

HATTEN LAND LIMITED

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

VARIANCE BETWEEN THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 AND THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 DATED 28 AUGUST 2020

The Board of directors (the “Board” or the “Directors”) of Hatten Land Limited (the “Company”, and together with its subsidiaries, the “Group”) refers to the unaudited full year financial statements announcement for the financial year ended 30 June 2020 (“FY2020”) dated 28 August 2020.

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”), the Board wishes to highlight certain adjustments and reclassifications to the unaudited consolidated statement of comprehensive income, statement of financial position and consolidated statement of cash flows for FY2020, following the finalization of the audit. The aforesaid adjustments and reclassifications with the explanation for the material variance are set out in Appendix A of this announcement.

By Order of the Board
HATTEN LAND LIMITED

Dato’ Tan June Teng Colin@ Chen JunTing
Executive Chairman and Managing Director
15 October 2020

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

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

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

Appendix A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
	Financial year ended 30 June 2020			
	Audited	Unaudited	Variance	Note
	RM'000	\$'000	RM'000	
Revenue	109,447	109,447	-	
Cost of sales	(84,418)	(70,556)	13,862	a
Gross profit	25,029	38,891		
Other operating income	8,242	-	8,242	b
Other income/gains	17,722	26,116	(8,394)	b
			-	
Other items of expense				
Selling and marketing expenses	(4,156)	(4,156)	-	
General and administrative expenses	(106,907)	(195,832)	(88,925)	c
Impairment loss on trade receivables-credit loss on revocation of sales	(37,766)	-	37,766	d
Other expense	(94,244)	(58,638)	35,606	e
Finance costs	(52,224)	(52,158)	66	
Loss before tax	(244,304)	(245,777)		
Income tax credit	14,575	14,816	(241)	
Loss after tax	(229,729)	(230,961)		
Other comprehensive income:				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Currency translation differences arising on consolidation	(1)	(1)	-	
Total comprehensive loss for the year	(229,730)	(230,962)		
Loss for the year attributable to:				
Owners of the Company	(229,704)	(230,936)	(1,232)	
Non-controlling interests	(25)	(25)	-	
Loss for the year	(229,729)	(230,961)		
Total comprehensive loss for the year attributable to:				
Owners of the Company	(229,705)	(230,937)	(1,232)	
Non-controlling interests	(25)	(25)	-	
Total comprehensive loss for the year	(229,730)	(230,962)		

STATEMENTS OF FINANCIAL POSITION FOR THE GROUP				
As at 30 June 2020				
	Audited	Unaudited	Variance	
	RM'000	RM'000	RM'000	Note
Assets				
Non-current assets				
Property, plant and equipment	190,870	197,471	(6,601)	1
Right-of-use assets	121,517	109,690	11,827	2
Deferred tax assets	-	209	(209)	
Trade and other receivables	118,341	607	117,734	3
	430,728	307,977		
Current assets				
Development properties	641,802	640,574	1,228	
Contract Assets	-	-	-	
Trade and other receivables	384,404	494,258	(109,854)	4
Prepayments	3,751	3,795	(44)	
Cash and bank balances	23,142	23,141	1	
	1,053,099	1,161,768		
Total assets	1,483,827	1,469,745		
Liabilities				
Current liabilities				
Lease liabilities	37,169	36,566	603	5
Loans and borrowings	276,810	273,155	3,655	6
Income tax payable	42,190	42,317	(127)	
Trade and other payables	380,799	370,598	10,201	7
Provisions	93,922	41,734	52,188	8
Contract liabilities	256,976	307,331	(50,355)	9
	1,087,866	1,071,701		
Net current (liabilities)/assets	(34,767)	90,067		
Non-current liabilities				
Lease liabilities	81,313	74,045	7,268	5
Loans and borrowings	122,320	132,612	(10,292)	6
Other payables	32,191	32,251	(60)	
Deferred tax liabilities	172	-	172	
	235,996	238,908		
Total liabilities	1,323,862	1,310,609		
Net assets	159,965	159,136		
Equity				
Share capital	267,425	267,425	-	
Accumulated losses	(24,554)	(25,383)	829	
Translation reserve	4	4	-	
Merger reserve	(79,513)	(79,513)	-	
Other reserve	(3,397)	(3,222)	(175)	
	159,965	159,311		
Non-controlling interest	-	(175)	175	
Total equity	159,965	159,136		
Total equity and liabilities	1,483,827	1,469,745		

CONSOLIDATED STATEMENT OF CASHFLOWS			
	As at 30 June 2020		
	Audited	Unaudited	Variance
	RM'000	RM'000	RM'000
Cash flows from operating activities			
Loss before tax	(244,304)	(245,777)	1,473
Adjustments for:			
Depreciation of property, plant and equipment	3,005	4,852	(1,847)
Depreciation of right-of-use assets	34,849	36,093	(1,244)
Loss/(gain) on disposal of property, plant and equipment	19	(2,266)	2,285
Gain on disposal of right-of use assets	(2,296)	-	(2,296)
Loss on write-off property, plant and equipment	730	19	711
Interest income	(934)	(1,509)	575
Interest expense	52,224	52,158	66
Impairment loss on property, plant and equipment	66,507	61,149	5,358
Impairment loss on development properties	22,058	13,234	8,824
Modification loss on trade receivables	18,519	18,519	-
Unrealised foreign exchange (gain)/loss	9,061	6,194	2,867
Amortisation of capitalised costs of obtaining contracts	4,856	-	4,856
Amortisation of capitalised transaction costs	-	3,405	(3,405)
Operating cash flows before working capital changes	(35,706)	(53,929)	
Changes in operating assets and liabilities			
Development properties	10,079	24,987	(14,908)
Contract assets	3,267	-	3,267
Contract liabilities	(69,283)	-	(69,283)
Trade and other receivables	41,095	74,990	(33,895)
Trade and other payables	158,960	61,793	97,167
Cash flow from operations	108,412	107,841	
Interest paid	(34,910)	(35,263)	353
Interest received	934	1,509	(575)
Income tax paid	(2,874)	(2,786)	(88)
Net cash flows from operating activities	71,562	71,301	
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment	7	3,874	(3,867)
Proceeds from disposal of right-of-use assets	105	-	105
Addition of property, plant and equipment	(23,513)	(19,292)	(4,221)
Decrease in pledged fixed deposit	(37)	(37)	-
Net cash flows used in investing activities	(23,438)	(15,455)	
Cash flows from financing activities			
Net proceeds from placement shares	14,706	14,706	-
Proceeds from term loans	66,213	85,370	(19,157)
Repayment of obligations under finance leases	-	(1,385)	1,385
Repayment of lease liabilities	(28,778)	(52,067)	23,289
Interest portion on lease liabilities	(17,314)	-	(17,314)
Repayment of term loans	(85,962)	(107,503)	21,541
Repayment of medium-term notes	(2,023)	-	(2,023)
Dividends paid	(567)	(567)	-
Net cash flows used in financing activities	(53,725)	(61,446)	
Net change in cash and cash equivalents	(5,601)	(5,600)	(1)
Cash and cash equivalents at the beginning of the year	27,257	27,250	7
Effects of exchange rate changes on cash and cash equivalents	222	227	(5)
Cash and cash equivalents at the end of the year	21,878	21,877	
Cash and bank balances	23,142	23,141	1
Less: Pledged fixed deposit	(1,264)	(1,264)	-
Cash and cash equivalents as per above	21,878	21,877	

Notes:

Consolidated statement of comprehensive income

(a) **Cost of sales**

The increase was mainly due to reclassification of impairment loss on completed development property from general and administrative expenses.

(b) **Other operating income and other income/gains**

The increase in other operating income was mainly due to reclassification of rental income from other income/gains which resulted in a corresponding decrease in the other income/ gains.

(c) **General and administrative expense**

The decrease in general and administrative expense was mainly due reclassification of impairment loss on property, plant and equipment, impairment loss on development properties to other expense and cost of sales.

(d) **Impairment loss on trade receivables-credit loss on revocation of sales**

The increase was due to reclassification of credit loss for the revocation of sales from other expenses.

(e) **Other expense**

The increase in other expense was mainly due to reclassification of impairment loss on property, plant and equipment and impairment loss on development properties under construction from general and administrative to other expense. The increase was offset by the reclassification of credit loss for the revocation of sales to impairment loss on trade receivables-credit loss on revocation of sales.

Consolidated statements of financial position for the Group

1. **Property, plant and equipment**

The decreased in property, plant and equipment was due to reclassification of right-of-use assets.

2. **Right-of-use assets**

The increase in right-of-use assets was mainly due to reclassification from property, plant and equipment and adjustments of recognition of right-of-use assets arising from the adoption of SFRS(I) 16 Leases.

3. **Trade and other receivables – non current**

The increase in trade and other receivables was mainly due to reclassification from trade and other receivables – current. Refer to point 4.

4. **Trade and other receivables - current**

The decrease in trade and other receivables was mainly due to reclassification adjustment has been made to reclassify certain trade receivables balances which are repayable after one year to trade and other receivables (non-current) and reclassification of credit balances

(representing liabilities) in trade and other receivables to trade and other payables. i.e. transfer of a negative amount in trade and other receivables to trade and other payables.

5. Lease liabilities

The increase in lease liabilities was due to adjustments of recognition of right-of-use assets arising from the adoption of SFRS(I) 16 Leases.

6. Loans and borrowings

The variances in loan and borrowings are due to the reclassification from non-current to current and obligation of finance lease to lease liabilities due to the recognition of right-of-use assets arising from the adoption of SFRS(I) 16 Leases.

7. Trade and other payables

The increase in trade and other payables was mainly due to reclassification from trade and other receivables.

8. Provisions

The increase in provisions was due to reclassification from contract liabilities.

9. Contract liabilities

The decrease in contract liabilities was mainly due to reclassification to provisions.

Consolidated statement of cash flow

As a result of changes to the consolidated statement of comprehensive income and the consolidated statement of financial position, corresponding changes have been made to the consolidated statement of cash flows, which shall be read in conjunction with the audited consolidated statement of comprehensive income and the consolidated statement of financial position.

Statements of financial position for the Company

	As at 30 June 2020			Note
	Audited RM'000	Unaudited RM'000	Variance RM'000	
Non-current assets				
Investment in a subsidiary	710,739	1,113,370	402,631	A

(A) Investment in a subsidiary

The decrease in investment in subsidiaries was due to additional impairment loss recognised in the Company's profit or loss to impair the cost of investment to its recoverable amount based on valuation reports performed by independent firms of professional valuers.