

## **HATTEN LAND LIMITED**

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

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### **RESPONSE TO SGX QUERIES**

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The board of directors (the "Board") of Hatten Land Limited (the "Company", and together with its subsidiaries, the "Group") wishes to inform shareholders that it had received queries from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Queries**") in relation to the Annual Report and disclaimer of opinion received for the Company's FY2019 audit. The Board wishes to respond to the Queries as follows:

#### **Query 1**

As disclosed in Note 29 to the financial statements, the Company announced on 10 October 2019 that a convertible loan of an aggregate amount of US\$20m had matured on that day, and the lender has agreed to extend the loan maturity with staggered repayments up to 10 October 2020 at a higher interest cost, subject to terms and conditions to be finalised with the execution of a definitive agreement. As at the date of the Annual Report, the definitive agreement has not yet been executed. These conditions give rise to material uncertainties on the ability of the Group and Company to continue as going concern. How long does the Company anticipate it will require to finalise the definitive agreement?

#### **Response 1**

The company has obtained a term sheet from the lender and barring any unforeseen circumstances, the company expects to execute the definitive agreement within one month from the Company's announcement dated 8 November 2019.

#### **Query 2**

The Company is currently working to secure a refinancing package for the US\$25m secured bond due in March 2020 and are currently in discussions with various potential lenders for the refinancing. How long does the Company anticipate it will require to finalise the definitive agreement?

#### **Response 2**

The Company expects to be able to finalise the definitive agreements for refinancing before the maturity of the secured bond.

### Query 3

Note 14 stated that RM220.5m of trade receivables of RM435.1m are receivables which are past due but not impaired, and of this RM220.5m, RM189m are more than 120 days past due, which is 86% of the total amount past due. Please further disclose the breakdown of the aging of RM189m, and how much of such amounts has been reported as part of FY18 and FY17's receivables balance which is more than 120 days past due of RM102m and RM101m respectively?

### Response 3

<b>Trade Receivables Aging</b>	
	<b>FY2019</b>
	<b>RM'000</b>
More than 120 days past due not impaired - consisting of:	189,084
- less than 1 year past due not impaired	122,714
- more than 1 year and Less than 2 years past due not impaired	32,304
- more than 2 years past due not impaired	34,066

Please refer to Response 5 for further analysis of our trade receivables.

### Query 4

Note 13 stated that of total development properties balance of RM681.5m recorded as current assets of the Group, RM485m pertains to completed development properties. In particular, Vedro by the River, Hatten City Phase 1 and Hatten City Phase 2 have been 100% completed as 30 June 2019. Please disclose the percentage of units sold, and percentage for which intent of purchase has been received for each of the development properties held by the Group.

### Response 4

Please refer to table below for status of each completed project as at 30 June 2019:

<b>Projects</b>	<b>Category</b>	<b>Total Units</b>	<b>Sold Units</b>	<b>% of Sold units</b>
Hatten City Phase 1	Hatten Place	582	575	98.8
	Elements Mall	1,251	865	69.1
	Silverscape (A&B)	747	695	93.0
Vedro	Vedro Mall	736	515	69.9
Hatten City Phase 2	Imperio Mall	784	589	75.1
	Imperio Residence A	494	322	66.5
	Imperio Residence B	456	377	82.7
Harbour City	Harbour City Mall	1,792	874	68.8
	Harbour City Suites	717	710	99.0
	Harbour City Resort	576	516	89.6
Satori	Satori Suites	336	279	83.0
	Satori Serviced Residences	192	42	21.9

Management is of the view that disclosing the number of intent to purchase is meaningful due to the relatively short option period and only completed sales will be recognized.

### **Query 5**

The auditors noted that the Group had experienced slower recovery of its receivables. Please disclose the relevant ratios to elaborate on the speed of recovery of the receivables.

### **Response 5**

	Group	
	FY2019	FY2018
Trade receivables Turnover Ratio (times)	1.0	1.6
Trade receivables Turnover in Days	351.0	234.2

The increase in trade receivables turnover days in FY2019 was mainly due:

- In light of prevailing market conditions, the Group offered a Developer Installment Payment Plan (“DIP”) to certain customers who have met certain criteria, on certain terms and conditions.
- Slower collections from foreigner customers due to approvals required from the relevant regulatory authorities for foreign buyers.

Notwithstanding the slower recovery of its receivables, management would like to highlight:

- 1) The receivable consists of many individual buyers and there is no material concentration risk from a particular debtor.
- 2) Most of the customers would have made partial payments for their purchases and the Group would be able to re-possess and re-release the units for sale should any buyer prove unable to complete their payment obligations or decide to terminate their purchase.

### **Query 6**

In FY19 AR, it was stated that the Group had unbilled sales of development properties amounting to approximately RM379.9 million and this amount is expected to be recognised as the ongoing projects reach completion stage. As Harbour City is expected to complete in FY2020, we expect a substantial amount of the unbilled sales to be recognised beyond FY2019. In FY18 AR, it was stated that the Group had 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. How much of the unbilled sales of RM875m disclosed in FY18 AR was eventually billed as sales and received in FY19?

### **Response 6**

The amount billed in FY 2019 was RM615.3 million and the amount received was RM442.5 million in FY2019. Please note that billings and receipts and revenue recognized in the financial statements could defer due to accounting treatment.

### **Query 7**

In view of the above, can the Board please confirm whether trading of the Company's shares should be suspended pursuant to Listing Rule 1303(3) (Going Concern) and the basis for such opinion.

### **Response 7**

The Board confirms that the Company's shares should not be suspended pursuant to Listing Rule 1303(3) as it is of the view that the Company is able to continue as a going concern. The basis of the Board's view is set out in the Company's announcement of 9 November 2019 on the Disclaimer of Opinion. The Board further confirms that sufficient information has been disclosed for the trading of the Company's securities to continue in an orderly manner; and confirmed that all material disclosures have been provided for the trading of the Company's shares to continue.

Shareholders of the Company are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

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

Dato' Tan June Teng, Colin  
Executive Chairman and Managing Director  
12 November 2019

*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.*