and the region. Some of his notable appointments include being the head of Power Generation Projects in Singapore Public Utilities Board, PUB representative in the Suzhou Industrial Park Development Project, founding General Manager of Tuas Power Limited, President and Chief Executive Officer of ST Energy Pte Ltd and SembCorp Energy Pte Ltd, Advisers to a number of corporations including Green Dot Capital under Temasek Holdings and YTL Power International Berhad, as well as board members of China New Town Development Company Limited, United Envirotech Limited, XinRen Aluminium Holdings Limited and Leeden Limited. He currently sits on the boards of BH Global Corporation Limited, Moral Home for the Aged Sick Ltd and Kwong Wai Shiu Hospital Ltd.

Mr. Loh graduated from the University of Singapore with a Bachelor of Engineering (Mechanical) in 1970. He obtained Master degree in Industrial Engineering in 1979. Mr. Loh is a Fellow of the Institution of Engineers Singapore (FIES), a Member of the Singapore Institute of Directors (MSID) and a Fellow of the Chartered Management Institute of the United Kingdom (FCMI).

MR. FOO JONG HAN REY
Independent Director

Present Directorships (Listed Companies)
Hatten Land Limited

Past Directorships (3 years) (Listed Companies)
Nil

Mr. Foo Jong Han Rey was appointed to the Board on 24 January 2017 as Independent Director and was last re-appointed as director on 26 October 2017. Prior to his appointment, he served as an Independent Director for VGO Corporation Limited since 16 January 2006.

Mr. Foo is a partner of Singapore law firm KSCGP Juris LLP and he has been practising law in Singapore for over 20 years.

He holds an LLB Honours from University of Buckingham and an LLM in Corporate and Commercial Law from Queen Mary College, University of London. He was called to the English Bar as a Barrister-at-law, Inner Temple in 1991, and was called to the Singapore Bar in June 1992.

Key Management

POW LAY KUAN
Chief Executive Officer
(Property Management)

Pow Lay Kuan was appointed Chief Executive Officer of Hatten Retail Division on March 2018. She is responsible for the overall property management, performance, profitability and future growth of the commercial assets under Hatten Group.

As a seasoned veteran in the Retail Industry with more than 20 years of experience in retail, she successfully spearheaded Hatten's retail extension in Melaka by bringing international fashion brands such as H&M, Uniqlo, Victoria's Secret, Guess, Cotton On and Terranova into the city. Her global network and strategic skills are a major asset to the Group and she plays a pivotal role in planning and executing Hatten's forthcoming ventures into international markets.

Pow Lay Kuan attained a Bachelor of Business Administration from the National University of Singapore. Rising fast through the ranks in the industry, she has amassed a depth of knowledge and a vast range of expertise with networks spanning across Asia.

CHONG FOH SIONG
Head of Development
Management

Chong Foh Siong joined the Group in April 2007. Upon the listing of Hatten Land Limited, he was appointed the Head of Development Management and is responsible for project development and its administration. Besides leading the project and design teams on the execution of all projects, ensuring that the planning and execution of projects meet specified quality requirements, he also reviews, identifies and develops related strategies and initiatives for the projects.

Mr. Chong brings more than 30 years of industry experience to the Group. From 1994 to 2007, he was Senior Architectural Assistant at Akitek AAP. From 1982 to 1994, he was working at Akitek KHP. At both architecture firms, he was responsible for project coordination and administration, including submission of plans to various authorities for approval and ensuring that all works carried out are in accordance with specific standards, codes, guidelines and regulations. Mr. Chong graduated from the Federal Institute of Technology (Institut Teknologi Federal) with a Technical Diploma in Architecture in 1981.

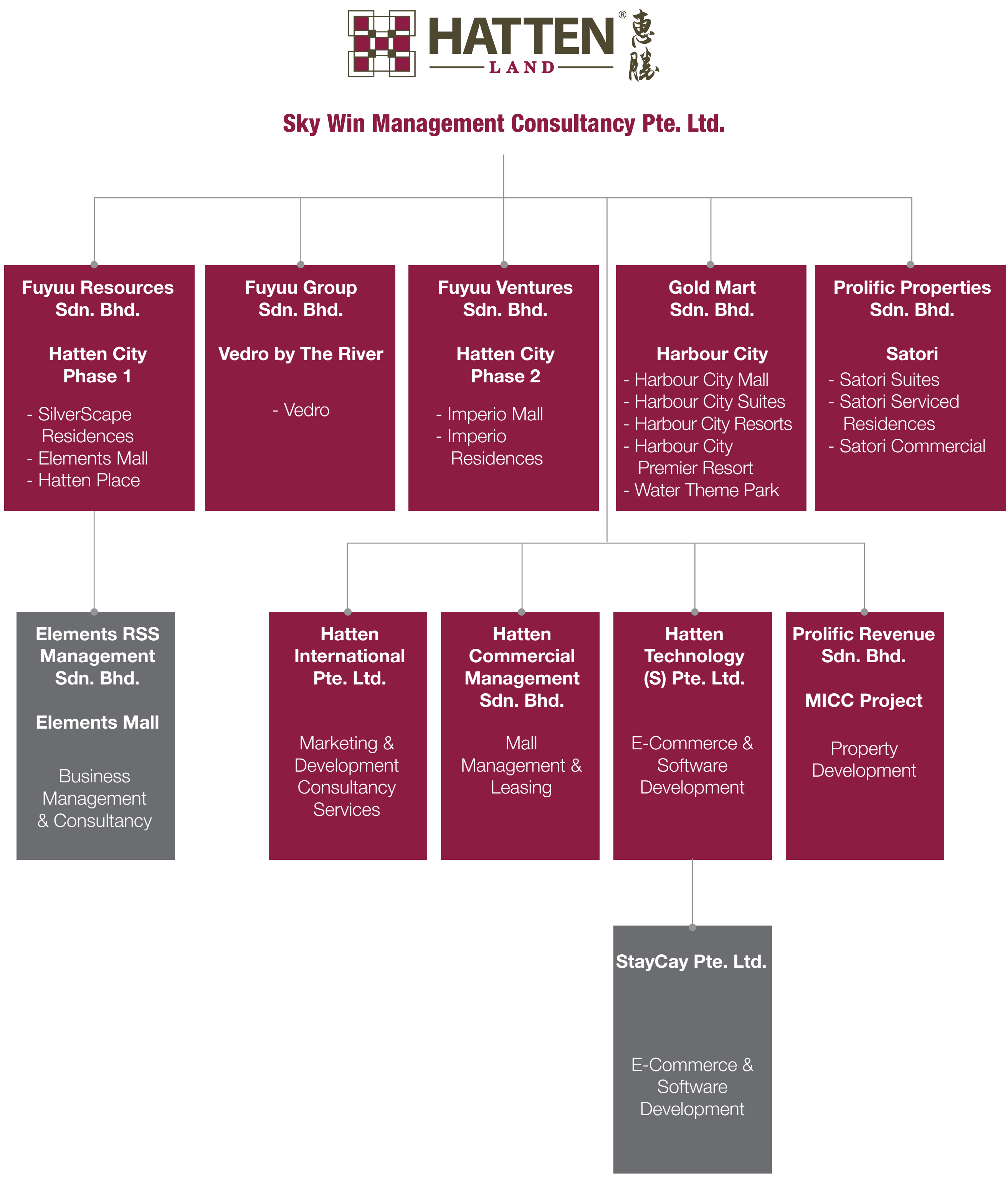
CLARENCE CHONG
Head of Business Development
and Corporate Finance

Clarence Chong was appointed as Head of Business Development and Corporate Finance on 9 October 2017. He is responsible for expanding the company's vision and objectives by developing new business development initiatives and organising future ventures into new territories and sectors. He also oversees corporate finance and investor relations.

With close to 18 years of working experience in banking, investment and finance, Clarence was previously the Client Coverage Director at RHB Securities Singapore Pte. Ltd. managing the accounts of various corporates listed in Singapore. Prior to that, he was a Senior Investment Manager at Kuwait Finance House specialising in private equity and real estate investments in ASEAN region and Vice President of Corporate Finance at HL Bank Singapore where he was involved in various investment banking transactions for companies across Asia Pacific region.

Clarence attained a Bachelor of Commerce & Bachelor of Economics from the Australian National University. He subsequently attained a Master of Commerce from the University of New South Wales. He is a Certified Public Accountant of Australia.

Group Structure



NOTE: All Subsidiaries above are 100% owned, except for StayCay Pte. Ltd. which is 85% owned and incorporated on 24 August 2018.

Corporate Information

BOARD OF DIRECTORS
Dato' Tan June Teng Colin @ Chen JunTing
(Executive Chairman and Managing Director)
Dato' Tan Ping Huang Edwin @ Chen BingHuang
(Executive Director and Deputy Managing Director)
Dato' Wong King Kheng
(Lead Independent Director)
Loh Weng Whye
(Independent Director)
Foo Jong Han Rey
(Independent Director)

AUDIT AND RISK COMMITTEE
Dato' Wong King Kheng (Chairman)
Loh Weng Whye
Foo Jong Han Rey

NOMINATING COMMITTEE
Loh Weng Whye (Chairman)
Dato' Wong King Kheng
Foo Jong Han Rey
Dato' Tan June Teng Colin @ Chen JunTing

REMUNERATION COMMITTEE
Foo Jong Han Rey (Chairman)
Dato' Wong King Kheng
Loh Weng Whye

COMPANY SECRETARIES
Lotus Isabella Lim Mei Hua
Lee Bee Fong

REGISTERED OFFICE
Company Registration No.: 199301388D
53 Mohamed Sultan Road
#04-02
Singapore 238993
Tel: (65) 6690 3136
Fax: (65) 6690 3137
Website: www.hattenland.com.sg

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #11-02
Singapore 068898

SPONSOR
UOB Kay Hian Private Limited
8 Anthony Road #01-01
Singapore 229957

AUDITOR
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge
Lee Wei Hock (Appointed since financial year ended 30 June 2017)

GROUP CORPORATE COMMUNICATIONS
Tan Shieh Lyi

Sustainability Report 2018

About this report

Hatten Land Limited ("Hatten Land") is a leading property developer headquartered in Melaka, Malaysia and is listed on the Singapore Exchange. Hatten Land specialises in integrated residential, hotel and commercial developments with its portfolio of properties situated in the historical city of Melaka.

The current development portfolio comprises five integrated mixed use development projects and one retail mall. Our key supply chain consists of architects, construction contractors and retailers.

This is the first Sustainability Report published by Hatten Land.

The report discusses our sustainability performance for the financial year ended 30 June 2018 ("FY2018") and will be published annually going forward. It has been prepared in accordance with the globally accepted and widely used Global Reporting Initiative ("GRI") Standards: Core option and looks at our portfolio in Malaysia.

Through this report, Hatten Land seeks to disclose its ambitions and goals to be a more sustainable organisation.

We have not obtained any independent assurance of the information being reported this year, but will work to continuously improve upon our report and reporting process, and will consider obtaining independent assurance in the future.

Should you have any questions or feedback, please do not hesitate to reach us at info@hattenland.com.sg.

Board statement

The SGX ruling on Sustainability reporting has come at an opportune moment for Hatten Land. We aspire to be a globally recognised Real Estate Industry leader, and as such, through our inaugural report, we would like to share our growing focus on and inculcation of sustainability from the planning stage right through to the development and management stage.

The impact of our buildings reaches into the future and across a broad demographic. It is therefore imperative that we consider and reduce their environmental impact through intelligent design and energy efficiency. This will include: lean construction, low environmental impact construction materials, maximisation of clean energy (using solar panels) and minimisation of energy (such as lighting, cooling, heating) and resource use (for example, through rain water recycling). Lean construction will especially help in the minimisation of waste materials through off-site and modular construction, with Building Intelligence System to be incorporated down the line.

Our latest development, Satori in Malaysia, is Melaka Green Seal certified, with several green features that reflect our growing commitment to sustainability. We aim to constantly expand our sustainability agenda, eventually working towards a goal of zero construction waste, and the end goal of becoming a global Sustainable Real Estate champion.

Additionally, as a major corporation, we touch many lives through our employees, contractors, residents and retail customers. We address the 'social' and 'governance' aspects of Sustainability by seeking to adopt more measures to address employee wellbeing through greater employee engagement and training opportunities.

As the Board, we have considered sustainability issues as part of our strategic formulation and have determined the material environment, social and governance ("ESG") factors. The Board is also in charge of overseeing the management and governance of sustainability at Hatten Land. We are certain that through all of these measures, Hatten Land will strengthen its position as a global, responsible corporate citizen and leading real estate organization.

Sustainability at Hatten Land

Our core values, principles, vision and mission
Hatten Land strives to be a real estate industry leader, recognised globally for our quality, innovation and business excellence. As a trusted industry pioneer, we are committed to delivering results, building partnerships and creating value for our stakeholders while staying true to our heritage and values. We strongly believe and adhere to a set of core values in our day-to-day operations and these underpin our approach to sustainability.

INITIATIVE
All employees are encouraged to work independently with minimal supervision

HOSPITALITY
We approach work with great passion

UNITY
Our team delivers quality services through teamwork

INTEGRITY
We practice ethical business standards and conducts at all times

EXCELLENCE
We aim to deliver the best results in everything we do

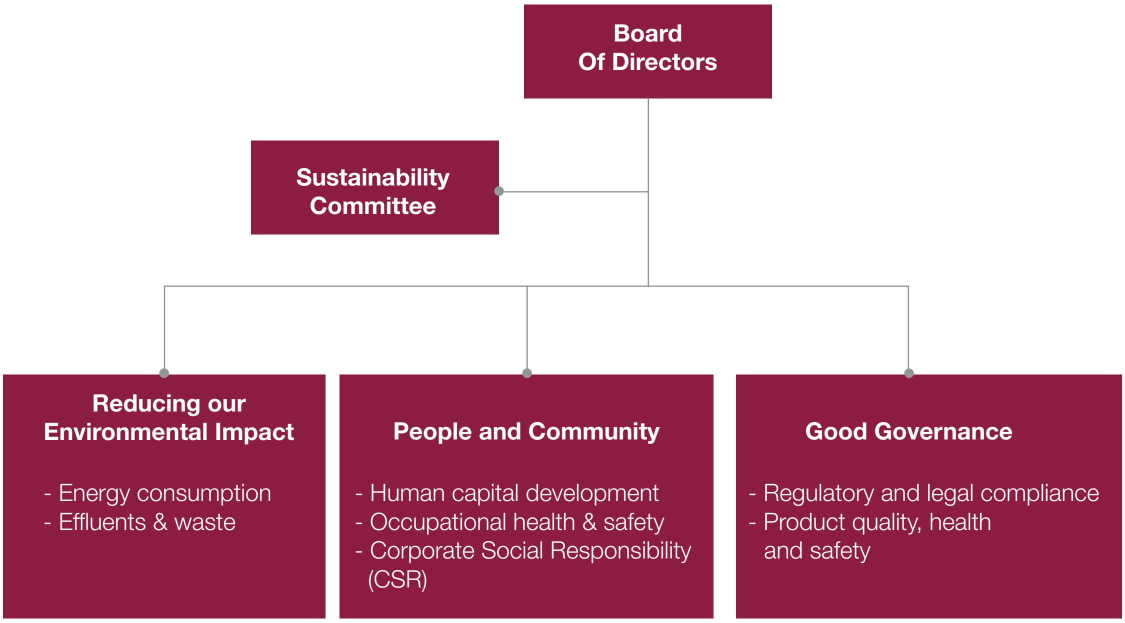
Stakeholder engagement
Engaging with and understanding the needs of our stakeholders is an essential part of our sustainability journey. We identify our stakeholders based on the impact our business has on them, and their involvement in our business. The table below lays out our engagement processes with these stakeholders:

Stakeholder	Frequency	Method	Topics raised	Our response
Employees	- Annual	- Appraisals - Town halls - Innovation surveys	- Training & development - Occupational health and safety	- Open communication - Mid-management trainings
Investors	- Annual - Quarterly	- Annual report - Quarterly release of company results - Circulars, notices, announcements, - Annual general meetings	- Financial performance - Corporate governance	- Risk management framework - Corporate Governance Report
Customers	- Annual	- Social media - In-person feedback	- Product quality	- Quick response and resolution of issues
Regulators/ Government	- Ad hoc	- Regulator site visits/inspections	- Health and safety compliance - Environmental compliance - Labour standards - SGX listing requirements	- Regulator site visits/ inspections - Improvement on safety manual
Contractors	- Continuous	- On-site meetings	- Product quality - Occupational health & safety	- On-site meetings

Sustainability at Hatten Land

Sustainability governance
To enhance our sustainability efforts, we have formulated a sustainability committee to oversee our initiatives and ensure sustainability is well managed throughout our organisation. The Sustainability Committee amalgamates information from our various departments and stakeholders, including Human Resources, Operations, and Contractors. This information is presented to our Board and used to improve upon our sustainability agenda.

Materiality assessment
To conduct our materiality assessment, we studied industry peers to select potential material ESG factors that might be relevant to our industry. We then conducted a survey to establish what our stakeholders consider to be our greatest impacts on the environment, economy and society.



Reducing our Environmental Impact

Energy Consumption

Why this is material
As a responsible property developer, we are aware that whatever we do in a development will have long-term effects to our environment and the well-being of our clients and other stakeholders.

Hatten Land aims to begin including environmentally friendly building features in its property developments to contribute towards environmental sustainability. In doing so, we aim to reduce our operational costs and environmental impacts, align ourselves with global priorities, and mitigate regulatory and physical risks.

How we manage our energy
We seek to minimise the environmental impact of our developments and practices, so we have engaged a maintenance team specialising in energy efficiency to focus on changing and improving our air heating, ventilation and cooling systems. This will enable us to reduce our energy output, greenhouse gas ("GHG") emissions as well as our operational costs.

Additionally, we encourage our employees to switch off lights and air conditioning units when a work area or room is not in use. In addition, we actively participate in the annual 60+ Earth Hour global environmental awareness initiative. Our retail stores have been equipped with energy efficient lighting and we practise awareness building for our staff.

Our performance

Energy consumption for Hatten City for FY2018

	Electricity consumption (GJ)
DoubleTree	20,556
Elements Mall	1,922
Hatten Place	8,141
SilverScape	4,490
Imperio	33
TOTAL	**35,142**

*Imperio: energy consumption for Imperio only includes January to June 2018 as this development is still under construction.

Targets
We endeavour to embed environmental considerations right from the orientation and design stages of our properties. In doing so, we will consider increasing the use of sustainable materials, energy efficient lighting and solar panels amongst others green features.

Effluents and waste

Why this is material
We generate waste both during the construction of our developments as well as during the day-to-day operations of our properties. With the majority of waste in Malaysia going to landfills, it is important that we aim to reduce our waste output and reduce our overall environmental footprint.

How we manage our waste
We are working towards a paperless environment where we discourage unnecessary printing or usage of paper. We encourage our employees to recycle and have in place recycling boxes for used paper in the office.

At our construction sites, we enforce strict waste disposal methods. For example, we sprinkle water on all resultant waste and debris to prevent dust arising. We use dust sheets and screens to control noise or dust produced from our sites.

We also monitor all oil, paint and other deleterious materials from our sites to ensure they never enter any water bodies or draining systems. Through these careful practices, we try to minimise the disruption and waste produced by our construction efforts.

Our performance
Our waste was collected by a waste contractor and taken to a landfill site.

	Hazardous	Non-Hazardous
Hatten City Phase 1	Data not available	386.5 cubic metres*

*Hatten City Phase 1 waste has been estimated by calculating the size of bins – 5' (H) x 13' (L) x 7' (W) = 455 cubin feet – multiplied by the number of garbage collection trips made by the waste contractor in FY2018 – 30 trips x 455 cubic feet = 13,650 cubic feet. 1 cubic foot = 0.0283 cubic metres.

People & Community

Human capital development

Our employee profile as of 30 June 2018:

	Employee Profile*			
	Singapore		Melaka	
	Male	Female	Male	Female
Permanent Contract	9	16	55	128
Temporary Contract	0	0	6	6
TOTAL	**9**	**16**	**61**	**134**

*A significant portion of our construction work is carried out by sub-contractors who are not our employees. We do not have employees covered by bargaining agreements.

Why this is material
We believe that our people are our greatest asset and we are committed to ensure the continuous professional development and personal growth of all our employees. It is the hard work and dedication of our employees that allows us to grow and prosper as a business, assuring the satisfaction of our customers, and our continuous evolution. As such, we strive to keep our employees happy by ensuring their wellbeing and development.

How we manage our talent

Training and development
We strive towards becoming a more diversified and inclusive business and we are constantly expanding our human resources policies to be more discerning to our employees' needs. For our efforts, we were ranked as one of HR Asia's Best Companies to Work For in 2016.

Our ability to promise long and successful careers for all our staff requires our careful consideration from the very beginning. We follow a multi-dimensional approach to our hiring process. We do not simply focus on skills, instead, we also focus on character, behaviour and work culture to ascertain a great 'fit'. Using this method, we hope to have happy employees who can enjoy a long and prosperous journey with us.

Once we have hired our new employees, we make sure to debrief with them within a week of their joining. We conduct a new-hire survey to receive feedback and understand how best to integrate them as Responsible, Informed and Accountable employees.

Human capital development

For our business to grow, it is crucial that we have a highly skilled and experienced workforce. To facilitate their personal and professional growth, one of the ways we check in with our employees and their development goals is via our Innovation Surveys. These surveys measure the individual, leadership and work environmental factors that might stimulate or hinder innovative job performance in the organisation. The results help our managers understand employees' strengths and support them in realising their potential. This form of employee engagement allows us to address the growth journeys of our employees, ensure their job satisfaction, and implement policies that will help our business flourish.

Across the board, we also conduct several training initiatives that cater to all our employees. These initiatives cover areas such as management, marketing, sales, finance and more.

In FY2018, these include:

√ Leadership Camp, May 2017

√ Townhall with the Executive Director, December 2017

√ Unleash Your Excellence – teambuilding and vertical run, February 2018

√ Watch & Learn Workshop: Navigating through a VUCA (Volatile, Uncertain, Complex, Ambiguous) World, March 2018

√ RACI Team coordination workshop: Responsible-Accountable-Consulted-Informed, April 2018

We place great value in developing leaders at Hatten Land. We created and conducted a customised Leadership Camp for our Property Investment department with the participation of our Executive Chairman. The camp featured exercises to expand upon leadership skills and deepen team bonds.

Similarly, we circulate the Hatten Guidebook on "the Art of Being an Engaging Leader" to help our employees hone their leadership and management skills, and encourage characteristics like courage, empathy, humility, generosity and resilience as well as behaviours such as positive reinforcement, collective responsibility and critical thinking.

One way we reward employees who embody these traits is through our succession programme. The programme identifies high performing, high potential employees and incentivises them through a succession planning programme. By providing them with supplementary training and support, we encourage them to work hard and develop their skills to achieve career enhancements.

Welfare and well-being

Because our employees are our biggest assets, we look out for all of them the best we can. We provide medical, hospitalisation, and insurance benefits to all our employees. We pride ourselves to be a family friendly organisation and extend our healthcare benefits to select employees' immediate family members.

Every month, our General Managing Director circulates an Inspiration Message to motivate our workforce and keep them engaged with the overall mission and goals of our organisation. In this way, we foster a deep sense of community and collective commitment to Hatten Land's cause.

Human capital development

Our performance

Average hours of employee training

	Singapore		Melaka	
Levels	**M**	**F**	**M**	**F**
Senior	26	0	3.2	6.3
Middle	16	28	1	0
Executive	40*	7	0	2.9
Non-Executive	0	0	32.7	2

*This segment of our workforce consists primarily of sales staff who require frequent retraining to stay up-to-date with evolving product information.

New employee hires

	Singapore		Melaka	
Age	**M**	**F**	**M**	**F**
Less than 30 years old	1	2	11	35
Between 30 & 50 years old	2	4	7	10
More than 50 years old	0	2	4	1
Total	3	8	22	46

Employee turnover

	Singapore		Melaka	
Age	**M**	**F**	**M**	**F**
Less than 30 years old	3	2	4	26
Between 30 & 50 years old	4	3	6	16
More than 50 years old	3	1	3	1
Total	10	6	13	43

Rate of new employee hire and employee turnover

	Singapore		Melaka	
	M	**F**	**M**	**F**
Rate of new employee hire	33%	50%	36%	34%
Rate of employee turnover	83%*	40%	26%	39%

*Male employee turnover rate in Singapore is high due to sales staff who tend to cycle in and out of the organisation.

Targets

We aim to roll out an annual employee engagement survey to better understand and address our employees' needs

Workplace health and safety

Why this is material
The safety and health of our employees, especially those who work on our construction sites, is very important to us. Without them we would be unable to build and run our properties and developments, therefore, their safety is of utmost importance to us.

How we manage the safety of our workers
We have in place a Safety and Health Policy that dictates safety procedures and practices to be adhered to in the workplace. For example, we routinely inspect our sites for any areas that might encourage the breeding of vectors, like mosquitoes. As such, we are strict about avoiding the dumping or depositing of refuse, spills, unused materials, empty bottles, cans and other containers that might collect water and create breeding grounds. If necessary, we carry out chemical sprays. In this way, we decrease chances of our workers falling ill with diseases like malaria or dengue.

Similarly, we reinforce the dangers of burning rubbish or smoking in areas where we store highly flammable fuels to all of our workers. They must also store all flammable goods such as adhesives, paints and fuels in non-combustible stores, and are forced to cease any work involving naked flames or sparks at least an hour before the end of the working day. Our workers who use gas cutting and welding equipment are thoroughly trained to minimise the risk of fires.

We conduct fortnightly and weekly meetings with contractors and supervisors on sites to keep track of any incidents and make sure they have been adequately addressed and measures are in place to prevent them from happening again.

Over and above our internal inspections, the Department of Occupational Safety and Health (JKKP) inspects our sites for safety and compliance. Similarly, the third party also perform QLASSIC (Malaysian Construction Industry Standards) assessment at our sites and ascertains their safety.

Performance
In FY2018, there were no fatalities as a result of work-related injuries nor were there are any recordable work-related injuries.

Targets
We will continue to work towards achieving a Zero Accident Vision and look at areas to improve our Safety and Health policy.

CSR and philanthropy

Hatten Cares is the executive body for all Hatten's Corporate Social Responsibility initiatives and humanitarian efforts. Since 2009, Hatten Cares has been actively promoting social awareness on healthcare, social welfare, environmental issues and cultural preservation with a simple aim of creating a more caring and conscious community.

Why this is material

As a socially responsible corporate citizen, Hatten is cognizant of its impact on society and respects the communities that it operates in. Our valued employees, customers and contractors come from the communities we work in. It is our sincere aim to give back to these communities and ensure a strong and healthy nation. The prospering of Singapore and Malaysia is good for our business and our employees. Focusing on the next generation, in particular, contributes to a robust future.

Core focus

1. Public Welfare & Social Awareness
2. Development of Education & Healthcare
3. Environmental Preservation & Conservation
4. Advancement of Arts & Culture

Giving back to our communities

Hatten Cares is the Corporate Social Responsibility ("CSR") division spearheaded by Hatten. Hatten Land has a collaboration with Hatten Cares which generally focuses on social, environmental and cultural awareness. Alongside Hatten Cares, we were involved in several community outreach programmes over the past year. We served as the Main Sponsor of the Back To School Charity Run 2017 where the proceeds were channelled to children from needy families to buy school supplies and apparel for the coming school year, and participants were encouraged to lead a healthy active lifestyle.

HATTENCARES

"A Better Tomorrow Starts With Us"
Website: www.hattengrp.com/hattencares

CSR and philanthropy

Another sector that Hatten Cares champions is sustainable entrepreneurship. As Hatten continues to grow, we want to empower our youth to pave their own path and make a positive impact in the world. Hence, we signed on as partner of TedX and venue sponsor for TedX Jonker Street, the Melaka edition of the inspiring talk series which happened in September 2018.

Charity & Philanthropy

Festive seasons are another opportunity for us to reach out, spread some joy and give back to the communities we operate in. Last Christmas, we conceptualised, produced and published a two-part video series which touched on climate change and how we can do our part to reduce, reuse and recycle during the festivities. This Hari Raya 2018, Hatten Cares organised a "buka puasa" feast for 150 mentally disabled residents at Pertubuhan Kebajikan Villla Harapan Melaka and 22 orphans at Hope Children Centre, Bukit Baru, Melaka. Besides food, we also donated approximately two-month's supply of daily provisions to the homes.

Good Governance

Regulatory and legal compliance

Why this is material
There are a number of legal and regulatory requirements that govern our license to operate. Hatten Land is committed to maintaining high standards and places importance on its governance processes and systems so as to ensure greater transparency, accountability and compliance to regulations.

Employee code of conduct
Our company culture is based on the following core values which are instilled in every employee: initiative, hospitality, unity, integrity and excellence. We have an Employee Handbook & Code of Business Conduct that is given to all our employees upon joining the firm, and is also available in the company's shared folder for ease of access. The handbook covers topics such as gift-giving and favour-giving, which guide our employees to avoid engaging in any corruption or bribery. The Handbook also covers topics such as fair treatment and payment of employees, implementation of promotions policy, avoiding conflicts of interest etc. We also conduct background checks to verify all of our workers are legally employed.

Similarly, we strongly value good business ethics and aim to have our customers feel secure in their transactions with us. We hope to build long lasting relationships. To do so, we:

- Use Standardised Requirement Document ("SRD") agreements to protect customers' best interests.
- Employ the strictest policies for customer privacy, ensuring no data is released

We have also engaged the services of an accredited external auditor to perform our internal audit.

Whistle-blowing policy
The company has put a whistle-blowing policy in place through which employees and external parties can report or communicate any concerns relating to financial or ethical matters. These issues can then be investigated and appropriate actions can be taken. The Audit and Risk Committee of Hatten Land ensures that the whistle-blowing policy is properly implemented while maintaining anonymity for the complainant.

Performance
We have had no significant fines in the economic and social areas in FY2018.

Targets
We aim to maintain our strong rate of compliance and have no fines in the economic and social areas in the next year.

Product quality, health & safety

Why this is material
Our deep-seated values of excellence, integrity and initiative involve ensuring we are always up-to-date with our customer's needs, providing them with the highest quality products. If we do not maintain this high standard, we will lose our coveted place as an industry leader and the respect and trust of our customers.

Building quality and safety
We aspire to create properties based on the concept of wellness. For our latest development, Satori, we have followed guidelines for the Melaka Green Seal.

Satori's building materials are:

√ Ion generating

√ Anti-oxidation

√ Anti-radiation

√ Asbestos free

Our sites also undergo structural tests, bend testing, and concrete slump testing to make sure our buildings are of the highest quality.

Service quality
We believe that it is not just the product we offer, but also the service that matters to our customers. We offer an open, honest and fair channel of communication, which our customers value greatly.

Digital innovation
We have been innovating digitally, working alongside International Enterprise Singapore ("IES") to adapt and evolve to omni-channel retailing. This means consolidating our customers' interaction with our business. Rather than having multiple channels of communication with us, customers can have a seamless experience without delays or confusion. Moreover, the online space allows us to diversify our retail offerings.

Performance
In FY2018, we have had no reported incidents of non-compliance with regulations concerning the health and safety impacts of products and services.

Targets
We aim to maintain our product quality standards and have no incidents of non-compliance with regulations regarding health and safety impacts next year

List of memberships, standards and charters

- ISO 9001, ISO 14001 & ISO18001 Certification
- Melaka Green Seal
- QLASSIC (Malaysian Construction Industry Standards)
- Persatuan Pengurusan Kompleks Malaysia (PPK) – Malaysia Shopping Malls Association

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Corporate Governance

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES

The board of directors (the "**Board**") of Hatten Land Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This corporate governance report, set out in tabular form, outlines the Company's corporate governance structures and practices that were in place during the financial year ended 30 June 2018 ("**FY2018**"), with specific reference made to the principles of the Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**").

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>General</td><td>(a) Has the Company complied with all the principles and guidelines of the Code?

If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</td><td>The Company has complied with the principles and guidelines as set out in the Code and in the Guide, where applicable.

Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.</td></tr>
<tr><td></td><td>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?</td><td>Not applicable. The Company did not adopt any alternative corporate governance practices in FY2018.</td></tr>
<tr><td colspan="3">BOARD MATTERS</td></tr>
<tr><td colspan="3"><u>The Board's Conduct of Affairs</u></td></tr>
<tr><td>1.1</td><td>What is the role of the Board?</td><td>As at the date of this Annual Report, the Board has five Directors and comprises the following:
<table>
<tr><th>Name of Director</th><th>Designation</th><th>Date appointed</th></tr>
<tr><td>Dato' Tan June Teng Colin @ Chen JunTing ("Dato' Colin Tan")</td><td>Executive Chairman and Managing Director</td><td>24 January 2017</td></tr>
<tr><td>Dato' Tan Ping Huang Edwin @ Chen BingHuang ("Dato' Edwin Tan")</td><td>Executive Director and Deputy Managing Director</td><td>24 January 2017</td></tr>
<tr><td>Dato' Wong King Kheng</td><td>Lead Independent Director(1)</td><td>28 October 1996</td></tr>
<tr><td>Mr Loh Weng Whye</td><td>Independent Director</td><td>24 January 2017</td></tr>
<tr><td>Mr Foo Jong Han Rey</td><td>Independent Director(2)</td><td>16 January 2006</td></tr>
</table></td></tr>
</table>

Corporate Governance

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>Notes:
(1) Appointed as an Independent Director of the Company on 28 October 1996. During the successful acquisition of Sky Win Management Consultancy Pte. Ltd., Dato' Wong King Kheng was re-appointed as an Independent Director of the Company on 24 January 2017.
(2) Appointed as an Independent Director of the Company on 16 January 2006. During the successful acquisition of Sky Win Management Consultancy Pte. Ltd., Mr Foo Jong Han Rey was re-appointed as an Independent Director of the Company on 24 January 2017.

The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principle functions include:
• To review and advise on the Group's policies and procedures;
• To align the interests of the Board and Management with that of shareholders and balance the interests of all stakeholders;
• To oversee the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures and internal controls;
• To review and approve significant acquisitions and disposals, material borrowings and fund raising exercises;
• To review performance and succession planning of the key management personnel; and
• To ensure compliance with all laws and regulations as may be relevant to the business.</td></tr>
<tr><td>1.2</td><td>All Directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.</td><td>All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.</td></tr>
<tr><td>1.3</td><td>Has the Board delegated certain responsibilities to committees? If yes, please provide details.</td><td>The Board has delegated certain responsibilities to the various Board committees, namely the Audit and Risk Committee (the "ARC"), the Remuneration Committee (the "RC") and the Nominating Committee (the "NC") (collectively, the "Board Committees") with clearly defined terms of reference. The compositions of the Board Committees are as follows:
<table>
<tr><th></th><th>ARC</th><th>RC</th><th>NC</th></tr>
<tr><td>Chairman</td><td>Dato' Wong King Kheng</td><td>Mr Foo Jong Han Rey</td><td>Mr Loh Weng Whye</td></tr>
<tr><td>Member</td><td>Mr Loh Weng Whye</td><td>Dato' Wong King Kheng</td><td>Dato' Colin Tan</td></tr>
<tr><td>Member</td><td>Mr Foo Jong Han Rey</td><td>Mr Loh Weng Whye</td><td>Dato' Wong King Kheng</td></tr>
<tr><td>Member</td><td>–</td><td>–</td><td>Mr Foo Jong Han Rey</td></tr>
</table></td></tr>
</table>

Corporate Governance

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td>1.4</td><td>Have the Board and Board Committees met in the last financial year?</td><td>The Board meets on a quarterly basis, and as and when circumstances require. In FY2018, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below.
<table>
<tr><th></th><th>Board</th><th>ARC</th><th>NC</th><th>RC</th></tr>
<tr><td>No. of Meetings</td><td>4</td><td>4</td><td>2</td><td>2</td></tr>
<tr><td colspan="5">No. of Meetings attended by the Respective Directors</td></tr>
<tr><td>Dato’ Colin Tan</td><td>4</td><td>4*</td><td>2</td><td>2*</td></tr>
<tr><td>Dato’ Edwin Tan</td><td>4</td><td>4*</td><td>2*</td><td>2*</td></tr>
<tr><td>Dato’ Wong King Kheng</td><td>4</td><td>4</td><td>2</td><td>2</td></tr>
<tr><td>Mr Loh Weng Whye</td><td>4</td><td>4</td><td>2</td><td>2</td></tr>
<tr><td>Mr Foo Jong Han Rey</td><td>4</td><td>4</td><td>2</td><td>2</td></tr>
</table>
Note:
* Attendance by invitation

The Company’s constitution (the “Constitution”) allows for meetings to be held through telephone, video-conference, or any other form of audio, audio-visual, electronic or instantaneous communication by which all persons participating in the meeting are able to hear and be heard by all other participants.</td></tr>
<tr><td>1.5</td><td>What are the types of material transactions which require approval from the Board?</td><td>Matters that require the Board’s approval include, amongst others, the following:
• significant acquisition and disposal of assets;
• material borrowings and fund raising exercises;
• share issuance and proposal of dividends;
• budgets, financial results announcements, annual report and audited financial statements; and
• material interested person transactions.</td></tr>
<tr><td>1.6</td><td>(a) Are new Directors given formal training? If not, please explain why.</td><td>All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group’s strategic direction, governance practices, business and organisation structure as well as the expected duties of director of a listed company. To obtain a better understanding of the Group’s business, the Director will also be given the opportunity to visit the Group’s operational sites and meet with key management personnel.</td></tr>
<tr><td></td><td>(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?</td><td>All Directors are updated regularly on any new developments in regulatory, legal and accounting frameworks that are of relevance to the Group through participation in courses, seminars and workshop and funded by the Company. The external auditors, Ernst and Young LLP (“External Auditors”) update the Directors on the new revised financial reporting standards on an annual basis.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority (“ACRA”) which are relevant to the Directors are circulated to all Directors by the Company Secretary. The Board is also updated, from time to time, when new laws or regulations affecting the Group are introduced.</td></tr>
</table>

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		The Directors are also encouraged to attend seminars and training courses that will assist them in executing their obligation and responsibilities as directors of the Company.
1.7	Upon appointment of each director, has the Company provided a formal letter to the director, setting out the director's duties and obligations?	Formal letters of appointment are furnished to the newly-appointed directors, upon their appointments during the financial year, stating among other matters, the roles, obligations, duties and responsibilities as a member of the Board.
Board Composition and Guidance		
2.1 2.2 3.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Guidelines 2.1 and 2.2 of the Code are met as the Independent Directors made up the majority of the Board. As Dato' Colin Tan is both the Executive Chairman and Managing Director, Dato' Wong King Kheng is appointed as the Lead Independent Director, complying with Guideline 3.3 of the Code.
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	Yes, the NC had reviewed and the Independent Directors had also confirmed their independence in accordance with the Code during the NC meeting held on 27 August 2018. All Independent Directors have also provided their independence declaration.
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.	Save for Mr Foo Jong Han Rey and Dato' Wong King Kheng (as further elaborated in guideline 2.4 below), there are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Please refer to guideline 2.4 below.
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	Yes. Both Mr Foo Jong Han Rey and Dato' Wong King Kheng have served on the Board for more than nine years. Dato' Wong King Kheng was appointed as an Independent Director of the Company on 28 October 1996, prior to the completion of the acquisition of Sky Win Management Consultancy Pte. Ltd. ("**RTO**") on 24 January 2017. Mr Foo Jong Han Rey was appointed as an Independent Director of the Company on 16 January 2006, prior to the RTO.

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		The Board (save for Dato' Wong King Kheng and Mr Foo Jong Han Rey) had subjected the independence of Dato' Wong King Kheng and Mr Foo Jong Han Rey to particularly rigorous review and were of the opinion that notwithstanding the appointment of Dato' Wong King Kheng and Mr Foo Jong Han Rey as independent directors of the Company since 1996 and 2006 respectively, their independence is not affected taking into consideration the following: (a) the previous board of the Company, including Dato' Wong King Kheng and Mr Foo Jong Han Rey, (the "**Previous Board**") had stepped down from the Company upon the completion of RTO. The subsequent appointments of Dato' Wong King Kheng and Mr Foo Jong Han Rey as Independent Directors were approved by shareholders at the extraordinary general meeting held on 20 January 2017; (b) save for Dato' Wong King Kheng and Mr Foo Jong Han Rey, none of the directors of the Previous Board were appointed to the current Board; (c) Prior to the RTO, the Company was in the business of franchising, marketing and retailing of lifestyle sporting goods, footwear, equipment, apparel and accessories, which was disposed off and ceased to be a part of the Group (the "**Disposed Business**"). The current business of the Group, being property development, is completely different and not related to the Disposed Business. There is no business relationship between the Disposed Business and the property development business of the Group; (d) Neither of Dato' Wong King Kheng and Mr Foo Jong Han Rey have any existing business or professional relationship of a material nature with the Group, the Directors of the Previous Board, the Directors of current Board and/or substantial shareholders of the Group; (e) Dato' Wong King Kheng and Mr Foo Jong Han Rey are not in any way related to the controlling shareholders, Directors and key management of the Group; and (f) Dato' Wong King Kheng and Mr Foo Jong Han Rey with their relevant financial and legal backgrounds and experience respectively continue to value add to the Board.
2.5	Has the Board examine its size and decide on what it considers an appropriate size for the Board, which facilitates effective decision making?	The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's businesses, and the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, believes that its current board size and the existing composition of the Board Committees effectively serve the Group. It provides sufficient diversity without interfering with efficient decision-making.

Corporate Governance

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>2.6</td><td>(a) What is the Board's policy with regard to diversity in identifying Director nominees?</td><td>The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.</td></tr>
<tr><td></td><td>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</td><td>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:
<table>
<tr><th></th><th>Number of Directors</th><th>Proportion of the Board (%)</th></tr>
<tr><td>Core Competencies</td><td></td><td></td></tr>
<tr><td>• Accounting or finance</td><td>2</td><td>40.0</td></tr>
<tr><td>• Business management</td><td>5</td><td>100.0</td></tr>
<tr><td>• Legal or corporate governance</td><td>2</td><td>40.0</td></tr>
<tr><td>• Relevant industry knowledge or experience</td><td>3</td><td>60.0</td></tr>
<tr><td>• Strategic planning experience</td><td>5</td><td>100.0</td></tr>
<tr><td>• Customer based experience or knowledge</td><td>3</td><td>60.0</td></tr>
</table></td></tr>
<tr><td></td><td>(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</td><td>The Board has taken the following steps to maintain or enhance its balance and diversity:
• Review by the NC at least once a year to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
• Evaluation by the Directors at least once a year of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.</td></tr>
<tr><td>2.7</td><td>How have the Non-Executive Directors:
(a) constructively challenge and help develop proposals on strategy; and
(b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance?</td><td>The Board, particularly the Non-Executive Directors (including the Independent Directors), must be kept well informed of the Group's business and be knowledgeable about the industry the Group operates in. To ensure that the Non-Executive Directors are well supported by accurate, complete and timely information, they have unrestricted access to Management, and have sufficient time and resources to discharge their oversight functions effectively.

This enables the Non-Executive Directors to constructively challenge and help develop proposals on strategy and also review the performance of Management in meeting agreed goals and objectives, and extend guidance to Management. The Non-Executive Directors' objective judgement on corporate affairs and collective experience and knowledge are invaluable to the Group and allow for the useful exchange of ideas and views.</td></tr>
</table>

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
2.8	Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?	The Non-Executive Directors (including Independent Directors) discuss and/or meet on a need basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors. The Non-Executive Directors (including Independent Directors) have met and/or discussed informally on various occasions without the presence of Management in FY2018.
Chairman and Chief Executive Officer		
3.1 3.2 3.3	Are the duties between Chairman of the Board and Chief Executive Officer (or equivalent) segregated?	The Board recognises the Code's recommendation that the Chairman of the Board ("**Chairman**") and the Chief Executive Officer (or equivalent) should be separate persons to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Board is of the opinion that the present Group structure and business scope does not warrant a meaningful split of the roles of the Chairman and the Managing Director. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence. Dato' Colin Tan is the Executive Chairman and Managing Director of the Company. As Executive Chairman, Dato' Colin Tan exercises control over the quality, quantity and timeliness of the flow of information between management and the Board. As the Managing Director, Dato' Colin Tan has full executive responsibilities of the overall business directions and operational decisions of the Group. All major decisions made by the Executive Chairman and Managing Director are reviewed by the Board and his remuneration package is reviewed periodically by the RC. Dato' Wong King Kheng, the Lead Independent Director of the Company, will meet periodically with the other Non-Executive Directors without the presence of the other Directors and Management, and provide feedback to the Executive Chairman and Managing Director after such meetings. He will also be an independent channel of communication for shareholders who have concerns and for which contact with the Executive Chairman and Managing Director or the Management has failed or is inappropriate.
3.4	Have the Independent Directors met in the absence of other Directors?	Led by the Lead Independent Director, the Independent Directors will meet in the absence of the other Directors as and when circumstances warrant. In FY2018, the Independent Directors had met and/or discussed informally on various occasions without the presence of other Directors in FY2018.

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Membership		
4.1 4.2	What are the duties of the NC?	The responsibilities of the NC include the nomination of Directors, determining the independence of a Director and deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director. The criterion for independence is based on the definition as set out in the Code. The NC is responsible for the following: (a) Reviewing and making recommendations to the Board on all appointments, board re-nominations, re-elections and removal of all Directors of the Company, having regard to the relevant Director's contribution and performance and taking into account their respective commitments outside the Group; (b) Reviewing and determining a suitable size, structure and composition of the Board which facilitates effective decision-making, after taking into consideration the scope and nature of the operations of the Group; (c) In deciding the composition of the Board, to take into account the future requirements of the Group, the appropriate balance and diversity of skills, experience, gender and core competencies, such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, and knowledge of the Group that the Board requires to function competently and efficiently; (d) Ensuring that all members of the Board submit themselves for re-nomination and re-election at regular intervals and at least once in every three (3) years; (e) Determining on an annual basis whether a Director is independent; (f) Determining and recommending to the Board the maximum number of listed company board representations which any Director may hold; (g) Reviewing the training and professional development programmes for the Board; (h) Developing a process for evaluation of the performance of the Board and assessing the performance of the Board and contribution of each Director to the effectiveness of the Board; and (i) Reviewing and approving, jointly with the RC, any new employment of related persons and the proposed terms of their employment.

Corporate Governance

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>4.4</td><td>(a) What is the maximum number of listed company board representations that the Company has prescribed for its Directors? What are the reasons for this number?</td><td>Although some of the Board members have multiple board representations and other principal commitments, the NC is satisfied that the Directors have devoted sufficient time and attention to the Group. The NC is of the view that setting a maximum number of listed board representations that any Director may hold is not necessary as all the Directors are able to devote to the Company's affairs in light of their other commitments. However, as a general guideline to address time commitments that may be faced, a Director who holds more than five listed company board representations (including the appointment with Company) will consult the Chairman of the NC before accepting any new appointments as a director of other listed Company.</td></tr>
<tr><td></td><td>(b) If a maximum has not been determined, what are the reasons?</td><td>Refer to above.</td></tr>
<tr><td></td><td>(c) What are the specific considerations in deciding on the capacity of directors?</td><td>The considerations in assessing the capacity of Directors include the following:
• Expected and/or competing time commitments of Directors;
• Geographical location of Directors;
• Size and composition of the Board;
• Nature and scope of the Group's operations and size; and
• Capacity, complexity and expectations of the other listed directorships and principle commitments held.</td></tr>
<tr><td></td><td>(d) Have the Directors adequately discharged their duties?</td><td>The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately for FY2018.</td></tr>
<tr><td>4.5</td><td>Are there alternate Directors?</td><td>No. The Company currently does not have any alternate directors.</td></tr>
<tr><td>4.6</td><td>Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.</td><td>The following table sets out the process for selecting and appointing new directors:
<table>
<tr><td>1.</td><td>Determination of selection criteria</td><td>The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience, knowledge or gender to complement and strengthen the Board and increase its diversity.</td></tr>
</table></td></tr>
</table>

Corporate Governance

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td>2.</td><td>Search for suitable candidates</td><td>The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants or the Singapore Institute of Directors where necessary.</td></tr>
<tr><td>3.</td><td>Assessment of shortlisted candidates</td><td>The NC would meet and interview the shortlisted candidates to assess their suitability.</td></tr>
<tr><td>4.</td><td>Appointment of director</td><td>The NC would recommend the selected candidate to the Board for consideration and approval.</td></tr>
</table>
The following table sets out the process for re-electing incumbent directors:
<table>
<tr><td>1.</td><td>Assessment of director</td><td>• The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and
• The NC would also consider the current needs of the Board.</td></tr>
<tr><td>2.</td><td>Re-appointment of director</td><td>Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</td></tr>
</table>
Each member of the NC will abstain from voting on any resolution and making any resolutions and/or participating in any deliberations of the NC in respect of the assessment of his performance or nomination for re-election as a Director.
</td></tr>
<tr><td>4.7</td><td>Please provide the following key information regarding the Directors'.
• Academic and professional qualifications;
• Shareholding in the Company and its related corporation;
• Board committees served on (as a member or chairman), date of first appointment and last re-appointment as a Director;
• Directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments.</td><td> The key information of the Directors, including their profiles and directorships, are set out on pages 22 to 23 of this Annual Report under section Board of Directors.
The shareholdings of the Directors of the Company are set out on page 70 of this Annual Report. None of the Directors hold shares in the subsidiaries of the Company.
Dato' Colin Tan and Mr Loh Weng Whye will be retiring by rotation and seeking re-appointment at the forthcoming annual general meeting ("AGM") to be held on 25 October 2018 as stated in the Notice of AGM in this Annual Report. </td></tr>
</table>

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	• Indicate which Directors are executive, non-executive or considered by the NC to be independent; and • The names of the Directors submitted for appointment or re-appointment should also be accompanied by such details and information to enable shareholders to make informed decisions.	
Board Performance		
5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?	The performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board are as follows: (i) Board Composition and Size (ii) Board Committees (iii) Board Functions and processes (iv) Board Meetings (v) Communications (vi) Standards of Conduct (vii) Board Compensation The Board is of the opinion that it is more meaningful to evaluate the Board and the Board Committees as a whole. However, moving forward, the Board may consider evaluating each Director, where such evaluation is appropriate or necessary.
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	The evaluation of the Board and Board Committees was conducted by way of questionnaire. Whilst an individual evaluation was not carried out to assess whether each Director continues to contribute effectively and demonstrates commitment to his role and duties, the NC took notice of each Director's record of attendance and participation, his candour, performance and overall contribution to the Board and the Group; as well as his/her ability to adequately carry out the duties expected while performing his/her roles in other companies or in other appointments. No external facilitator was used in the evaluation process.
	(b) Has the Board met its performance objectives?	Yes, the Board has met its performance objectives.

Corporate Governance

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td colspan="3">Access to Information</td></tr>
<tr><td>6.1
6.2
10.3</td><td>What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?</td><td>
<table>
<tr><th></th><th>Information</th><th>Frequency</th></tr>
<tr><td>(a)</td><td>Updates to the Group's operations and the markets in which the Group operates in</td><td>Quarterly</td></tr>
<tr><td>(b)</td><td>Quarterly and full year financial results</td><td>Quarterly</td></tr>
<tr><td>(c)</td><td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td><td>As and when, relevant</td></tr>
<tr><td>(d)</td><td>Reports on on-going or planned corporate actions</td><td>As and when, relevant</td></tr>
<tr><td>(e)</td><td>Internal auditors' report(s)</td><td>As and when, available</td></tr>
<tr><td>(f)</td><td>Research report(s)</td><td>As and when, requested</td></tr>
<tr><td>(g)</td><td>Shareholding statistics</td><td>As and when, requested</td></tr>
</table>
Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</td></tr>
<tr><td>6.3
6.4</td><td>What is the role of the Company Secretary?</td><td>All Directors have separate and independent access to the Company Secretary. The Company Secretary, or her representatives, attends all Board meetings and is responsible to ensure that the Board procedures are followed. It is the Company Secretary's responsibility to ensure that the Company complies with requirements of all applicable rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act (Chapter 50) of Singapore and the Catalist Rules. The Company Secretary is also responsible for the proper maintenance of the records of Board and Board Committees meetings.

The appointment and the removal of the Company Secretary are subject to the Board's approval.</td></tr>
</table>

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
REMUNERATION MATTERS		
Developing Remuneration Policies		
7.1 7.2 7.4	What is the role of the RC?	The RC is guided by key terms of reference as follows: (a) review and recommend to the Board, in consultation with management, a framework for all aspects of remuneration for the Directors and key management personnel of the Group, and determine specific remuneration packages for each executive Director and key management personnel; (b) perform an annual review of the remuneration of the employees who are immediate family members of the Directors or the Chief Executive Officer (or equivalent position), whose remuneration exceeds S$50,000 per annum to ensure transparency on their remuneration packages; (c) review and approve any bonuses, pay increments and/or promotions for these employees; (d) review the Company's obligations arising in the event of termination of the executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and (e) review and approve jointly with NC any new employment of related persons and the proposed terms of their employment.
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company in FY2018. The RC has access to expert professional advice on human resource matters as and when there is a need to consult externally.
Level and Mix of Remuneration		
8.1	What are the measures for assessing the performance of Executive Directors and key management personnel?	In its deliberations of the remuneration packages of the Executive Directors and key management personnel, the RC takes into consideration their responsibilities, skills, expertise and contribution, industry practices and norms in compensation in addition to the Company's relative performance. No Director or key management personnel will be involved in deciding his own remuneration.
8.2	Are there long-term incentive schemes for Executive Directors and key management personnel?	The Company had adopted Hatten Land Limited Performance Share Plan ("**PSP**") as well as Hatten Land Limited Employees' Share Option Scheme ("**ESOS**") at the annual general meeting held on 26 October 2017. The PSP and ESOS provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Both PSP and ESOS are administered by the RC comprising three directors, Mr Foo Jong Han Rey, Dato' Wong King Kheng and Mr Loh Weng Whye.

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
8.3	How is the remuneration for non-executive directors determined?	The remuneration of the Non-Executive Directors (including Independent Directors) is determined by their contributions to the Company, taking into account factors such as efforts and time spent as well as their responsibilities on the Board and Board Committees, if applicable. The Directors' fees of the Non-Executive Directors are subject to approval by shareholders at each annual general meeting.
8.4	Are there any contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company?	The Executive Chairman and Managing Director, Dato' Colin Tan, as well as the Deputy Managing Director and Executive Director, Dato' Edwin Tan have each entered into a service agreement with the Company on 24 January 2017 for a period of three (3) years, renewable automatically thereafter for periods of two (2) years each, unless otherwise terminated. The service agreement provides for termination by either the Executive Chairman or the Company upon giving no less than three months' notice. Both Dato Colin Tan and Dato' Edwin Tan are also entitled to receive Director's fees, which are subject to approval by shareholders at each AGM. The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.
Disclosure on Remuneration		
9	What is the Company's remuneration policy?	The Company's remuneration policy is one that seeks to attract, retain and motivate talents to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link on total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.

Corporate Governance

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>9.1
9.2</td><td>Has the Company disclosed each Director's and the Managing Director's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>The breakdown for the remuneration of the Directors in FY2018 is as follows:
<table>
<tr><th></th><th colspan="5">Remuneration earned through (%)</th></tr>
<tr><th></th><th>Base/ Fixed Salary</th><th>Variable or performance related income/ bonus</th><th>Director Fees*</th><th>Benefits</th><th>Total</th></tr>
<tr><td colspan="6">S$500,000 to S$750,000</td></tr>
<tr><td>Dato' Colin Tan</td><td>77</td><td>–</td><td>4</td><td>19</td><td>100</td></tr>
<tr><td>Dato' Edwin Tan</td><td>73</td><td>–</td><td>4</td><td>23</td><td>100</td></tr>
<tr><td colspan="6">Below S$250,000</td></tr>
<tr><td>Dato' Wong King Kheng</td><td>–</td><td>–</td><td>100</td><td>–</td><td>100</td></tr>
<tr><td>Loh Weng Whye</td><td>–</td><td>–</td><td>100</td><td>–</td><td>100</td></tr>
<tr><td>Foo Jong Han Rey</td><td>–</td><td>–</td><td>100</td><td>–</td><td>100</td></tr>
<tr><td>Lee Sok Khian, John(1)</td><td>89</td><td>–</td><td>11</td><td>–</td><td>100</td></tr>
</table>
Note:
(1) Resigned as Non-Executive and Non-Independent Director on 26 October 2017

Taking into consideration the highly competitive business environment, the nature of the industry and the confidentiality of the Group's remuneration policies, the Board is of the view that providing full disclosure of the remuneration of each individual Director and key management personnel is not in the best interests of the Group and may adversely affect talent attraction and retention.

There are no termination, retirement, post-employment benefits that may be granted to the Directors.</td></tr>
<tr><td>9.3</td><td>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>Save for the Executive Directors, the Company only has 3 top key management personnel as at 30 June 2018.
<table>
<tr><th></th><th colspan="4">Remuneration earned through (%)</th></tr>
<tr><th></th><th>Base/ Fixed Salary</th><th>Variable or performance related income/bonus</th><th>Benefits</th><th>Total</th></tr>
<tr><td colspan="5">Below S$250,000</td></tr>
<tr><td>Chong Foh Siong</td><td>100</td><td>–</td><td>–</td><td>100</td></tr>
<tr><td>Chua Thiam Siew, Johnson(1)</td><td>100</td><td>–</td><td>–</td><td>100</td></tr>
<tr><td>Tan Kay Yan Mark(2)</td><td>82</td><td>18</td><td>–</td><td>100</td></tr>
<tr><td>Pow Lay Kuan</td><td>100</td><td>–</td><td>–</td><td>100</td></tr>
<tr><td>Clarence Chong</td><td>100</td><td>–</td><td>–</td><td>100</td></tr>
</table>
Notes:
(1) Resigned as Group Financial Controller on 31 August 2017
(2) Resigned as Chief Operating Officer – Property Development Division on 9 April 2018</td></tr>
</table>

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		There are no termination, retirement, post-employment benefits that may be granted to the top key management personnel. The Company had on 8 September 2017 proposed a one-time issuance of 3,016,000 new ordinary shares ("**Employees Shares**") to selected employees for their (i) in recognition of the contributions of these employees in the successful acquisition of Sky Win Management Consultancy Pte. Ltd.; (ii) to motivate and encourage these employees to achieve and maintain a high level of performance and contribution and (iii) to foster a sense of ownership within the Company; which aligns the interests of these employees with the interests of the shareholders, and by extension, the Company. The Employee Shares were issued and allotted on 26 September 2017.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the Managing Director).	The aggregate remuneration of the above key management personnel (who are not Directors or the Managing Director) for FY2018 amounted to S$638,000.
9.4	Is there any employee who is an immediate family member of a Director or the Managing Director, and whose remuneration exceeds S$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the Managing Director.	Dato' Colin Tan and Dato' Edwin Tan are brothers and their respective remuneration for FY2018 are disclosed in the table above. Datin' Wira Lu Chai Hong, Head of Department, Office Admin & Human Resources of the Company, is the mother of Dato' Colin Tan and Dato' Edwin Tan. Her remuneration for FY2018 is in the band of S$50,000 to S$99,999. Save for the above, there was no other employee who is an immediate family member of a Director or the Managing Director, and whose remuneration exceeds S$50,000 during FY2018.
9.5	Please provide details of the employee share scheme(s).	The Company has adopted a PSP as well as an ESOS at the annual general meeting held on 26 October 2017. Details of the PSP and ESOS can be found in the Company's appendix dated 11 October 2017 to the Annual Report 2017. Since the adoption of the PSP and ESOS, no options and/or awards have been granted under the PSP and ESOS respectively.
9.6	(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution toward the overall performance of the Group in FY2018. Their remuneration is made up of fixed and variable compensation. The fixed compensation consists of an annual base salary and allowances. The variable compensation, in the form of bonus, is based on the level of achievement of corporate and individual performance objectives, amongst others.

Corporate Governance

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>The Company's Directors, namely, Dato' Colin Tan and Dato' Edwin Tan had entered into service agreements with the Company in which terms of their employment are stipulated. The initial term of employment is for a period of three (3) years from the date of completion of the RTO, and thereafter automatically renewed for subsequent periods of two (2) years each unless otherwise terminated.

Under the service agreements, Dato' Colin Tan and Dato' Edwin Tan are entitled to a performance based incentive payable by the Company in certain circumstances. Please refer to the section on "Service Agreements" in the Company's circular dated 29 December 2016 for further details.</td></tr>
<tr><td></td><td>(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?</td><td>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:
<table>
<tr><th></th><th>Short-term Incentives
(such as performance bonus)</th><th>Long-term Incentives
(such as PSP and ESOS)</th></tr>
<tr><td>Performance Conditions</td><td>1. Leadership
2. People development
3. Commitment
4. Teamwork</td><td>The performance conditions used to determine the entitlement under the proposed PSP and ESOS can be found in the Company's Appendix dated 11 October 2017 to the Annual Report 2017.</td></tr>
</table></td></tr>
<tr><td></td><td>(c) Were all of these performance conditions met? If not, what were the reasons?</td><td>The RC has reviewed and satisfied that the performance conditions were met in FY2018. After weighing the Group's resource requirements for its expansion plans, the RC is of the view that no incentive shall be granted to Executive Directors and key management personnel for FY2018.</td></tr>
<tr><td colspan="3">ACCOUNTABILITY AND AUDIT</td></tr>
<tr><td colspan="3"><u>Accountability</u></td></tr>
<tr><td>10.1
10.2</td><td>The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.</td><td>The Board understands its accountability to the shareholders on the Group's position, performance and progress. The objectives of the presentation of the annual audited financial statements, full-year and quarterly results to its shareholders are to provide the shareholders with a balanced and understandable analysis and explanation of the Group's financial performance and position and prospects.</td></tr>
</table>

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		The Management understands its role to provide all members of the Board with a balanced and understandable assessment of the Group's performance, position and prospects. As such, the Management provides the Board with appropriately detailed information on the Company's performance, position, and prospects on quarterly basis and when deem appropriate. The Management is also accountable to the Board and maintains regular contact and communication with the Board including preparing and circulation to the Board of quarterly and full year financial statements of the Group. These enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.
Risk Management and Internal Controls		
11.1	The Board should determine the Company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems.	The Board has ultimate responsibility for maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets. The Board approves the key management policies and ensures a sound system of risk management and internal controls. In addition to determining the approach to risk governance, the Board sets and instils the right risk-focused culture throughout the Group for effective risk governance. The system of internal controls and risk management systems are intended to provide reasonable but not absolute assurance against material misstatement or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of business risk. The Board is also responsible for governance of risk management, and determining the Company's levels of risk tolerance and risk policies. The Board consults with the External Auditors and Internal Auditors of the Company ("**Internal Auditors**") to determine the risk tolerance level and corresponding risk policies.
11.2 11.4	The Board should, at least annually, review the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.	The ARC evaluates the findings of the External Auditors and Internal Auditors on the Group's internal controls annually. The Company has engaged the services of PricewaterhouseCoopers LLP as the Internal Auditors to review and improve its risk management systems. The External Auditors, in the course of conducting their annual audit procedures on the statutory financial statements, also reviewed the Group's significant internal financial controls to the extent of their scope as laid out in their audit plan. Any material non-compliance and internal financial control weaknesses noted by the external auditors are reported to the ARC together with the external auditors' recommendations. The Management would then take appropriate actions to rectify the weaknesses highlighted.

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board, with the concurrence of the ARC, is of the view that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective in FY2018. The bases for the Board's and ARC's view are as follows: 1. Assurance had been received from the Managing Director and Senior Group Manager (refer to Section 11.3(b) below); 2. Key management personnel regularly evaluates, monitors and reports to the ARC on material risks; 3. Discussions were held between the ARC and auditors in the absence of the key management personnel to review and address any potential concerns; and 4. Work performed by the Internal Auditors and External Auditors.
	(b) In respect of the past 12 months, has the Board received assurance from the Managing Director and the Chief Financial Officer (or equivalent) as well as the internal auditors that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	The Board has obtained the following assurance from the Managing Director and Senior Group Manager: 1. the financial records of the Group have been properly maintained and the financial statements for FY2018 give a true and fair view of the Group's operations and finances; 2. risk management systems and internal control systems were properly maintained; 3. material information relating to the Company was disclosed on a timely basis for the purposes of preparing financial statements; and 4. the Company's risk management systems and internal control systems were adequate and effective in FY2018. The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The Board, with the concurrence of the ARC, is of the opinion that the Group's internal controls and risk management systems are effective and adequate to address the financial, operational, compliance and information technology risks of the Group in its current business environment.
12.1 12.3 12.4	What is the role of the ARC?	The ARC is guided by the following key terms of reference: (a) review the scope of the audit plans of the External Auditors and Internal Auditors, the results of the External Auditors and Internal Auditors' examination and their evaluation of internal accounting control systems, their letter to Management and the Management's response to ensure that appropriate follow-up measures are taken to satisfactorily address internal control weaknesses, if any; (b) review the quarterly and annual financial statements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments;

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		(c) resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules, and any other relevant statutory or regulatory requirements; (d) review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance; (e) review the risk profile of the Company, its internal control and risk management procedures, including financial, operation, compliance and information technology controls and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board; (f) ensure co-ordination between the External Auditors and Internal Auditors and the Management and review the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary); (g) commission and review the findings of investigations by Internal Auditors or External Auditors into matters where there is any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response; (h) consider the appointment, remuneration, terms of engagement or re-appointment of the External Auditors and Internal Auditors and matters relating to the resignation or dismissal of the auditors; (i) make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the External Auditors, and approve the remuneration and terms of engagement of the External Auditors; (j) review and recommend to the Board any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules; (k) together with the Conflict Resolution Committee (the "**CRC**"), review any potential conflict of interests that may arise in respect of any Director(s) of the Company for the time being; (l) review the scope and results of the external audit, and the independence and objectivity of the External Auditors; (m) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made thereto from time to time; and

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		(n) assess the performance of the financial director and/or the financial controller (as the case may be), for the relevant period, on an annual basis to determine his or her suitability for the position. In addition to the above, the ARC is empowered to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which are or is likely to have a material impact on our Group's operating results and/or financial position. The Independent Directors also constitute the Company's CRC. The CRC's primary role is to review conflicts or potential conflicts of interests that may arise from time to time in the course of the Group's business or operations between the Group and any controlling shareholder, director or key management personnel of the Group and/or their associates. The CRC has the power to appoint an independent adviser to advise on and recommend procedures to resolve or mitigate such conflict or potential conflict of interests, so as to enable the CRC to discharge its duties to the shareholders. The independent adviser may also be called on to provide an opinion as to whether the procedures recommended by the CRC to resolve or mitigate conflicts or potential conflicts are carried out in an appropriate and effective manner. Please refer to the section on "**Potential Conflicts of Interest**" in the Company's circular dated 29 December 2016 for further details.
12.2	Are the members of the ARC appropriately qualified to discharge its responsibilities?	The Board is of the view that the ARC members possess the relevant accounting or related financial management expertise to discharge their responsibilities. The members collectively have many years of experience in accounting and audit, business and financial management, law and engineering. The Board considers that the members of the ARC are appropriately qualified to discharge the responsibilities of the ARC.
12.5	Has the ARC met with the auditors in the absence of key management personnel?	The ARC has met the Internal Auditors and External Auditors on various occasions without the presence of Management for FY2018.
12.6	Has the ARC reviewed the independence of the external auditors?	The ARC has reviewed the non-audit services provided by the External Auditors and is satisfied that the nature and extent of such services would not prejudice the independence of the external auditors, and has recommended to the Board the re-appointment of Ernst and Young LLP as external auditors of the Company at the forthcoming AGM.

Corporate Governance

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td>(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.</td><td>The breakdown of the fees paid/payable to the external auditors for FY2018 is as follows:
<table><tr><th></th><th>RM</th><th>% of total</th></tr><tr><td>Audit fees</td><td>578,000</td><td>93</td></tr><tr><td>Non-audit fees</td><td>42,000</td><td>7</td></tr><tr><td>Total</td><td>620,000</td><td>100</td></tr></table></td></tr>
<tr><td></td><td>(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the ARC's view on the independence of the external auditors.</td><td>The ARC reviews the independence of the External Auditors annually. The ARC also conducted a review of non-audit services provided by the External Auditors and is satisfied that the nature and extend of such services do not prejudice the independence and objectivity of the External Auditors. The ARC is satisfied with the External Auditors' confirmation of their independence.</td></tr>
<tr><td>12.7</td><td>Does the Company have a whistle-blowing policy?</td><td>The Company has put in place a whistle-blowing policy to provide an avenue through which employees and external parties may report or communicate, in good faith and in confidence, any concerns relating to financial and other matters, so that independent investigation of such matters can be conducted and appropriate follow-up action can be taken. The ARC ensures that the whistle-blowing policy is properly implemented.

The whistle-blowing procedure is intended to be used for serious and sensitive issues. Serious concerns relating to financial reporting, unethical or illegal conduct can be reported to the Chairman of the ARC via a designated email at whistleblow@hattenland.com.sg. The action to be taken will depend on the nature of the concern. Initial inquiries will be made by the Chairman of the ARC to determine whether an investigation is appropriate, and the form that it should take. Some concerns may be resolved by agreed action without the need for investigation. If investigation is necessary, the ARC will direct an independent investigation to be conducted on complaint received. The Board will receive a report stating the complaint received and findings of investigation, as well as a follow-up report on actions taken by the ARC. The Company will update the complainant of the actions taken in respect of the complaint within two weeks. Subject to any legal constraints, the complainant will be notified about the outcome of any investigations.

The Company shall maintain the confidentiality of the whistle-blower(s) to the fullest extent reasonably practicable within the legitimate needs of the law and any ensuing evaluation or investigation. Complainant(s) who make a report in good faith will be protected from reprisals, victimization or harassment.

There were no whistle-blowing reports received in FY2018.</td></tr>
</table>

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	The ARC had been briefed by the External Auditors on changes in accounting standards and issues which are relevant to the Group and have a direct impact on the Group's financial statements.
12.9	Are any of the members of the ARC (i) a former partner or director of the Company's existing auditing firm or auditing corporation within the previous 12 months and (ii) hold any financial interest in the auditing firm or auditing corporation?	None of the ARC members (i) is a former partner or director of the Company's existing auditing firm or auditing corporation in the previous 12 months and (ii) holds any financial interest in the auditing firm or auditing corporation.
Internal Audit		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	The ARC's responsibility in overseeing that the Group's risk management system and internal controls is complemented by its outsourced Internal Auditors, PricewaterhouseCoopers LLP. The Internal Auditors report directly to the Chairman of the ARC on audit matters. The Internal Auditors plan its audit work in consultation with, but independently of, the management, and its yearly plan is submitted to the ARC for review and approval prior to the beginning of the financial year. The Internal Auditors have full access to all the Company's documents, records, properties and personnel including access to the ARC. The ARC is satisfied that Internal Auditors are adequately qualified (given, *inter alia*, its adherence to Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors) and resourced, and have the appropriate standing in the Company to discharge its duties effectively.
Shareholders' Rights		
14.1	The Company should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the company or its business which would be likely to materially affect the price or value of the Company's shares.	The Company believes in regular and timely communication with shareholders as part of the Group's effort to help shareholders better understand the Group's business. The Company does not practice selective disclosure. In line with its continuous listing obligations, the Board's policy is that all shareholders should be equally and timely informed of all major developments that impact the Company and/or the Group. It is also the Board's policy that all material corporate news, strategies and announcements are promptly and accurately disseminated through SGXNET, so as to enable shareholders to make informed decisions in respect of their investments in the Company.

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
14.2	The Company should ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures that govern general meetings of shareholders.	Shareholders are encouraged to attend shareholders' meetings to stay informed of the Company's strategy and goals. Notice of the meeting is dispatched to shareholders, together with annual report or a circular, at least 14 days, or 21 days (as the case may be), before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either formally or informally before or at the shareholders' meetings. All shareholders are entitled to vote at the shareholders' meetings in accordance with the established voting rules and procedures. The Company shall conduct poll voting for all resolutions tabled at the shareholders' meetings. The rules, including the voting process, shall be explained by the scrutineers at such shareholders' meetings.
14.3	The Company should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.	The Company's Constitution allows an individual shareholder to appoint not more than two proxies to attend and vote on his or her behalf at the general meetings. Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the shareholders' meetings, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Communication with Shareholders		
15.1	Does the Company have an investor relations policy?	The Company currently does not have an investor relations policy. However, the Company has engaged an external investor relations adviser, WeR1 Consultants Pte Ltd, to carry out investor relations activities in tandem with our in-house Group Corporate Communications team.
15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Shareholders, the investment community, media and analysts are kept informed of the Group's performance, progress and prospects and major developments of the Company on a timely basis through various communication as follows: (1) Announcements, including quarterly and full-year financial results announcements, via SGXNET; (2) Annual reports and notices of AGM; (3) Company's general meetings; (4) Investor/analyst briefings; and (5) Corporate website of the Company at www.hattenland.com.sg. The Company also solicits feedback from and addresses the concerns of shareholders via the Company's corporate website at www.hattenland.com.sg.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Such communications are handled by in-house Group Corporate Communications Department.

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at www.hattenland.com.sg.
15.5	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends on the shares will depend on, among other things, the Group's operating results, financial conditions, cash flows, expected future earnings, capital expenditure programme(s) and investment plans, the terms of the Group's borrowing arrangements (if any) and other factors deemed relevant by the Directors.
	Is the Company is paying dividends for the financial year? If not, please explain why.	The Board has recommended a final tax-exempt (one-tier) dividend of 0.025 Singapore cent per ordinary share for FY2018, which will be subject to shareholders' approval at the forthcoming AGM.
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	The Company's Constitution does not allow for abstentia voting at general meetings of shareholders as authentication of shareholder identity information and other related security issues continue to be a concern. The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the shareholders' meetings. The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless of exigencies. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries by our shareholders. The Company will make available minutes of general meetings to shareholders upon their request. Each item of special business included in the notice of the general meetings will be accompanied by explanation of the effects of a proposed resolution. All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting

Corporate Governance

<table>
<tr><th colspan="3">COMPLIANCE WITH APPLICABLE CATALIST RULES</th></tr>
<tr><th>Catalist Rule</th><th>Rule Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>712, 715 or 716</td><td>Appointment of auditors</td><td>The Company confirms its compliance with Rule 712 and Rule 715 of the Catalist Rules.</td></tr>
<tr><td>1204(8)</td><td>Material contracts</td><td>There were no material contracts entered into by the Group involving the interest of the Managing Director, any Director, or controlling shareholder.</td></tr>
<tr><td>1204(10)</td><td>Confirmation of adequacy of internal controls</td><td>The Board and the ARC are of the opinion that the Group's internal controls were adequate and effective to address the financial, operational, compliance and information technology risks in FY2018 based on the following:
Assurance had been received from the Managing Director and Senior Group Manager (refer to Section 11.3(b) above);
Key management personnel regularly evaluates, monitors and reports to the ARC on material risks;
Discussions were held between the ARC and auditors in the absence of the key management personnel to review and address any potential concerns; and
work performed by the Internal Auditors and External Auditors.</td></tr>
<tr><td>1204(17)</td><td>Interested persons transaction ("IPT")</td><td>The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the ARC and they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The following are IPTs with value more than S$100,000 transacted during FY2018.

<table>
<tr><th>Name of Interested Person</th><th>Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</th><th>Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)</th></tr>
<tr><td></td><td>Group
RM'000</td><td>Group
RM'000</td></tr>
<tr><td>Hatten Properties Sdn. Bhd.</td><td>–</td><td>3,474</td></tr>
<tr><td>Montane Construction Sdn. Bhd.</td><td>–</td><td>187,895</td></tr>
<tr><td>Temasek Blooms Sdn. Bhd.</td><td>731</td><td>–</td></tr>
<tr><td>Fuyuu Development Sdn. Bhd.</td><td>305</td><td>–</td></tr>
</table>
</td></tr>
</table>

Corporate Governance

<table>
<tr><th>Catalist Rule</th><th>Rule Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1204(19)</td><td>Dealing in securities</td><td>The Company has adopted an internal policy which prohibits the Directors and officers of the Group from dealing in the securities of the Company while in possession of price-sensitive information.

All Company, its Directors and officers of the Group are prohibited from dealing in the Company's securities during the period commencing two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full year financial statements respectively, and ending on the date of the announcement of the relevant results.

The Company, its Directors and officers of the Group are also reminded to observe the insider trading laws at all times even when dealing in securities within permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.</td></tr>
<tr><td>1204(21)</td><td>Non-sponsor fees</td><td>For FY2018, the Company paid to its sponsor, UOB Kay Hian Private Limited non-sponsor fees of S$25,000 for advisory services rendered.</td></tr>
<tr><td>1204(22)</td><td>Use of proceeds</td><td>The Company raised approximately S$26.6 million net proceeds from the placement completed on 23 February 2017. Please refer to the Company's offer information statement dated 17 February 2017 and announcement dated 6 June 2017 for further details.

As at the date of this Annual Report, the net proceeds have been utilised as follows:
<table>
<tr><th>Intended use of Proceeds</th><th>Amount allocated (S$'000)</th><th>Amount utilised (S$'000)</th><th>Amount unutilised (S$'000)</th></tr>
<tr><td>RTO expenses</td><td>4,200</td><td>(4,200)</td><td>–</td></tr>
<tr><td>General corporate activities including acquisitions</td><td>6,774</td><td>(6,774)</td><td>–</td></tr>
<tr><td>General working capital[(1)]</td><td>15,626</td><td>(15,626)</td><td>–</td></tr>
<tr><td>Total</td><td>26,600</td><td>(26,600)</td><td>–</td></tr>
</table>
Note:
(1) For payment of project expenses and corporate and administrative expenses.</td></tr>
</table>

Directors' Statement

The directors are pleased to present their statement to the members together with the audited financial statements of Hatten Land Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2018.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 30 June 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Tan June Teng Colin @ Chen JunTing
Tan Ping Huang Edwin @ Chen BingHuang
Wong King Kheng
Loh Weng Whye
Foo Jong Han Rey

Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interest in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		**Deemed interest**	
Name of directors	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Tan June Teng Colin @ Chen JunTing	–	–	1,138,392,308	1,138,392,308
Tan Ping Huang Edwin @ Chen BingHuang	–	–	1,138,392,308	1,138,392,308

Directors' Statement

Directors' interest in shares and debentures (Continued)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2018.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Share options

The Hatten Land Limited Performance Share Plan ("PSP") as well as the Hatten Land Limited Employees' Share Option Scheme ("ESOS") were approved by the shareholders of the Company at the Annual General Meeting held on 26 October 2017.

Both PSP and ESOS are administered by the Remuneration Committee, comprising three directors, Foo Jong Han Rey, Wong King Kheng and Loh Weng Whye.

Since the commencement of PSP and ESOS, the Company has not granted any awards and options under the PSP and ESOS, respectively.

During the financial year, there were:

- no share options granted to subscribe for unissued shares of the Company; and
- no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Audit and risk committee

The Audit and Risk Committee ("ARC") carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors
- Reviewed the annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARC

Directors' Statement

Audit and risk committee (Continued)

– Reviewed the cost effectiveness and the independence and objectivity of the external auditor

– Reviewed the nature and extent of non-audit services provided by the external auditor

– Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit

– Reported actions and minutes of the ARC to the Board of Directors with such recommendations as the ARC considered appropriate

– Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The ARC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The ARC has also conducted a review of interested person transactions.

The ARC convened four meetings during the year with full attendance from all members. The ARC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the ARC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:

Tan June Teng Colin @ Chen JunTing
Director

Tan Ping Huang Edwin @ Chen BingHuang
Director

Singapore

8 October 2018

Independent Auditor's Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Independent Auditor's Report to the Members of Hatten Land Limited

Report on the Audit of the Financial Statements

Opinion

We have audited 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 2018, 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.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditor's Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Key Audit Matters (Continued)

Accounting for development properties under construction

The Group is involved in the construction of development properties for which it applies the percentage of completion method. The revenue and profit recognised in a year on these projects is dependent, amongst others, costs incurred for work performed to-date for each project for the assessment of the percentage of completion of these projects and the total budgeted cost estimated for the project. The uncertainty and subjectivity involved in determining the budgeted cost to complete will also have a significant impact on the results of the Group. Accordingly, we identified this as a key audit matter.

As part of our audit, we reviewed contract terms and conditions and the contractual sums and substantiated project revenues and costs incurred against the underlying documents. We assessed management's assumptions in determining the percentage of completion of the projects and the total budgeted cost estimated for each of the project. We evaluated the appropriateness of inputs used by management in their estimation of the total cost to complete and obtained supporting documentation on the major inputs. We also checked the arithmetic accuracy of the revenue and profit recognised based on the percentage of completion computation for the projects. We perused correspondence with contractors and discussed the progress of the projects with management for any potential disputes, variation order claims, known technical issues or significant events that could impact the estimated development costs. We also evaluated the adequacy of the disclosure of significant accounting policies for development properties under construction and related disclosures in Note 3.14 and Note 15.

Carrying value of development properties held for sale

The Group has significant mixed development properties held for sale in Malaysia. Development properties held for sale are stated at the lower of cost and net realisable value. The estimation of the net realisable value of these development properties is dependent upon the Group's expectations of future selling prices. We identified this as a key audit matter as there is a risk that the estimates of net realisable values may exceed future selling prices, resulting in losses when properties are sold.

We evaluated the reasonableness of the Group's forecast selling prices by comparing it to recently transacted prices or prices of comparable properties located in the same vicinity as the development project. We focused on development projects with slower-than-expected sales or with lower profit margins. For projects which are expected to sell below cost, we checked the computations of the allowance to write down carrying value to estimated net realisable value. We also evaluated the adequacy of the disclosures of significant accounting policies for development properties and related disclosure in Note 3.14 and Note 15.

Recoverability of trade receivables

Trade receivables are significant to the Group as they represent 10.6% of the Group's total assets.

The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. The determination as to whether a trade receivable is collectable involves management's judgment. Specific factors management considered include the age of the balances, existence of disputes, recent historical payments and any other available information concerning the creditworthiness of customers. Management uses the information to assist in their judgement to determine whether allowance for doubtful debts is required. As such, we determined that this is a key audit matter.

Independent Auditor's Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Key Audit Matters (Continued)

Recoverability of trade receivables (Continued)

Our audit procedures included, amongst others, obtaining an understanding of the Group's processes and related controls on the monitoring of the collectability of trade receivables as well as considering the aging profile of outstanding trade receivables to identify collection risks. We independently confirmed trade receivable balances with major debtors and assessed their collectability by obtaining evidence of subsequent receipts. We also assessed the key assumptions used by management to evaluate the Group's trade receivables for impairment and the estimation of the impairment amount, where applicable, through analysis of age of outstanding receivables, assessment of significant overdue individual trade receivables and specific customer profile and risks.

Information regarding the Group's trade receivables and its credit risk management process is disclosed in Note 16 and Note 28(a) respectively to the financial statements.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act and FRSs, 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.

Independent Auditor's Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, 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 Lee Wei Hock.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
8 October 2018

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Group	
		2018	2017
		RM'000	RM'000
Revenue	5	235,465	462,441
Cost of sales		(158,029)	(282,109)
Gross profit		77,436	180,332
Other income/gains	6	27,685	8,860
Other items of expense			
Selling and distribution expenses		(46,272)	(40,502)
General and administrative expenses		(45,557)	(35,615)
Finance costs	7	(5,902)	(419)
Operating profit	8	7,390	112,656
Non-operating expenses	9	–	(82,247)
Profit before tax		7,390	30,409
Income tax expense	10	(4,217)	(21,687)
Profit for the year		3,173	8,722
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(119)	256
Total comprehensive income for the year		3,054	8,978
Profit for the year attributable to owners of the Company		3,173	8,722
Total comprehensive income for the year attributable to owners of the Company		3,054	8,978
Earnings per share attributable to owners of the Company (RM cents per share)			
Basic and diluted	11	0.23	0.69

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

AS AT 30 JUNE 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	155,580	94,638	–	–
Investment in subsidiaries	13	–	–	1,203,315	1,203,315
Deferred tax assets	14	76,329	61,313	–	–
Other receivable	16	587	–	–	–
		232,496	155,951	1,203,315	1,203,315
Current assets					
Development properties	15	603,996	537,613	–	–
Trade and other receivables	16	519,683	463,977	250,574	69,485
Other assets	17	51,393	51,198	–	932
Cash and bank balances	18	59,475	83,625	12,686	16,473
		1,234,547	1,136,413	263,260	86,890
Total assets		1,467,043	1,292,364	1,466,575	1,290,205
LIABILITIES					
Current liabilities					
Loans and borrowings	19	245,177	56,656	–	–
Income tax payable		39,428	49,330	–	–
Trade and other payables	20	513,577	468,505	985	1,034
Other liabilities	21	561	5,005	–	–
		798,743	579,496	985	1,034
Net current assets		435,804	556,917	262,275	85,856
Non-current liabilities					
Loans and borrowings	19	262,633	298,793	174,274	–
Other payable	20	175,501	186,665	–	–
		438,134	485,458	174,274	–
Total liabilities		1,236,877	1,064,954	175,259	1,034
Net assets		230,166	227,410	1,291,316	1,289,171
Equity					
Share capital	22	252,719	250,874	1,285,223	1,283,378
Retained earnings		32,274	31,244	6,093	5,793
Translation reserve	23	–	119	–	–
Merger reserve	24	(54,827)	(54,827)	–	–
Total equity		230,166	227,410	1,291,316	1,289,171
Total equity and liabilities		1,467,043	1,292,364	1,466,575	1,290,205

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

		Attributable to owners of the Company				
Group	**Note**	**Share capital RM'000**	**Retained earnings RM'000**	**Translation reserve RM'000**	**Merger reserve RM'000**	**Total RM'000**
2018						
At 1 July 2017		250,874	31,244	119	(54,827)	227,410
Profit for the year		–	3,173	–	–	3,173
Other comprehensive income						
Foreign currency translation reserve		–	–	(119)	–	(119)
Total comprehensive income for the year		–	3,173	(119)	–	3,054
Contributions by and distributions to owners						
Dividend on ordinary shares	30	–	(2,143)	–	–	(2,143)
Issuance of employee shares	22	1,845	–	–	–	1,845
Total transactions with owners in their capacity as owners		1,845	(2,143)	–	–	(298)
At 30 June 2018		252,719	32,274	–	(54,827)	230,166
2017						
At 1 July 2016		38,235	22,522	(137)	–	60,620
Profit for the year		–	8,722	–	–	8,722
Other comprehensive income						
Foreign currency translation reserve		–	–	256	–	256
Total comprehensive income for the year		–	8,722	256	–	8,978
Contributions by and distributions to owners						
Capital reorganisation	22, 24	54,827	–	–	(54,827)	–
Acquisition costs arising from the Reverse Acquisition	22	77,763	–	–	–	77,763
Issuance of placement shares	22	82,923	–	–	–	82,923
Share issuance expenses		(2,874)	–	–	–	(2,874)
Total transactions with owners in their capacity as owners		212,639	–	–	(54,827)	157,812
At 30 June 2017		250,874	31,244	119	(54,827)	227,410

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

		Attributable to owners of the Company		
Company	**Note**	**Share capital RM'000**	**Retained earnings/ (accumulated losses) RM'000**	**Total RM'000**
2018				
At 1 July 2017		1,283,378	5,793	1,289,171
Profit for the year		–	2,443	2,443
Dividend on ordinary shares	30	–	(2,143)	(2,143)
Issuance of employee shares	22	1,845	–	1,845
At 30 June 2018		1,285,223	6,093	1,291,316
2017				
At 1 April 2016		88,074	(87,026)	1,048
Profit for the period		–	4,759	4,759
Capital reduction	22	(88,060)	88,060	–
Issuance of shares pursuant to the Reverse Acquisition	22	1,203,315	–	1,203,315
Issuance of placement shares	22	82,923	–	82,923
Share issuance expenses		(2,874)	–	(2,874)
At 30 June 2017		1,283,378	5,793	1,289,171

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Group 2018 RM'000	Group 2017 RM'000
Cash flows from operating activities			
Profit before tax		7,390	30,409
Adjustments for:			
Depreciation of property, plant and equipment	12	3,162	3,187
Gain on disposal of property, plant and equipment	6	(439)	(456)
Interest income	6	(3,546)	(2,712)
Interest expense		5,902	419
Unrealised foreign exchange loss/(gain)		3,437	(250)
Amortisation of capitalised costs of obtaining contracts	17	29,215	32,902
Issuance of employee shares	22	1,845	–
Acquisition costs arising from the Reverse Acquisition	9	–	77,763
Others		–	230
Operating cash flows before working capital changes		46,966	141,492
Changes in working capital			
(Increase)/decrease in:			
Development properties		(66,383)	(20,944)
Trade and other receivables		(56,293)	(251,288)
Other assets		(29,410)	(37,016)
Increase/(decrease) in:			
Trade and other payables		33,908	92,253
Other liabilities		(4,444)	(20,007)
Amount due to shareholders		–	(989)
Cash flow used in operations		(75,656)	(96,499)
Interest paid		(5,902)	(419)
Interest received		3,546	2,712
Income tax paid		(29,135)	(35,728)
Net cash flows used in operating activities		(107,147)	(129,934)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		1,894	2,417
Additions to property, plant and equipment	12	(62,661)	(33,579)
Acquisition of subsidiaries	13	–	(946)
Increase in pledged fixed deposits		(1,227)	(69)
Net cash flows used in investing activities		(61,994)	(32,177)
Cash flows from financing activities			
Proceeds from term loans	19	70,497	137,033
Proceeds from issuance of convertible loan and secured bonds	19	171,170	–
Proceeds from issuance of medium-term notes	19	24,268	–
Repayment of obligations under finance leases	19	(3,908)	(3,386)
Repayment of term loans	19	(115,994)	(50,216)
Dividends paid	30	(2,143)	–
Proceeds from issuance of placement shares	22	–	82,923
Share issuance expense	22	–	(2,874)
Net cash flows generated from financing activities		143,890	163,480
Net change in cash and cash equivalents		(25,251)	1,369
Cash and cash equivalents the beginning of the year		81,468	79,842
Effects of exchange rate changes on cash and cash equivalents		(126)	257
Cash and cash equivalents at the end of the year	18	56,091	81,468

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

1. CORPORATE INFORMATION

Hatten Land Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The immediate and ultimate holding company is Hatten Holdings Pte. Ltd.

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

2. REVERSE ACQUISITION

The Company completed its acquisition of the entire share capital of Sky Win Management Consultancy Pte. Ltd. and its subsidiaries (collectively, the "Sky Win Group") (the "Reverse Acquisition") on 24 January 2017 via the issuance of 1,187,692,308 new ordinary shares in the Company to the shareholders of the Sky Win Group. The transaction is treated as a reverse acquisition for accounting purposes as the shareholders of the Sky Win Group became the controlling shareholders of the Company on completion of the transaction. Accordingly, the Sky Win Group (being the legal subsidiary in the transaction) is regarded as the accounting acquirer, and the Company (being the legal parent in the transaction) is regarded as the accounting acquiree.

The consolidated financial statements represent a continuation of the financial position, performance and cash flows of the Sky Win Group. Accordingly, the consolidated financial statements are prepared on the following basis:

(a) the assets and liabilities of the Sky Win Group are recognised and measured in the consolidated statement of financial position of the Group at their pre-acquisition carrying amounts;

(b) the assets and liabilities of the Company are recognised and measured in the consolidated statement of financial position of the Group at their acquisition-date fair values;

(c) the retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of the Sky Win Group immediately before the Reverse Acquisition;

(d) the amount recognised as issued equity interests in the consolidated financial statements is determined by adding to the issued equity of the Sky Win Group immediately before the Reverse Acquisition and the fair value of the consideration effectively transferred based on the share price of the Company at the acquisition date. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) reflects the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the Company to effect the Reverse Acquisition; and

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

2. REVERSE ACQUISITION (CONTINUED)

(e) the consolidated statement of comprehensive income for the financial year ended 30 June 2017 reflects the full year results of the Sky Win Group together with the post-acquisition results of the Company.

Accordingly, the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the year ended 30 June 2017 refers to the Group which includes the results of the Sky Win Group from 1 July 2016 to 30 June 2017 and the post-acquisition results of the Company from the date of completion of the Reverse Acquisition to 30 June 2017.

The consolidated statement of financial position of the Group as at 30 June 2017 refers to the consolidated statements of financial position of the Sky Win Group and the Company as at 30 June 2017.

Further details on accounting of the Reverse Acquisition are provided in Note 22.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and rounded to the nearest thousand (RM'000), except when otherwise stated.

Convergence with International Financial Reporting Standards

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework identical to International Financial Reporting Standards. The Group will adopt SFRS(I) on 1 July 2018.

On transition to the new financial reporting framework, the Group expects to elect the option to deem cumulative translation differences for foreign operations to be zero on 1 July 2017, and accordingly, the gain or loss that will be recognised on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 July 2017. The Group expects to reclassify an amount of $119,000 of foreign currency translation reserve to the opening retained earnings as at 1 July 2017.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (Continued)

Convergence with International Financial Reporting Standards (Continued)

Other than the effects of the matter as descripted above and the impact of adopting SFRS(I) 9, the Group expects that adoption of SFRS(I) will have no material impact on the financial statements in the year of initial application. The Group expects the impact of adopting SFRS(I) 9 will be similar to the impact on adoption of FRS 109 as disclosed in Note 3.3.

3.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all new and revised standards which are effective for annual financial period beginning on 1 July 2017, including the Amendments to FRS 7 *Disclosure Initiative*. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

3.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
INT FRS 112 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
FRS 116 *Leases*	1 January 2019
INT FRS 123 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to FRS 109 *Prepayment Features with Negative Compensation*	1 January 2019
Improvements to FRSs (March 2018)	
– Amendments to FRS 103 *Business Combinations*	1 January 2019
– Amendments to FRS 12 *Income Taxes*	1 January 2019
– Amendments to FRS 23 *Borrowing Costs*	1 January 2019

As disclosed in Note 3.1, the Group will adopt SFRS(I) on 1 July 2018. Upon adoption of SFRS(I) on 1 July 2018, the SFRS(I) equivalent of the above standards that are effective on 1 July 2018 will be adopted at the same time.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Standards issued but not yet effective (Continued)

Except for SFRS(I) 9 and SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) equivalent of FRS 109 and FRS 116 are disclosed below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

Impairment

FRS 109 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade and other receivables. Upon application of the expected credit loss model, the Group does not expect any significant impact to arise from this change. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short term leases.

The new standard is effective for annual periods beginning on or after 1 January 2019. The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of each of the reporting periods. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(b) Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity ‘acquired’ is reflected within the equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Basis of consolidation and business combinations (Continued)

(c) Acquisition of an asset or a group of assets that does not constitute a business

At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. Where the assets acquired and liabilities assumed do not constitute a business as defined under FRS 103, the transaction is accounted for as an asset acquisition.

In such cases, the Group identifies and recognises the individual identifiable assets acquired (including intangible assets) and liabilities assumed. The cost of the acquisition is allocated to the individual identifiable assets and liabilities based upon their relative fair values at the date of purchase, and no goodwill or deferred tax is recognised.

3.5 Foreign currency

The functional currency of the Company is Ringgit Malaysia ("RM") as it reflects the primary economic environment which the entity operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Translation

For consolidation purpose, the assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of each of the reporting periods and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Revenue recognition

The Group adopts FRS 115 in the preparation of its financial statements, and recognises revenue from contracts with customers based on a five-step model:

_ Step 1. Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

_ Step 2. Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

_ Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

_ Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

_ Step 5. Recognise revenue when (or as) the Group satisfies a performance obligation. The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(i) The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

(ii) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

(iii) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

(a) Sale of development properties

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Revenue recognition (Continued)

(a) Sale of development properties (Continued)

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset, usually upon transfer of legal title.

Progress billings to the customer are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

(b) Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) Interest income

Interest income is recognised using the effective interest method.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Revenue recognition (Continued)

(d) Forfeiture income

Forfeiture income is recognised when deposits or instalments paid by customers are forfeited to the Group according to the terms of the sales and purchase agreement.

3.7 Leases

(a) As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Where a sale-and-leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss shall be recognised immediately. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments by the Group at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.6(b). Contingent rents are recognised as revenue in the period in which they are earned.

3.8 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Employee benefits

The Group participates in national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, and the Malaysian companies in the Group make contributions to the Employees Provident Fund scheme in Malaysia, which are defined contribution pension schemes. Contributions to defined contribution pension schemes are recognised as expense in the period in which the related service is performed.

3.10 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Taxes (Continued)

(b) Deferred tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

(c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

3.11 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Expenditure relating to construction is capitalised as capital work-in-progress when incurred and no depreciation is provided until the construction is completed.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Property, plant and equipment (Continued)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Carparks	–	50 years
Motor vehicles	–	5 years
Office equipment	–	3 – 5 years
Renovation	–	3 – 5 years

Properties under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

3.12 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

3.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in profit or loss.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Impairment of non-financial assets (Continued)

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

3.14 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

3.15 Financial instruments

(a) Financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs. Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Financial instruments (Continued)

(b) Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus directly attributable transaction costs. After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

3.16 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Impairment of financial assets (Continued)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

3.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

3.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.19 Convertible instruments with embedded derivative

Convertible loan with conversion option are accounted for as financial liability with an embedded equity conversion derivative based on the terms of the contract.

On issuance of convertible loans, the embedded option is recognised at its fair value as derivative liability with subsequent changes in fair value recognised in profit or loss.

The remainder proceeds is allocated to the liability component that is carried at amortised cost until the liability is extinguished on version or redemption.

When an equity conversion is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital.

3.20 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Government grants (Continued)

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

3.21 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

While applying the accounting policies as stated in Note 3 to the financial statements, management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Financial impact arising from revision to accounting estimates is recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgments in applying accounting policies

Significant judgments made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Classification of properties

In the process of classifying properties, management has made various judgments. Judgment 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 judgment consistently in accordance with the definitions of investment property, property, plant and equipment and development property held for sale. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in FRS 2, FRS 16 and FRS 40, and in particular, the intended usage of property as determined by the management.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.1 Critical judgments in applying accounting policies (Continued)

Contracts with customers

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 does not create an asset with an alternative use to the Group 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.

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 judgment 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.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Allocation of transaction price to performance obligations in contracts with customers

The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of the input method, which requires revenue recognition on the basis of the Group's efforts to the satisfaction of performance obligation, provides the best reference of revenue actually earned. In applying the input method, the Group estimates the efforts or inputs to the satisfaction of a performance obligation. These estimates mainly include: (a) for development contracts, the cost of development and related infrastructure; and (b) for services contracts, the time elapsed.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.2 Key sources of estimation uncertainty (Continued)

Estimation of net realisable value for development properties

Development properties are stated at lower of cost or net realisable value. Net realisable value is assessed with reference to the estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and prevailing market conditions. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred. The carrying amount of the Group's development properties at the end of the reporting period is disclosed in Note 15 to the financial statements.

Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. This determination of whether the receivables are impaired entails management's evaluation of the specific credit and liquidity position of the customers and related parties and their historical recovery rates, including discussion with the legal department and review of the current economic environment. The carrying amount of the Group's trade and other receivables at the end of the reporting period is disclosed in Note 16 to the financial statements.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.2 Key sources of estimation uncertainty (Continued)

Provision for liquidated ascertained damages

As at the end of the reporting period, a provision for liquidated ascertained damages was recognised on expected claims in respect of a development project undertaken by a subsidiary computed based on the terms of the applicable sales and purchase agreements. Significant judgement is required in determining the amount of provision for liquidated ascertained damages. The Group evaluates the amount of provision required based on past experience, industry norm and the results from continuous dialogues held with the affected buyers to seek indulgence and extension of time to complete the affected project and waive their claim. The carrying amount of the Group's provision for liquidated ascertained damages at the end of the reporting period is disclosed in Note 20 to the financial statements.

5. REVENUE

	Group	
	2018 RM'000	**2017 RM'000**
Sale of development properties	235,465	462,441

(a) Nature of revenue

The Group is in the business of carrying out property development activities in Malaysia. Revenue from sale of development properties is recognised based on percentage-of-completion method which reflects the continuous transfer of control to the buyers over the construction period.

(b) Contract assets and contract liabilities

Information relating to receivables, contracts assets and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2018 RM'000	**2017 RM'000**
Receivables from contracts with customers ("Trade receivables") (Note 16)	155,748	118,364
Contract assets (Note 16)	278,959	299,385
Contract liabilities (Note 20)	(293,362)	(254,199)

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

5. REVENUE (CONTINUED)

(b) Contract assets and contract liabilities (Continued)

Contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities relate to the Group's obligation to transfer goods or services to customers for which the Group has received consideration from customers, namely advances received from customers for sale of development properties.

Contract liabilities are recognised as revenue as the Group performs under the contract.

(c) Performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:

	Group	
	2018 RM'000	2017 RM'000
Aggregate amount of the transaction price allocated to sale of development properties for contracts that are partially or fully unsatisfied as at 30 June	834,739	526,156

The Group expects the full transaction price allocated to unsatisfied contracts as at 30 June 2018 to be recognised as revenue over the next 2 years (2017: 3 years).

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

6. OTHER INCOME/GAINS

The following items have been included in arriving at other income/gains:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Rental income	1,316	954
Forfeiture income	2,811	1,502
Interest income	3,546	2,712
Gain on disposal of property, plant and equipment	439	456
Foreign exchange gain net	–	757
Administrative fees	1,481	1,160
Liquidated ascertained damages recoverable from contractor (Note 20)	15,236	–
Others	2,856	1,319
	27,685	8,860

7. FINANCE COSTS

	Group	
	2018	**2017**
	RM'000	**RM'000**
Interest expense on:		
– Term loans, medium term notes, convertible loan and secured bonds	33,140	24,755
– Obligations under finance leases	517	404
	33,657	25,159
Less:		
Interest expense capitalised in development properties (Note 15)	(24,379)	(21,539)
Interest expense capitalised in construction-in-progress (Note 12)	(3,376)	(3,201)
	5,902	419

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

8. OPERATING PROFIT

The following items have been included in arriving at operating profit:

	Group	
	2018 RM'000	2017 RM'000
Auditor's remuneration		
– Audit fees	578	481
– Non-audit fees	42	43
Depreciation of property, plant and equipment	3,162	3,187
Liquidated ascertained damages (Note 20)	15,236	–
Operating lease expense	3,337	2,743
Effect of local government's assistance scheme on development costs	(1,076)	(27,629)
Directors' fee	592	496
Directors' remuneration		
– Salaries and other emoluments	3,743	6,782
– Defined contribution plans	148	176
Issuance of employee shares (Note 22)	1,845	–
Staff costs		
– Salaries, wages and bonus	14,603	10,443
– Defined contribution plans	1,687	1,245
– Others	1,461	605
Amortisation of capitalised costs of obtaining contracts (Note 17)	29,215	32,902

9. NON-OPERATING EXPENSES

The following items have been included in arriving at non-operating expenses:

	Group	
	2018 RM'000	2017 RM'000
Professional fees incurred in connection with the Reverse Acquisition	–	4,484
Acquisition costs arising from the Reverse Acquisition (Note 22(b))	–	77,763
	–	82,247

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

10. INCOME TAX EXPENSE

Major components of income tax expense

	Group	
	2018	**2017**
	RM'000	**RM'000**
Current income tax		
– Current year	17,234	27,823
– Underprovision in respect of prior years	1,999	3,883
	19,233	31,706
Deferred income tax		
– Origination and reversal of temporary differences	(12,003)	(3,333)
– Overprovision in respect of prior years	(3,013)	(6,686)
	(15,016)	(10,019)
Income tax expense recognised in profit or loss	4,217	21,687

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2018 and 2017 is as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Profit before tax	7,390	30,409
Tax at the domestic rates applicable to profits in the countries where the Group operates	2,401	13,142
Adjustments:		
Non-deductible expenses	4,200	15,709
Income not subject to taxation	(325)	(748)
Effect of partial tax exemption and tax relief	(237)	(158)
Effect of reduction in Malaysian income tax rate	(1,341)	(3,950)
Overprovision in respect of prior years	(1,014)	(2,803)
Deferred tax assets not recognised	533	550
Others	–	(55)
Income tax expense recognised in profit or loss	4,217	21,687

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction. The tax rates applicable to entities in Singapore and Malaysia are 17% and 24% (2017: 17% and 24%) respectively.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

10. INCOME TAX EXPENSE (CONTINUED)

Relationship between tax expense and accounting profit (Continued)

The nature of expenses that are not deductible for income tax purposes (after applying the corporate tax rate in the respective countries) are mainly as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Professional fees incurred in connection with the Reverse Acquisition	–	763
Acquisition costs arising from the Reverse Acquisition (Note 22(b))	–	13,220

At the end of the reporting period, the Group has tax losses of approximately RM5,247,000 (2017: RM2,111,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date.

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements as at 30 June 2018 (Note 30).

11. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The basic and diluted earnings per share for the financial years ended 30 June 2018 and 30 June 2017 are the same as there were no potential dilutive ordinary shares in existence for the financial years ended 30 June 2018 and 30 June 2017.

For the financial year ended 30 June 2017, in connection with the Reverse Acquisition, the number of ordinary shares outstanding from the beginning of the year to the completion date of the Reverse Acquisition for purpose of calculating the weighted average number of ordinary shares is deemed to be the number of ordinary shares issued by the Company to the owners of the Sky Win Group. The number of ordinary shares outstanding from the completion date to the end of the year is the weighted average number of ordinary shares of the Company outstanding during the period.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

11. EARNINGS PER SHARE (CONTINUED)

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 30 June:

	Group	
	2018	**2017**
Profit for the year attributable to owners of the Company (RM'000)	**3,173**	8,722
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share computation	**1,377,360,945**	1,261,000,010

12. PROPERTY, PLANT AND EQUIPMENT

Group	Construction-in-progress RM'000	Carparks RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Others RM'000	Total RM'000
Cost							
At 1 July 2016	54,784	–	12,480	1,078	494	1,298	70,134
Additions	32,946	–	2,320	28	305	67	35,666
Disposals	–	–	(3,186)	–	–	–	(3,186)
Write-off	–	–	–	–	(4)	(24)	(28)
Exchange difference	–	–	–	25	25	16	66
At 30 June 2017 and 1 July 2017	87,730	–	11,614	1,131	820	1,357	102,652
Additions	61,000	–	3,226	91	29	1,230	65,576
Disposals	–	–	(3,262)	–	–	–	(3,262)
Write-off	–	–	–	(14)	–	(15)	(29)
Reclassification	(16,888)	16,888	–	–	–	–	–
Exchange difference	–	–	–	(31)	(41)	(21)	(93)
At 30 June 2018	131,842	16,888	11,578	1,177	808	2,551	164,844

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Construction-in-progress RM'000	Carparks RM'000	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Others RM'000	Total RM'000
Accumulated depreciation							
At 1 July 2016	–	–	4,274	590	226	943	6,033
Charge for the year	–	–	2,426	318	236	207	3,187
Disposals	–	–	(1,225)	–	–	–	(1,225)
Write-off	–	–	–	–	–	(26)	(26)
Exchange difference	–	–	–	21	10	14	45
At 30 June 2017 and 1 July 2017	–	–	5,475	929	472	1,138	8,014
Charge for the year	–	310	2,311	139	205	197	3,162
Disposals	–	–	(1,807)	–	–	–	(1,807)
Write-off	–	–	–	(14)	–	(15)	(29)
Exchange difference	–	–	–	(29)	(28)	(19)	(76)
At 30 June 2018	–	310	5,979	1,025	649	1,301	9,264
Net carrying amount							
At 30 June 2017	87,730	–	6,139	202	348	219	94,638
At 30 June 2018	131,842	16,578	5,599	152	159	1,250	155,580

Assets held under finance leases

During the financial year, the Group acquired motor vehicles with an aggregate cost of RM2,915,000 (2017: RM2,087,000) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM62,661,000 (2017: RM33,579,000).

The carrying amount of motor vehicles held under finance leases at the end of the reporting period were RM5,599,000 (2017: RM6,139,000).

Leased assets are pledged as security for the related finance lease.

Capitalisation of borrowing costs

Interest expense capitalised in construction-in-progress during the financial year ended 30 June 2018 amounted to RM3,376,000 (2017: RM3,201,000).

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Motor vehicles RM'000	Office equipment RM'000	Renovation RM'000	Others RM'000	Total RM'000
Cost					
At 1 April 2016	319	18,361	10,960	4,624	34,264
Disposals	(319)	(18,361)	(10,960)	(4,624)	(34,264)
At 30 June 2017, 1 July 2017 and 30 June 2018	–	–	–	–	–
Accumulated depreciation and impairment loss					
At 1 April 2016	319	16,746	10,269	4,422	31,756
Disposals	(319)	(16,746)	(10,269)	(4,422)	(31,756)
At 30 June 2017, 1 July 2017 and 30 June 2018	–	–	–	–	–
Net carrying amount					
At 30 June 2017	–	–	–	–	–
At 30 June 2018	–	–	–	–	–

13. INVESTMENT IN SUBSIDIARIES

	Company 2018 RM'000	Company 2017 RM'000
At beginning of financial year	1,203,315	2,470
Acquisition of the Sky Win Group arising from the Reverse Acquisition (Note 22(b))	–	1,203,315
Disposal of subsidiaries (Note 13(b))	–	(2,470)
At end of financial year	1,203,315	1,203,315

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries at the end of the financial year are as follow:

Name	Principal place of business	Principal activities	Proportion (%) of ownership interest 2018	2017
Held by the Company:				
Sky Win Management Consultancy Pte. Ltd. ("Sky Win")[1]	Singapore	Investment holding and management consultancy	100	100
Held through Sky Win:				
Hatten International Pte. Ltd. ("HIPL")[1]	Singapore	Marketing and development consultancy	100	100
Hatten Technology (S) Pte. Ltd. ("HTPL")[3]	Singapore	Development of software, programming activities and e-commerce applications	100	–
Fuyuu Group Sdn. Bhd. ("FGSB")[2]	Malaysia	Property development	100	100
Fuyuu Resources Sdn. Bhd. ("FRSB")[2]	Malaysia	Property development	100	100
Fuyuu Ventures Sdn. Bhd. ("FVSB")[2]	Malaysia	Property development	100	100
Gold Mart Sdn. Bhd. ("GMSB")[2]	Malaysia	Property development	100	100
Prolific Properties Sdn. Bhd. ("PPSB")[2]	Malaysia	Property development	100	100
Prolific Revenue Sdn. Bhd. ("PRSB")[2]	Malaysia	Property development	100	100
Hatten Commercial Management Sdn. Bhd. ("HCM")[3]	Malaysia	Mall management and leasing	100	–
Held through FRSB:				
Elements RSS Management Sdn. Bhd. ("Elements RSS")[3]	Malaysia	Business management and consultancy services	100	–

1 Audited by Ernst & Young LLP, Singapore
2 Audited by member firms of EY Global in Malaysia
3 Incorporated during the financial year and not required to be audited

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Acquisition of subsidiaries

On 24 March 2017 and 5 May 2017 (the "acquisition dates"), the Group through its wholly-owned subsidiary, Sky Win, acquired 100% equity interests in Prolific Properties Sdn. Bhd. ("PPSB") and Prolific Revenue Sdn. Bhd. ("PRSB"), for cash considerations of RM774,000 and RM439,000 respectively. Upon completion, PPSB and PRSB became subsidiaries of the Group.

PPSB and PRSB are both property development companies that own land parcels in Melaka, Malaysia. The Group intends to use the sites to construct Melaka's first wellness-themed mixed development and the Melaka International Conventional Centre, with development slated to commence in 2018.

Management considers that at acquisition, PPSB and PRSB constituted groups of net assets, rather than businesses as defined in FRS 103 Business Combinations as prior to their acquisitions, the subsidiaries were holding the land parcels in a passive fashion with no operations or plans in place to use the land.

The carrying values of the identifiable assets and liabilities of PPSB and PRSB as at the acquisition dates were:

2017	**PPSB RM'000**	**PRSB RM'000**	**Total RM'000**
Development properties	8,319	32,000	40,319
Trade and other receivables	143	–	143
Cash and cash equivalents	33	234	267
Loans and borrowings	(3,458)	(16,001)	(19,459)
Trade and other payables	(4,263)	(15,794)	(20,057)
Total purchase consideration, settled in cash	774	439	1,213
Less: Cash and cash equivalents of subsidiaries acquired	(33)	(234)	(267)
Net outflow of cash and cash equivalents on acquisitions	741	205	946

(b) Disposal of subsidiaries

On 12 December 2016, the Company disposed of its pre-existing business via the disposal of its 100% equity interests in W.O.S. World of Sports (Franchising) Pte Ltd and W.O.S Word of Sports (M) Sdn. Bhd. for a cash consideration of S$550,000 as part of the restructuring exercise in connection with the Reverse Acquisition.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

14. DEFERRED TAX

	Group	
	2018 RM'000	2017 RM'000
Deferred tax assets:		
Rental guarantees provided in conjunction with the sale of development properties	56,280	55,576
Unutilised tax losses and capital allowances	11,785	526
Allowance for foreseeable losses	–	501
Provision for developer interest-bearing scheme	4,566	4,415
Others	4,829	557
	77,460	61,575
Deferred tax liabilities:		
Differences in depreciation for tax purposes	112	25
Progress billings	94	191
Others	925	46
	1,131	262
Net deferred tax assets	76,329	61,313

15. DEVELOPMENT PROPERTIES

	Group	
	2018 RM'000	2017 RM'000
Completed development properties	254,477	223,987
Development properties under construction		
Unsold units	310,689	217,101
Sold units	3,820	53,483
Properties for development representing land, at cost	35,010	43,042
	603,996	537,613

Completed development properties

Included in completed development properties is an allowance of Nil (2017: RM2,088,000) to write down the carrying value of the completed development properties to net realisable value. Also included in the balance as at 30 June 2018 is an amount of RM9,885,000 (2017: RM10,961,000) that relates to funding received by the Group from local government's assistance scheme for the development costs incurred for Hatten City Phase 1.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

15. DEVELOPMENT PROPERTIES (CONTINUED)

Development properties under construction

(a) Unsold units

The amount relates to costs attributable to the unsold units. Borrowing costs capitalised as cost of development properties under construction for unsold units ranged from 6.00% to 8.35% (2017: 6.81% to 8.35%) per annum.

The Group assesses at each reporting date whether any allowance for foreseeable losses is required. The allowance for foreseeable losses is estimated after taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and prevailing market conditions. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred. As at the reporting date, no allowance for foreseeable losses is recorded.

(b) Sold units

The amount relates primarily to land related costs that are attributable to the sold units, which are capitalised as fulfilment costs as at 30 June 2018 and 2017. These costs are expected to be recoverable and are amortised to profit or loss when the related revenue are recognised. As at the reporting date, no impairment is recorded.

Details of the development properties held by the Group as at 30 June 2018 are as follows:

Project Name	Description (Location)	% owned	Site area (square metre)	Estimated Gross floor area (square metre)	Stage of completion as at 30 June 2018	Expected year of completion
Vedro by the River	Freehold retail mall development (Melaka, Malaysia)	100%	8,672	19,839	100%	Completed
Hatten City Phase 1	99-year leasehold integrated mall and residential development (Melaka, Malaysia)	100%	22,298	267,056	100%	Completed
Hatten City Phase 2	99-year leasehold integrated mall and residential development (Melaka, Malaysia)	100%	13,124	131,903	97%	Financial year ("FY") 2019
Harbour City	99-year leasehold mixed commercial development consisting of a retail mall and 3 hotels (Melaka, Malaysia)	100%	24,290	310,117	25%	FY2020
Satori	99-year leasehold integrated mall and residential development (Melaka, Malaysia)	100%	8,303	48,768	5%	FY2020
Melaka International Convention Centre ("MICC")	99-year leasehold integrated mixed development consisting of retail mall, cineplex, convention hall, hotel and residential development (Melaka, Malaysia)	100%	37,810	150,295	–	–

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current:				
Trade receivables (Note 5)	155,748	118,364	–	–
Contract assets (Note 5)	278,959	299,385	–	–
Amount due from subsidiaries	–	–	250,288	69,485
Deposits	2,659	3,062	–	–
Prepayments	1,633	1,088	249	–
GST recoverable	3,565	2,400	–	–
Liquidated ascertained damages recoverable from contractor (Note 20)	15,236	–	–	–
Other receivables	61,883	39,678	37	–
	519,683	463,977	250,574	69,485
Non-current:				
Deposits	587	–	–	–
Total trade and other receivables (current and non-current)	520,270	463,977	250,574	69,485
Add:				
Cash and bank balances (Note 18)	59,475	83,625	12,686	16,473
Less:				
Prepayments	(1,633)	(1,088)	(249)	–
GST recoverable	(3,565)	(2,400)	–	–
Total loans and receivables	574,547	544,114	263,011	85,958

Trade receivables are non-interest bearing and are generally on 14 to 21 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in other receivables is amount recoverable from related parties of RM12,164,000 (2017: Nil). This amount is unsecured, non-interest bearing and repayable on demand.

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Receivables that are past due but not impaired

The Group has trade receivables that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2018 RM'000	2017 RM'000
Lesser than 30 days	2,032	7,840
30 – 60 days	5,028	4,201
61 – 90 days	6,297	4,720
91 – 120 days	652	2,419
More than 120 days	47,565	71,582
	61,574	90,762

The management of the Group does not foresee any issues with the collection of the outstanding trade receivables as these units can be re-released for sale in the event that a purchaser decides to terminate the purchase of the units if the bank loan or financing application is not granted. There was no allowance for impairment of trade receivables and write-offs during the financial years ended 30 June 2018 and 2017.

17. OTHER ASSETS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Capitalised costs of obtaining contracts	51,393	50,266	–	–
Others	–	932	–	932
	51,393	51,198	–	932

Capitalised costs of obtaining contracts pertains to sales commission paid to real estate agent and legal costs incurred as a result of securing sale contracts and are expected to be recoverable. As at the reporting date, no impairment is recorded. These costs are amortised and recognised in the "Selling and distribution expenses" line item in profit or loss when the related revenue are recognised.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

17. OTHER ASSETS (CONTINUED)

The movement in capitalised costs of obtaining contracts during the financial year is as follows:

	Group	
	2018 RM'000	2017 RM'000
At 1 July	50,266	46,156
Additions	30,342	37,012
Amortisation	(29,215)	(32,902)
At 30 June	51,393	50,266

18. CASH AND BANK BALANCES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fixed deposits	3,384	2,157	–	–
Cash and bank balances	56,091	81,468	12,686	16,473
	59,475	83,625	12,686	16,473
Pledged fixed deposits	(3,384)	(2,157)	–	–
Cash and cash equivalents, as presented in the consolidated statement of cash flows	56,091	81,468	12,686	16,473

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Fixed deposits are made for varying periods of up to 12 months (2017: 12 months), depending on the immediate cash requirements of the Group and earn interests between 2.55% and 2.90% (2017: 2.55%) per annum.

Fixed deposits of RM3,384,000 (2017: RM2,157,000) are pledged to secure bank loans (Note 19).

Cash and bank balances denominated in foreign currencies at 30 June are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
United States Dollar	7,088	–	7,088	–
Renminbi (Yuan)	–	3,025	–	–
Singapore Dollar	10,262	22,678	5,598	16,473

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

19. LOANS AND BORROWINGS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current:				
Obligations under finance leases (Note 25(d))	1,944	2,036	–	–
Term loans	243,233	54,620	–	–
	245,177	56,656	–	–
Non-current:				
Obligations under finance leases (Note 25(d))	3,692	4,284	–	–
Medium term notes	24,268	–	–	–
Convertible loan and secured bonds	174,274	–	174,274	–
Term loans	60,399	294,509	–	–
	262,633	298,793	174,274	–
Total loans and borrowings (current and non-current)	507,810	355,449	174,274	–

Details of the Group's loans and borrowings are as follow:

Obligations under finance leases

The Group entered into finance leases in respect of motor vehicles. Interest rates implicit in these leases range between 2.34% and 5.80% (2017: 2.34% and 5.44%) per annum. As at 30 June 2018, obligations under these finance leases are scheduled to mature between 2018 and 2022 (2017: 2017 and 2022).

RM258,500,000 loan at cost of fund + 1.50% per annum

The loan was obtained to fund the development of a project and has a tenure of 48 months from the date of its first disbursement. As at 30 June 2018, the Group had an outstanding balance of RM209,357,000 (2017: RM247,927,000) under the loan. The loan is secured by a legal charge over the project land under development, third party first legal assignment over certain property assets owned by related parties, debenture over fixed and floating present and future assets of the borrowing entity, legal assignment over designated bank account and monies, legal assignment of sales proceeds from the sale of project units in favour of the lender, corporate guarantee by a related party and deed of subordination of advances due to shareholders and directors. The loan is also jointly and severally guarantees by directors of the borrowing entity in their personal capacity.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

19. LOANS AND BORROWINGS (CONTINUED)

RM55,000,000 loan at base lending rate per annum

The loan was obtained to finance construction of a development project. As at 30 June 2018, the Group had an outstanding balance of RM7,458,000 (2017: RM33,028,000) under the loan. The loan is repayable by monthly instalments of principal and interest for 27 months commencing from the 19th month from the date of the first loan disbursement. The loan is secured by a legal charge over the project land under development, fixed and floating charges over all assets of the project, legal assignment of project bank account in favour of the lender, and jointly and severally guarantees by directors of the borrowing entity.

RM120,000,000 loan at base lending rate per annum

The loan was obtained to finance construction of a development project and is repayable by monthly instalments of principal and interest for 24 months commencing from the 25th month from the date of the first loan disbursement. As at 30 June 2018, the Group had an outstanding balance of RM50,530,000 (2017: RM48,958,000) under the loan. The loan is secured by a legal charge over the project land under development, legal assignment of all project sales proceeds in favour of the lender, fixed and floating charges over all assets of the project, joint and several guarantees from directors of the entity, and letter of undertaking from directors and shareholders to cover any construction cost overrun and to complete the development project.

RM18,000,000 loan at base lending rate + 0.50% per annum

The loan was obtained to finance the purchase of a plot of development land and is repayable by monthly instalments of principal and interest for 180 months commencing from the date of the first loan disbursement. As at 30 June 2018, the Group had an outstanding balance of RM14,961,000 (2017: RM15,786,000) under the loan. The loan is secured by a legal charge over the project land under development, joint and several guarantees from directors of the entity and a corporate guarantee by a related party.

RM4,290,000 loan at base lending rate + 1.00% per annum

The loan was obtained to finance the purchase of a plot of development land and is repayable by instalments of principal and interest for 180 months commencing from the date of the first loan disbursement. As at 30 June 2018, the Group had an outstanding balance of RM3,208,000 (2017: RM3,430,000) under the loan. The loan is secured by a legal charge over the project land under development, joint and several guarantees from directors of the entity and a corporate guarantee by a related party.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

19. LOANS AND BORROWINGS (CONTINUED)

RM20,000,000 loan at KLIBOR + 3.00% per annum

The loan was obtained to part finance the furniture and fittings of a completed property and is payable by instalments of principal and interest for 60 months from the date of the first loan disbursement. As at 30 June 2018, the Group had an outstanding balance of RM18,118,000 (2017: Nil) under the loan. The loan is secured by debenture over present and future assets of the borrowing entity, first party charge over certain property assets owned by the borrowing entity, legal assignment over the designated accounts and monies standing to the credit in favour of the lender, and jointly and severally guarantees by directors of the borrowing entity.

RM25,000,000 medium term note at 6.00% per annum

An indirect wholly-owned subsidiary, FRSB, had on 11 September 2017 established a medium-term note programme of up to RM200,000,000 in nominal value (the "MTN Programme"), for a tenure of 15 years from the date of the first note issuance under the MTN Programme.

On 18 September 2017, FRSB issued and offered its first tranche of notes, amounting to RM25,000,000 under the MTN Programme with maturity date on 20 September 2018 and coupon rate of 6.00% per annum, payable semi-annually in arrears from the date of issue. The MTN is secured by a debenture over 44 units of luxury residences service departments and 11 units of penthouse suites from the development of the borrowing entity and corporate guarantee provided by the Company. Subsequent to year end, the first tranche of notes was rolled over for another one year to 20 September 2019.

US$20,000,000 convertible loan at 7.00% per annum

On 22 September 2017, the Company entered into a convertible loan agreement with Haitong International Financial Products (Singapore) Pte Ltd (the "Lender"), pursuant to which:

(a) The Lender has agreed to extend the Company an interest-bearing convertible loan of an aggregate amount of US$20,000,000 (the "Loan"). The Loan shall bear interest at the rate of 7.00% per annum that is payable semi-annually. The term of the Loan shall be for a period of 24 months (the "Loan Tenure"); and

(b) The Lender shall have the right, at any time during the Loan Tenure, to convert the full sum of the Loan, or any part thereof which is outstanding, into fully paid new ordinary shares in the Company, based on a fixed conversion price of S$0.35 per share.

The convertible loan is secured by a personal guarantee by a director of the Company and a charge over 400 million shares in the Company held by Hatten Holdings Pte. Ltd.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

19. LOANS AND BORROWINGS (CONTINUED)

US$25,000,000 secured bonds at 8.00% per annum

On 8 March 2018, the Company issued a US$25,000,000 secured bonds (the "Bonds") that bear interest at a fixed rate of 8.00% per annum payable semi-annually and mature on 8 March 2020. The Bonds are secured by a land charge for assets owned by a related party of the borrowing entity, first fixed charge over assets owned by a related party and a personal guarantee by a director of the Company.

A reconciliation of liabilities arising from financing activities is as follows:

		Cash flows		Non-cash changes		
	2017 RM'000	Drawdown RM'000	Repayment RM'000	Acquisition RM'000	Foreign exchange RM'000	2018 RM'000
Obligations under finance leases (current and non-current)	6,320	–	(3,908)	2,915	309	**5,636**
Medium term notes	–	24,268	–	–	–	**24,268**
Convertible loan and secured bonds	–	171,170	–	–	3,104	**174,274**
Term loans (current and non-current)	349,129	70,497	(115,994)	–	–	**303,632**
	355,449	265,935	(119,902)	2,915	3,413	**507,810**

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current:				
Trade payables	111,868	49,502	–	1,034
Contract liabilities (Note 5)	293,362	254,199	–	–
Deposits received	1,711	1,280	–	–
Provision for developer interest-bearing scheme	19,024	18,395	–	–
Accruals	14,352	76,581	859	–
Amount due to related parties	3,804	1,167	–	–
Rental guarantees provided in conjunction with the sale of development properties	18,617	49,140	–	–
Provision for liquidated ascertained damages	15,236	–	–	–
Other payables	35,603	18,241	126	–
	513,577	468,505	985	1,034
Non-current:				
Rental guarantees provided in conjunction with the sale of development properties	175,501	186,665	–	–
Total trade and other payables (current and non-current)	689,078	655,170	985	1,034
Add:				
Loans and borrowings (Note 19)	507,810	355,449	174,274	–
Less:				
Contract liabilities	(293,362)	(254,199)	–	–
Provision for liquidated ascertained damages	(15,236)	–	–	–
Total financial liabilities carried at amortised cost	888,290	756,420	175,259	1,034

Trade payables are non-interest bearing and are generally settled on credit term of 30 to 90 days.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

20. TRADE AND OTHER PAYABLES (CONTINUED)

Rental guarantees provided in conjunction with the sale of development properties

This pertains to rental guarantees provided to the buyers in conjunction with the sale of development properties, in which the Group is obliged to pay rental yield of 6% to 9% (2017: 6% to 9%) of the purchase price to the buyers for a committed lease term of 3 years to 9 years (2017: 3 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.

Provision for liquidated ascertained damages

During the financial year ended 30 June 2018, provision for liquidated ascertained damages, amounting to RM15,236,000, has been recognised in respect of late delivery of development project undertaken by a subsidiary. The provision has been recognised for the expected liquidated ascertained damages claims based on the applicable terms and conditions stated in the sale and purchase agreement up to the estimated completion date. The liquidated ascertained damages are fully recoverable from the contractor.

21. OTHER LIABILITIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Amount due to landowners	561	5,005	–	–

22. SHARE CAPITAL

Issued and fully paid ordinary shares

	No. of ordinary shares issued	RM'000
Group		
At 1 July 2016	92,388,045	38,235
Capital reorganisation (Note 24)	–	54,827
Issuance of shares pursuant to the Reverse Acquisition (Note 22(b))	1,187,692,308	77,763
Issuance of placement shares (Note 22(c))	95,000,000	82,923
Share issuance expenses	–	(2,874)
At 30 June 2017 and 1 July 2017	1,375,080,353	250,874
Issuance of employee shares (Note 22(d))	3,016,000	1,845
At 30 June 2018	1,378,096,353	252,719

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

22. SHARE CAPITAL (CONTINUED)

Issued and fully paid ordinary shares (Continued)

	No. of ordinary shares issued	RM'000
Company		
At 1 July 2016	92,388,045	88,074
Capital reduction (Note 22(a))	–	(88,060)
Issuance of shares pursuant to the Reverse Acquisition (Note 22(b))	1,187,692,308	1,203,315
Issuance of placement shares (Note 22(c))	95,000,000	82,923
Share issuance expenses	–	(2,874)
At 30 June 2017 and 1 July 2017	1,375,080,353	1,283,378
Issuance of employee shares (Note 22(d))	3,016,000	1,845
At 30 June 2018	1,378,096,353	1,285,223

The Group's share capital amount differs from that of the Company as a result of reverse acquisition accounting as described in Note 2.

The holders of ordinary shares are entitled to receive dividends as and when declared by entities within the Group. All ordinary shares carry one vote per share without restriction.

(a) Capital reduction

The Company undertook a capital reduction exercise to offset against the Company's accumulated losses amounting to RM88,060,000 prior to the completion of the Reverse Acquisition. The capital reduction exercise did not result in any change in the number of shares of the Company.

(b) Issuance of shares pursuant to the Reverse Acquisition and acquisition costs arising from the Reverse Acquisition

As disclosed in Note 2, the Company completed its acquisition of the entire share capital of Sky Win Group via the issuance of 1,187,692,308 new ordinary shares in the Company to the shareholders of Sky Win Group. The transaction is treated as a reverse acquisition for accounting purposes as the shareholders of the Sky Win Group became the controlling shareholders of the Company upon completion of the transaction. The Sky Win Group is deemed to have issued equity shares as purchase consideration for the assets and liabilities of the Company using the accounting principles in FRS 102 Share-based Payment, as the Company's operation did not constitute a business under FRS 103 Business Combination at the time of completion of the Reverse Acquisition.

In the consolidated financial statements, the acquisition costs arising from the Reverse Acquisition was determined using the fair value of the issued equity of the Company before the acquisition, being 92,388,045 shares at S$0.27 (approximately RM0.84) per share, which represents the market value of the Company based on the quoted and trade price of the shares as at 24 January 2017 (date of completion of the Reverse Acquisition).

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

22. SHARE CAPITAL (CONTINUED)

(b) Issuance of shares pursuant to the Reverse Acquisition and acquisition costs arising from the Reverse Acquisition (Continued)

The identifiable assets of the Company were as follows:

	RM'000
Cash and cash equivalents, representing total assets	212
Other payables, representing total liabilities	(215)
Total identifiable net liabilities	(3)

The difference between the purchase consideration and identifiable net liabilities of the Company, amounting to RM77,763,000, has been recognised in the consolidated statement of comprehensive income as acquisition costs arising from the Reverse Acquisition incurred by the Sky Win Group in accordance with FRS 102.

In the separate financial statements of the Company, the acquisition costs arising from the Reverse Acquisition was determined by reference to the issue of 1,187,692,308 consideration shares at S$0.325 (approximately RM1.013), amounting to approximately RM1,203,315,000.

(c) Issuance of placement shares

On 23 February 2017, the Company issued 95,000,000 ordinary shares ("placement shares") at S$0.28 (approximately RM0.88) each, for cash.

(d) Issuance of employee shares

On 26 September 2017, the Company completed the allotment and issuance of 3,016,000 new ordinary shares to selected employees of the Group (the "Employee Shares"), at S$0.195 (approximately RM0.61) per share.

The Employee Shares rank pari passu in all respects with the existing issued shares of the Company. Upon completion, the number of issued and paid up capital in the capital of the Company has increased from 1,375,080,353 to 1,378,096,353.

23. TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of the Company whose functional currencies are different from that of the Group's presentation currency.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

24. MERGER RESERVE

As a condition to the Reverse Acquisition, the shareholders of the Sky Win Group carried out a capital reorganisation resulting in Sky Win holding directly the entire issued and paid-up share capital of HIPL, FGSB, FRSB, FVSB and GMSB. Shares in Sky Win were issued to the previous shareholders of these companies based on the net assets value of these companies. Merger reserve represents the difference between the consideration paid and the equity acquired under common control in this respect.

25. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements in respect of construction-in-progress are as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Approved and contracted for	326,174	289,792
Less: Amount capitalised to construction-in-progress	(131,842)	(87,730)
	194,332	202,062

(b) Operating lease commitments – as lessee

In addition to the rental guarantees provided in conjunction with the sale of development properties disclosed in Note 20, the Group has entered into commercial lease for its office premise.

Future minimum rental payable under non-cancellable operating leases as at the end of each reporting period are as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Not later than one year	20,686	51,641
Later than one year but not later than five years	196,926	221,039
Later than five years	126,772	102,946
	344,384	375,626

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

25. COMMITMENTS (CONTINUED)

(c) Operating lease commitments – as lessor

The Group has entered into commercial leases on part of its office building. These non-cancellable leases have remaining lease terms of between 1 and 7 years (2017: 2 and 8 years). Certain of these leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2018 RM'000	**2017 RM'000**
Not later than one year	916	936
Later than one year but not later than five years	3,246	3,567
Later than five years	1,619	2,557
	5,781	7,060

(d) Finance lease commitments

The Group has finance leases for its motor vehicles. Future minimum payments together with the present value of the net minimum payments are as follows:

	Group			
	2018 RM'000		**2017 RM'000**	
	Minimum lease payments	**Present value of payments (Note 19)**	**Minimum lease payments**	**Present value of payments (Note 19)**
Not later than one year	2,210	1,944	2,320	2,036
Later than one year and not later than five years	3,654	3,344	4,582	4,284
Later than five years	376	348	–	–
Total minimum payments	6,240	5,636	6,902	6,320
Less: Amount representing finance charges	(604)	–	(582)	–
Present value of minimum payments	5,636	5,636	6,320	6,320

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

26. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties outside the Group

In addition to the related party information disclosed elsewhere in the financial statements, the Group engaged in significant transactions with related companies which are controlled by certain directors and key management personnel of the Group. The following significant transactions took place at terms agreed between the parties during the reporting periods:

	Group	
	2018 **RM'000**	**2017** **RM'000**
Services provided to related companies:		
– Rental of motor vehicle	305	152
– Property agent management	3,474	21,847
– Rental of office	731	366

(b) Compensation of key management personnel

	Group	
	2018 **RM'000**	**2017** **RM'000**
Salaries, wages, bonuses and other costs	5,555	8,745
Contributions to defined contribution plans	270	292
	5,825	9,037
Comprise amounts paid to:		
Directors	3,891	6,652
Other key management personnel	1,934	2,385
	5,825	9,037

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

27. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities not carried at fair value but whose carrying amounts are reasonable approximation of fair value

The carrying amounts of financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors review and agree policies and procedures for the management of these risks. It is, and has been throughout the current financial year and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost efficient. The Group does not apply hedge accounting.

All financial transactions with the banks are governed by banking facilities duly approved by the board of directors. All financial transactions require two authorised signatories.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to credit risk exposure. It is the Group's policy to provide credit terms to credit worthy customers. These debts are continually monitored and, therefore, the Group does not expect to incur material credit losses.

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of trade and other receivables and cash and cash equivalents. No other financial assets carry a significant exposure to credit risk.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy receivables with good payment record with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance its operations and to mitigate the effects of fluctuations in cash flows, and having adequate amounts of committed credit facilities.

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of each reporting period based on contractual undiscounted payments.

Group 2018	Less than one year RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
Financial assets				
Trade and other receivables#	514,485	–	587	515,072
Cash and bank balances	59,475	–	–	59,475
Total undiscounted financial assets	573,960	–	587	574,547
Financial liabilities				
Trade and other payables^	204,979	175,501	–	380,480
Loans and borrowings	254,786	274,574	15,114	544,474
Total undiscounted financial liabilities	459,765	450,075	15,114	924,954
Total net undiscounted financial assets/(liabilities)	114,195	(450,075)	(14,527)	(350,407)
2017				
Financial assets				
Trade and other receivables#	460,489	–	–	460,489
Cash and bank balances	83,625	–	–	83,625
Total undiscounted financial assets	544,114	–	–	544,114
Financial liabilities				
Trade and other payables^	214,306	186,665	–	400,971
Loans and borrowings	59,955	325,526	16,480	401,961
Total undiscounted financial liabilities	274,261	512,191	16,480	802,932
Total net undiscounted financial assets/(liabilities)	269,853	(512,191)	(16,480)	(258,818)

\# Excluding prepayments and GST recoverable

^ Excluding contract liabilities and provision for liquidated ascertained damages

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

Company 2018	Less than one year RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
Financial assets				
Trade and other receivables#	250,325	–	–	250,325
Cash and bank balances	12,686	–	–	12,686
Total undiscounted financial assets	263,011	–	–	263,011
Financial liabilities				
Trade and other payables	985	–	–	985
Loan and borrowings	8,074	187,036	–	195,110
Total undiscounted financial liabilities	9,059	187,036	–	196,095
Total net undiscounted financial assets/ (liabilities)	253,952	(187,036)	–	66,916
2017				
Financial assets				
Trade and other receivables	69,485	–	–	69,485
Cash and bank balances	16,473	–	–	16,473
Total undiscounted financial assets	85,958	–	–	85,958
Financial liabilities				
Trade and other payables, representing total undiscounted financial liabilities	1,034	–	–	1,034
Total net undiscounted financial assets	84,924	–	–	84,924

Excluding prepayments

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risks arises primarily from their floating rate loans and borrowings from banks and financial institutions, disclosed in Note 19 to the financial statements. This risk is not hedged. The Group manages its interest rate risk by having a mixture of fixed and variable rates for its loans and borrowings from time to time based on prevailing market conditions.

Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for interest bearing financial liabilities at the end of the reporting period and the stipulated change taking place at the beginning of the year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50-basis point increase or decrease is used and represents management's assessment of the possible change in interest rates.

Table below shows the sensitivity of profit before tax affected by changes in interest rates.

	Increase/(decrease) in profit before tax Group	
Change in interest rates	**2018 RM'000**	**2017 RM'000**
50 basis points decrease	1,518	1,766
50 basis points increase	(1,518)	(1,766)

(d) Foreign currency rate risk

The Group and the Company has transactional currency exposures primarily arises from financing activities that are denominated in a currency other than RM, i.e. United States Dollar ("USD"), as disclosed in Note 19 to the financial statements. The Group may enter into forward currency contracts to eliminate the currency exposures on borrowings in foreign currencies. These forward currency contracts will be in the same currency as the hedged item.

Foreign currency rate risk sensitivity

Table below demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD against RM, with all other variables held constant.

	Increase/(decrease) in profit before tax Group	
USD against RM	**2018 RM'000**	**2017 RM'000**
Weakened 5%	8,714	–
Strengthened 5%	(8,714)	–

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

29. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the board of directors.

The Board of Directors is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management.

The management considers that the entire Group's operations constitute a single segment which is in the business of property development in Malaysia. Management assesses the performance of the Group's operations based on profit before income tax, total assets and total liabilities which are measured in a manner consistent with that of the consolidated financial statements.

30. DIVIDENDS

	Group and Company	
	2018	**2017**
	RM'000	**RM'000**
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2018: S$0.05 cent@ (2017: Nil) per share	2,143	–
Proposed but not recognised as a liability as at 30 June:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
– Final exempt (one-tier) dividend for 2018: S$0.025 cent* (2017: S$0.05 cent@) per share	1,000	2,143

@ Approximately RM0.16 cent

* Approximately RM0.07 cent

31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2018 and 2017.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

31. CAPITAL MANAGEMENT (CONTINUED)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings less cash and bank balances. Capital includes equity attributable to the owners of the Company.

	Group	
	2018 RM'000	2017 RM'000
Loans and borrowings (Note 19)	507,810	355,449
Less: Cash and bank balances (Note 18)	(59,475)	(83,625)
Net debt	448,335	271,824
Equity attributable to owners of the Company, representing total capital	230,166	227,410
Capital and net debt	678,501	499,234
Gearing ratio	66%	54%

32. SUBSEQUENT EVENT

On 24 August 2018, Hatten Technology (S) Pte. Ltd., an indirectly wholly-owned subsidiary of the Company, incorporated a 85% owned subsidiary, StayCay Pte. Ltd. The principal activity of the company is to provide marketing services for the sale of hotel nights to consumers on a block chain platform.

33. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 30 June 2018 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 8 October 2018.

Statistics of Shareholdings

AS AT 24 SEPTEMBER 2018

SHARE CAPITAL AND VOTING RIGHTS

Number of shares issued	:	1,378,096,353
Issued and fully paid-up capital	:	S$411,673,000
Class of shares	:	1 vote per ordinary share
Treasury shares	:	Nil
Subsidiary holdings	:	Nil

Size of Shareholdings	No. of Shareholders	%	No. of shares	%
1 – 99	119	4.19	6,498	0.00
100 – 1,000	798	28.10	319,087	0.02
1,001 – 10,000	923	32.50	3,959,420	0.29
10,001 – 1,000,000	975	34.33	66,469,100	4.82
1,000,001 and above	25	0.88	1,307,342,248	94.87
	2,840	**100.00**	**1,378,096,353**	**100.00**

SUBSTANTIAL SHAREHOLDERS

	Direct interest		Deemed interest	
	Number of shares	%	Number of shares	%
Hatten Holdings Pte. Ltd.	1,138,392,308	82.61%		
Tan June Teng Colin @ Chen JunTing	–	–	1,138,392,308	82.61%*
Tan Ping Huang Edwin @ Chen BingHuang	–	–	1,138,392,308	82.61%*

* Hatten Holdings Pte. Ltd. is jointly owned by Tan June Teng Colin @ Chen JunTing and Tan Ping Huang Edwin @ Chen BingHuang, as such Tan June Teng Colin @ Chen JunTing and Tan Ping Huang Edwin @ Chen BingHuang are deemed interested in the shares of the Company held by Hatten Holdings Pte. Ltd.

SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 24 September 2018, approximately 16.85% of the issued ordinary shares of the Company is held by the public and therefore, the Company has complied with Rule 723 of the Catalist Rules.

Statistics of Shareholdings

AS AT 24 SEPTEMBER 2018

TWENTY LARGEST SHAREHOLDERS AS AT 24 SEPTEMBER 2018

	SHAREHOLDER'S NAME	NO OF SHARES	%
1	HATTEN HOLDINGS PTE. LTD.	569,196,154	41.30
2	PHILLIP SECURITIES PTE LTD	413,698,219	30.02
3	RAFFLES NOMINEES (PTE) LTD.	111,868,379	8.12
4	CITIBANK NOMINEES SINGAPORE PTE LTD	106,043,929	7.69
5	UOB KAY HIAN PTE LTD	21,300,043	1.55
6	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	16,872,441	1.22
7	OCBC SECURITIES PRIVATE LTD	7,913,502	0.57
8	MAYBANK KIM ENG SECURITIES PTE LTD	6,626,398	0.48
9	DBS NOMINEES PTE LTD	6,263,579	0.45
10	ERIC TAN ENG HUAT	6,040,700	0.44
11	NG CHUEN GUAN	5,088,000	0.37
12	LUM CHUE TAT	4,821,000	0.35
13	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	4,557,693	0.33
14	CHUA HEE TECK	4,346,900	0.32
15	LU KAH HENG	4,117,700	0.30
16	LAY SIEW CHIN	3,421,000	0.25
17	NEO YAM CHENG OR LEE KWEE LAN	3,192,594	0.23
18	RHB SECURITIES SINGAPORE PTE LTD	2,542,100	0.18
19	CHAN HOCK LYE	1,750,000	0.13
20	CHAM MOOI TAI	1,713,200	0.12
	Total	**1,301,373,531**	**94.42**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Hatten Land Limited (the "**Company**") will be held at Level 2, 53 Mohamed Sultan Road, Singapore 238993, on 25 October 2018 at 10.00 a.m. to transact the following purposes:

AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements of the Company for the financial year ended 30 June 2018 and the Directors' Statement and the Auditors Report thereon. **(Resolution 1)**

2. To declare a final tax-exempt (one-tier) dividend of 0.025 Singapore cent per ordinary share for the financial year ended 30 June 2018. **(Resolution 2)**

3. To re-elect Mr. Loh Weng Whye, a Director retiring pursuant to Article 117 of the Company's Constitution, and who being eligible, will offer himself for re-election. **(Resolution 3)**

   Mr. Loh Weng Whye will, upon re-election as Director of the Company, remain as the Chairman of the Nominating Committee and member of the Audit and Risk Committee and the Remuneration Committee. The Board considers Mr. Loh to be independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Trading Limited (the "**SGX-ST**") ("**Catalist Rules**").

4. To re-elect Dato' Colin Tan June Teng @ Chen JunTing, a Director retiring pursuant to Article 117 of the Company's Constitution, and who being eligible, will offer himself for re-election. **(Resolution 4)**

   Dato' Colin Tan June Teng @ Chen JunTing will, upon re-election as Director of the Company, remain as the Executive Chairman and Managing Director of the Company.

5. To approve the payment of Directors' Fees of S$195,445 (2017: S$159,695) for the year ended 30 June 2018. **(Resolution 5)**

6. To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following resolutions as ordinary resolutions with or without any modifications:

8. **THE PROPOSED RENEWAL OF THE SHARE ISSUE MANDATE**

   "(a) That, pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Act**"), and Rule 806 of the Catalist Rules, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to: **(Resolution 7)**

   (i) issue new shares in the capital of the Company whether by way of rights, bonus or otherwise;

Notice of Annual General Meeting

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "**Instruments**") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (Notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

Provided always that,

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) shall not exceed 100% of the Company's issued share capital, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 50% of the issued share capital of the Company, and for the purpose of this resolution, the issued share capital shall be the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this resolution is passed, after adjusting for;

(1) new shares arising from the conversion or exercise of convertible securities, or

(2) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules, and

(3) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(Please see Explanatory Note 1)

Notice of Annual General Meeting

9. **THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE** **(Resolution 8)**

"(a) That for the purposes of the Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire fully-paid ordinary shares in the capital of the Company ("**Shares**") not exceeding 10% of the issued shares of the Company (excluding treasury shares and subsidiary holdings), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein), whether by way of:

(i) on-market purchase(s) ("**Market Purchase**") transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchase(s) ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Act and the Catalist Rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the share purchases are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Company in general meeting;

(c) in this Resolution:

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding related expenses of the purchase) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price;

Notice of Annual General Meeting

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five Market Days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five (5) Market Day period;

"**day of making of the offer**" means the day on which the Company announces its intention to make an offer for Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price for Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which SGX-ST is open for trading of securities; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider necessary or expedient to give effect to the transactions contemplated by this Resolution."

(Please refer to the Appendix for details)

10. **THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTION MANDATE** **(Resolution 9)**

(a) That approval be and is hereby given for the purposes of Chapter 9 of the Catalist Rules for the Group to enter into any of the transactions falling within the types of Interested Person Transactions ("**IPTs**") (particulars of which are set out in the Appendix) with the interested persons in accordance with the guidelines of the Company for IPTs as set out in the Appendix, and subject to the review procedures for such IPTs as set out in the Appendix (the "**IPT Mandate**");

(b) That such approval shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company;

(c) That the Audit and Risk Committee of the Company be and is hereby authorized to take such action as it deems proper in respect of the review procedures for the IPTs and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Catalist Rules which may be prescribed by the SGX-ST from time to time; and

(d) That the Directors of the Company and each of them be and are hereby authorized to do all such acts and things (including without limitation executing all such documents as may be required) as they may consider expedient or necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorized by the IPT Mandate and/or this Resolution

(Please see Explanatory Note 2 and refer to the Appendix for details)

Notice of Annual General Meeting

11. **AUTHORITY TO GRANT OPTIONS AND ISSUE SHARES UNDER THE HATTEN LAND LIMITED EMPLOYEE'S SHARE OPTION SCHEME ("ESOS")** **(Resolution 10)**

"That pursuant to Section 161 of the Act, authority be and is hereby given to the Directors of the Company to:

(a) offer and grant options ("**Options**") from time to time in accordance with the provisions of the ESOS; and

(b) allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the ESOS,

provided always that aggregate number of Shares to be issued and issuable pursuant to the exercise of options under the ESOS, PSP and any other share based incentive schemes of the Company, shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), on the day immediately preceding the date on which an offer to grant an Option is made."

(Please see Explanatory Note 3)

12. **AUTHORITY TO GRANT AWARDS AND ISSUE SHARES UNDER THE HATTEN LAND LIMITED PERFORMANCE SHARE PLAN ("PSP")** **(Resolution 11)**

"That pursuant to Section 161 of the Act, authority be and is hereby given to the Directors of the Company to:

(a) offer and grant awards ("**Awards**") from time to time in accordance with the provisions of the PSP; and

(b) allot and issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of Awards granted under the PSP,

provided always that aggregate number of Shares to be issued and issuable pursuant to the exercise of options under the ESOS, PSP and any other share based incentive schemes of the Company, shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), on the day immediately preceding the date on which an Award is granted."

(Please see Explanatory Note 4)

BY ORDER OF THE BOARD

Dato' Tan June Teng Colin @ Chen JunTing
Executive Chairman and Managing Director
10 October 2018
Singapore

Notice of Annual General Meeting

EXPLANATORY NOTES:

1. Ordinary Resolution 7 proposed in item 8 above is to authorise the Directors of the Company from the date of the AGM until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 100 percent of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 50 percent of the issued share capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

2. Ordinary Resolution 9 proposed in item 10 above, if passed, will renew the IPT Mandate for transactions with the interested persons and empower the Directors of the Company from the date of the AGM until the date of the next Annual General Meeting to do all acts necessary to give effect to the Directors of the Company from the date of the AGM until the date of the next Annual General Meeting to do all acts necessary to give effect to the Resolution. This authority will, unless previously revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company. In accordance with the requirements of Chapter 9 of the Catalist Rules, Dato' Tan June Teng Colin @ Chen JunTing and Dato' Tan Ping Huang Edwin @ Chen BingHuang being the "Interested Persons" in relation to the IPT Mandate, will abstain from voting, and will ensure that their respective associates abstain from voting, on Ordinary Resolution 9 relating to the proposed renewal of the IPT Mandate.

3. Ordinary Resolution 10 proposed in item 11 above, if passed, will empower the Directors of the Company, to offer and grant Options under the ESOS and to allot and issue shares pursuant to the exercise of such Options under the ESOS not exceeding fifteen percent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time.

4. Ordinary Resolution 11 proposed in item 12 above, if passed will empower the Directors of the Company, to allot and issue Shares pursuant to the vesting of Awards under the PSP not exceeding fifteen percent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time.

NOTES:

1. A member of the Company (other than a member who is a relevant intermediary as defined in Note 2 below) shall not be entitled to appoint more than two proxies to attend and vote at the AGM on his behalf. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

2. Pursuant to Section 181 of the Act, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the AGM. Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

3. A proxy need not be a member of the Company.

   (a) The instrument appointing a proxy or proxies shall, in the case of an individual, be signed by the appointor or his attorney, and in case of a corporation, shall be either under the common seal or signed by its attorney or an authorised officer on behalf of the corporation.

   (b) The instrument appointing proxy or proxies must be deposited at the Share Registration Office of the Company at Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte Ltd), 80 Robinson Road #11-02, Singapore 068898 not later than 72 hours before the time set for the AGM.

Notice of Annual General Meeting

PERSONAL DATA POLICY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

PROXY FORM

IMPORTANT
1. Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "Act"), Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy shares in the Company ("CPF Investors"), this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies or the appointment of their Agent Banks as proxies for the Annual General Meeting.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 October 2018.

*I/We ______________________________ NRIC/Passport No, ____________ of

____

being *a member/members of Hatten Land Limited (the "**Company**"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting ("**AGM**") of the Company to be held at Level 2, 53 Mohamed Sultan Road, Singapore 238993, on 25 October 2018 at 10.00 a.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

(Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.)

No.	Ordinary Resolutions	For	Against
1	To receive and consider the Audited Financial Statements of the Company for the financial year ended 30 June 2018 and the Directors' Statement and Auditor's Report thereon.		
2	To approve a final tax-exempt dividend of 0.025 Singapore cent per ordinary share for the financial year ended 30 June 2018.		
3	To re-elect Mr. Loh Weng Whye as Director pursuant to Article 117 of the Company's Constitution.		
4	To re-elect Dato' Colin Tan June Teng as Director pursuant to Article 117 of the Company's Constitution.		
5	To approve the payment of Directors' Fees of S$195,445/- for the financial year ended 30 June 2018.		
6	To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
7	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
8	To approve the renewal of Share Buy-back Mandate.		
9	To approve the renewal of Interested Person Transaction Mandate.		
10	To approve the allotment and issue of shares under Hatten Land Limited Employees' Share Option Scheme.		
11	To approve the allotment and issue of shares under Hatten Land Limited Performance Share Plan.		

Dated this ______ day of ______________ 2018

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

____

Signature(s) of Member(s)/Common Seal

** Delete accordingly*

IMPORTANT: Please read notes overleaf

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of his shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this Proxy Form as invalid.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Act.
2. A proxy need not be a member of the Company.
3. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its Constitution and Section 179 of the Act.

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AFFIX
STAMP

The Company Secretary
HATTEN LAND LIMITED
c/o Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #11-02
Singapore 068898

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6. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the Share Registration Office of the Company at Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), 80 Robinson Road #11-02, Singapore 068898 not later than 72 hours before the time set for the AGM.
7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Future Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.
9. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the AGM.
10. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 October 2018.

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HATTEN LAND LIMITED

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Singapore 238993.

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