



HATTEN LAND LIMITED

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

Unaudited Financial Statements Announcement For Third Quarter Ended 31 March 2021

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

I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Notes | Group Third Quarter Ended | | % | Group 9 Months Ended | | % |
|---|-------|------------------------------|-----------------|--------|-------------------------|-----------------|--------|
| | | 31/3/2021 | 31/3/2020 | | 31/3/2021 | 31/3/2020 | |
| | | RM'000 | RM'000 | | RM'000 | RM'000 | Chang |
| Revenue | 8a | 14,684 | 7,236 | N/M | 28,349 | 142,408 | (80.1) |
| Cost of sales | | (11,427) | (2,490) | N/M | (25,556) | (88,978) | (71.3) |
| Gross profit | 8b | 3,257 | 4,746 | (31.4) | 2,793 | 53,430 | (94.8) |
| Other operating income | 8c | 17 | 2,914 | (99.4) | 183 | 8,492 | (97.8) |
| Other gain/(loss) | 8d | 2,500 | (1,628) | N/M | 20,557 | 7,912 | N/M |
| Other items of expense | | | | | | | |
| Selling and marketing expenses | | (480) | (1,364) | (64.8) | (1,879) | (3,240) | (42.0) |
| General and administrative expenses | 8e | (22,064) | (16,729) | 31.9 | (46,216) | (36,451) | 26.8 |
| Impairment loss on trade receivables-credit loss on revocation of sales | 8f | (9,273) | - | N/M | (16,563) | - | N/M |
| Other expenses | 8g | (466) | (16,336) | (97.1) | (471) | (38,985) | (98.8) |
| Finance costs | 8h | (10,147) | (10,806) | (6.1) | (35,968) | (25,925) | 38.7 |
| Share of results of the associated company | | (473) | - | N/M | (473) | - | N/M |
| Loss before tax | | (37,129) | (39,203) | (5.3) | (78,037) | (34,767) | N/M |
| Income tax credit/(expenses) | | - | 6,911 | N/M | 179 | 5,299 | (96.6) |
| Loss after tax | | (37,129) | (32,292) | 15.0 | (77,858) | (29,468) | N/M |
| Other comprehensive income: | | | | | | | |
| <u>Items that may be reclassified subsequently to profit or loss</u> | | | | | | | |
| Currency translation differences arising on consolidation | | (49) | (27) | N/M | (33) | (31) | 6.5 |
| Total comprehensive loss | | (37,178) | (32,319) | 15.0 | (77,891) | (29,499) | N/M |
| Loss or the period attributable to: | | | | | | | |
| Owners of the Company | | (37,129) | (32,279) | 15.0 | (77,858) | (29,444) | N/M |
| Non-controlling interests | | - | (13) | N/M | - | (24) | N/M |
| | | (37,129) | (32,292) | 15.0 | (77,858) | (29,468) | N/M |
| Total comprehensive loss for the period attributable to: | | | | | | | |
| Owners of the Company | | (37,178) | (32,306) | 15.1 | (77,891) | (29,475) | N/M |
| Non-controlling interests | | - | (13) | N/M | - | (24) | N/M |
| | | (37,178) | (32,319) | 15.0 | (77,891) | (29,499) | N/M |

N/M - Not Meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

| | Group | | | Group | | |
|---|---------------------|-----------|--------|----------------|-----------|--------|
| | Third Quarter Ended | | | 9 Months Ended | | |
| | 31/3/2021 | 31/3/2020 | % | 31/3/2021 | 31/3/2020 | % |
| | RM'000 | RM'000 | Change | RM'000 | RM'000 | Change |
| Loss for the period is arrived at after charging/(crediting): | | | | | | |
| Depreciation of property, plant and equipment | 420 | 1,094 | (61.6) | 1,079 | 3,568 | (69.8) |
| Depreciation of right-of-use assets | 8,266 | - | N/M | 25,274 | - | N/M |
| Gain on disposal of property, plant and equipment | - | (1,006) | N/M | (45) | (2,266) | (98.0) |
| Gain on disposal of right-of-use assets | - | - | - | (62) | - | N/M |
| Gain on disposal of subsidiary | - | - | - | (4,121) | - | N/M |
| Interest expense | 8,761 | 10,806 | (18.9) | 34,582 | 25,925 | 33.4 |
| Interest income | 772 | (407) | N/M | (9,775) | (1,035) | N/M |
| Unrealised foreign exchange (gain)/loss | 5,800 | 9,408 | (38.4) | (6,212) | 7,165 | N/M |

N/M - Not Meaningful

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

| | | Group | | Company | |
|---|------|---------------------|---------------------|---------------------|---------------------|
| | Note | 31/3/2021 RM'000 | 30/6/2020 RM'000 | 31/3/2021 RM'000 | 30/6/2020 RM'000 |
| Assets | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | | 191,070 | 190,870 | - | - |
| Right-of-use assets | 8i | 84,919 | 121,517 | - | - |
| Investment in a subsidiary | | - | - | 710,739 | 710,739 |
| Investment in associate company | 8j | 25,807 | - | 26,280 | - |
| Trade and other receivables | 8k | 92,607 | 118,341 | - | - |
| | | 394,403 | 430,728 | 737,019 | 710,739 |
| Current assets | | | | | |
| Development properties | | 632,897 | 641,802 | - | - |
| Trade and other receivables | 8k | 379,488 | 384,404 | 305,978 | 299,318 |
| Prepayments | | 4,102 | 3,751 | 156 | 158 |
| Cash and bank balances | | 12,671 | 23,142 | 254 | 840 |
| | | 1,029,158 | 1,053,099 | 306,388 | 300,316 |
| Total assets | | 1,423,561 | 1,483,827 | 1,043,407 | 1,011,055 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Lease liabilities | 8l | 16,998 | 37,169 | - | - |
| Loans and borrowings | | 293,963 | 276,810 | 186,578 | 192,464 |
| Income tax payable | | 39,585 | 42,190 | - | - |
| Trade and other payables | 8m | 417,300 | 380,799 | 6,199 | 4,007 |
| Provisions | | 96,454 | 93,922 | - | - |
| Contract liabilities | | 254,409 | 256,976 | - | - |
| | | 1,118,709 | 1,087,866 | 192,777 | 196,471 |
| Net current (liabilities)/assets | | (89,551) | (34,767) | 113,611 | 103,845 |
| Non-current liabilities | | | | | |
| Lease liabilities | 8l | 55,025 | 81,313 | - | - |
| Loans and borrowings | | 99,143 | 122,320 | - | - |
| Other payables | 8m | 33,723 | 32,191 | - | - |
| Deferred tax liabilities | | - | 172 | - | - |
| | | 187,891 | 235,996 | - | - |
| Total liabilities | | 1,306,600 | 1,323,862 | 192,777 | 196,471 |
| Net assets | | 116,961 | 159,965 | 850,630 | 814,584 |
| Equity | | | | | |
| Share capital | 8n | 302,347 | 267,425 | 1,334,851 | 1,299,929 |
| Accumulated losses | | (102,412) | (24,554) | (484,221) | (485,345) |
| Translation reserve | | (64) | 4 | - | - |
| Merger reserve | | (79,513) | (79,513) | - | - |
| Other reserve | | (3,397) | (3,397) | - | - |
| Total equity | | 116,961 | 159,965 | 850,630 | 814,584 |
| Total equity and liabilities | | 1,423,561 | 1,483,827 | 1,043,407 | 1,011,055 |

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/03/2021

As at 30/06/2020

| Secured RM'000 | Unsecured RM'000 | Secured RM'000 | Unsecured RM'000 |
|-------------------|---------------------|-------------------|---------------------|
| 293,963 | - | 276,810 | - |

Amount repayable after one year

As at 31/03/2021

As at 30/06/2020

| Secured RM'000 | Unsecured RM'000 | Secured RM'000 | Unsecured RM'000 |
|-------------------|---------------------|-------------------|---------------------|
| 99,143 | - | 122,320 | - |

The Group's loans and borrowings include bank borrowings, guaranteed secured bonds, and the medium-term notes issued.

Details of collaterals

The loans and borrowings are secured by the following: -

1. Joint and several guarantee by directors of the borrowing entities.
2. Legal charge over the project land under development, fixed and floating charges over all assets of the project of the borrowing entities.
3. Pledge of 760 million shares of the Company provided by Hatten Holdings Pte Ltd.
4. Third party first legal assignment over certain property assets owned by related parties of the borrowing entities.
5. Debenture over fixed and floating present and future assets of the borrowing entities.
6. Legal assignment over designated bank account and monies and legal assignment of sales proceeds from the sale of project units of the borrowing entities in favour of the lender.
7. Corporate guarantee by related parties of the borrowing entities
8. Deed of subordination of advances due to shareholders and directors.
9. Pledge of fixed deposits with licensed banks.
10. Debenture over the 44 units of luxury residences service apartments, 11 units of penthouse suites and 345 retail units from the development of borrowing entity.
11. Assignment of insurances
12. Land charge for assets owned by related parties of the borrowing entity.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Group | | Group | |
|---|----------------------------|------------------|-----------------------|------------------|
| | Third Quarter Ended | | 9 Months Ended | |
| | 31/3/2021 | 31/3/2020 | 31/3/2021 | 31/3/2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash flows from operating activities | | | | |
| Loss before tax | (37,129) | (39,203) | (78,037) | (34,767) |
| Adjustments for: | | | | |
| Share of results of associated company | 473 | | 473 | - |
| Depreciation of property, plant and equipment | 420 | 1,094 | 1,079 | 3,568 |
| Depreciation of right-of-use assets | 8,266 | - | 25,274 | - |
| Gain on disposal of property, plant and equipment | - | (1,006) | (45) | (2,266) |
| Loss on write off of property, plant and equipment | - | 19 | | 19 |
| Gain on disposal of right-of-use assets | - | - | (62) | - |
| Gain on disposal of subsidiary | - | - | (4,121) | - |
| Interest income | 772 | (407) | (9,775) | (1,035) |
| Interest expense | 8,761 | 10,806 | 34,582 | 25,925 |
| Unrealised foreign exchange (gain)/loss | 5,800 | 9,408 | (6,212) | 7,165 |
| Amortisation of capitalised transaction costs | - | 3,010 | 91 | 3,010 |
| Operating cash flows before working capital changes | (12,637) | (16,279) | (36,753) | 1,619 |
| Changes in operating assets and liabilities | | | | |
| Development properties | 3,455 | 2,427 | 8,905 | 40,216 |
| Trade and other receivables and contract assets | 14,831 | (29,444) | 31,957 | 14,587 |
| Trade and other payables and contract liabilities | (2,356) | 80,059 | 8,847 | (4,095) |
| Cash flow generated from operations | 3,293 | 36,763 | 12,956 | 52,327 |
| Interest paid | (4,810) | (10,806) | (23,711) | (25,925) |
| Interest received | (772) | 407 | 9,775 | 1,035 |
| Income tax paid | (618) | 264 | (2,426) | (6,321) |
| Net cash flows (used in)/from operating activities | (2,908) | 26,628 | (3,406) | 21,116 |
| Cash flows from investing activities | | | | |
| Proceeds from disposal of property, plant and equipment | - | 1,225 | 45 | 3,874 |
| Proceeds from right-of-use assets | - | - | 60 | - |
| Increase in pledged fixed deposit | 310 | - | 1,264 | - |
| Additions to property, plant and equipment | (639) | (23,592) | (1,324) | (24,105) |
| Net cash flows generated (used in)/from investing | (329) | (22,367) | 45 | (20,231) |
| Cash flows from financing activities | | | | |
| Proceeds from term loans | 308 | - | 365 | 85,370 |
| Repayment of lease liabilities | (1,184) | - | (2,511) | - |
| Repayment of obligations under finance leases | - | (459) | - | (1,116) |
| Repayment of term loans and medium term note | (1,123) | (4,619) | (3,636) | (105,926) |
| Dividend paid on ordinary shares | - | - | - | (567) |
| Proceeds from placement shares | - | - | - | 14,705 |
| Shares issuance expenses | - | - | (284) | - |
| Net cash flows used in financing activities | (1,999) | (5,078) | (6,066) | (7,534) |
| Net decrease in cash and cash equivalents | (5,235) | (817) | (9,427) | (6,649) |
| Cash and cash equivalents at the beginning of the period | 17,907 | 21,643 | 21,878 | 27,250 |
| Effects of exchange rate changes on cash and cash equivalents | (3) | 1 | 220 | 226 |
| Cash and cash equivalents at the end of the period | 12,671 | 20,827 | 12,671 | 20,827 |
| Cash and bank balances | 12,671 | 22,054 | 12,671 | 22,054 |
| Less: Pledged fixed deposit | - | (1,227) | - | (1,227) |
| Cash and cash equivalents as per above | 12,671 | 20,827 | 12,671 | 20,827 |

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| Attributable to owners of the Company | | | | | | | | |
|--|------------------|---|---------------------|-----------------|--|-----------------|---------------------------|-----------------|
| | Share capital | (Accumulated losses)/ Retained earnings | Translation reserve | Merger reserve | Premium paid on acquisition of non-controlling interests | Total equity | Non-controlling interests | Total equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | | | | | |
| At 1 January 2021 | 302,347 | (65,283) | (15) | (79,513) | (3,397) | 154,139 | - | 154,139 |
| Loss for the period | - | (37,129) | - | - | - | (37,129) | - | (37,129) |
| <u>Other comprehensive loss</u> | | | | | | | | |
| Currency translation on consolidation | - | - | (49) | - | - | (49) | - | (49) |
| Total comprehensive loss for the period | - | (37,129) | (49) | - | - | (37,178) | - | (37,178) |
| Balance as at 31 March 2021 | 302,347 | (102,412) | (64) | (79,513) | (3,397) | 116,961 | - | 116,961 |
| At 1 January 2020 | 252,719 | 211,102 | 12 | (79,513) | (3,222) | 381,098 | (161) | 380,937 |
| Loss for the period | - | (32,279) | - | - | - | (32,279) | - | (32,279) |
| <u>Other comprehensive loss</u> | | | | | | | | |
| Currency translation on consolidation | - | - | (27) | - | - | (27) | - | (27) |
| Total comprehensive loss for the year | - | (32,279) | (27) | - | - | (32,306) | - | (32,306) |
| Balance as at 31 March 2020 | 252,719 | 178,823 | (15) | (79,513) | (3,222) | 348,792 | (161) | 348,631 |
| Company | | | | | | | | |
| | Share capital | (Accumulated losses)/ Retained earnings | Total equity | | | | | |
| | RM'000 | RM'000 | RM'000 | | | | | |
| At 1 January 2021 | 1,334,851 | (486,070) | 848,781 | | | | | |
| Profit for the period | - | 1,849 | 1,849 | | | | | |
| At 31 March 2021 | 1,334,851 | (484,221) | 850,630 | | | | | |
| At 1 January 2020 | 1,299,929 | 7,242 | 1,307,171 | | | | | |
| Loss for the period | - | (1,190) | (1,190) | | | | | |
| Balance as at 31 March 2020 | 1,299,929 | 6,052 | 1,305,981 | | | | | |

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

| | Number of issued shares | Share capital RM'000 |
|------------------------------------|--------------------------------|-----------------------------|
| Balance as at 31 December 2020 | 1,595,169,228 | 302,347 |
| Balance as at 31 March 2021 | 1,595,169,228 | 302,347 |

As at 31 March 2021 and 31 March 2020, the Company does not have any outstanding convertibles.

The Company does not have any treasury shares and subsidiary holdings as at 31 March 2021 and 31 March 2020.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

| | As at 31/3/2021 | As at 30/6/2020 |
|-------------------------------|----------------------------|----------------------------|
| Total number of issued shares | 1,595,169,228 | 1,434,596,353 |

The Company does not have any treasury shares as at 31 March 2021 and 30 June 2020.

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company does not have any treasury shares during and as at the end of the current financial period reported on.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company does not have any subsidiary holdings during and as at the end of the current financial period reported on.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**
(a) Updates on the efforts taken to resolve each outstanding audit issue.
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.
This is not required for any audit issue that is a material uncertainty relating to going concern.

Impairment loss on investment in a subsidiary

The Company's Independent Auditors, Baker Tilly TFW LLP (the "Independent Auditor"), has in their Independent Auditor's Report dated 15 October 2020, expressed, among others, a qualified opinion in respect of the recognition of impairment loss on investment in a subsidiary.

The Company recognised impairment loss on investment in a subsidiary of RM492.6 million in the financial year ended 30 June 2020. In the previous financial year, the other firm of auditors were unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness on the recoverable amount of the investment in the subsidiary as at 30 June 2019. Consequently, the Independent Auditor are unable to satisfy itself as to whether the impairment loss or a portion of the impairment loss should be recognised in the current financial year or previous financial year ended 30 June 2019. The Independent Auditor's opinion on the current financial year's financial statements is also modified because of the possible effect of these matters on the comparability of the current year's figures and the corresponding figures.

The Board is of the view that the impairment loss on investment in a subsidiary of RM492.6 million in the financial year ended 30 June 2020 was based on the independent valuation conducted for the exercise and hence, it would reflect the latest valuation of the investment.

The Board confirms that the impact of all outstanding audit issues on the financial statements has been adequately disclosed.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies in the financial statements for the current financial year compared with those of the audited financial statements for the financial year ended 30 June 2020.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.**

The accounting policies adopted are consistent with those 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 periods beginning on or after 1 July 2020. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

- 6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

| | Group Third Quarter Ended | | Group 9 Months Ended | |
|---|------------------------------|---------------|-------------------------|---------------|
| | 31/3/2021 | 31/03/2020 | 31/3/2021 | 31/03/2020 |
| Loss attributable to owners of the Company(RM'000) | (37,129) | (32,279) | (77,858) | (29,444) |
| Weighted average number of ordinary shares in issue | 1,547,209,167 | 1,402,956,353 | 1,547,209,167 | 1,402,956,353 |
| Basic and fully diluted (loss)/earnings per share ("EPS")(RM'cents) | (2.40) | (2.30) | (5.03) | (2.10) |

Note:

The fully diluted EPS for the period ended 31 March 2021 and 31 March 2020 were the same as the basic EPS as there were no convertible securities in issue as at 31 March 2021 and 31 March 2020.

7. **Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -**
 (a) **current financial period reported on; and**
 (b) **immediately preceding financial year.**

| | Group | | Company | |
|--|---------------|---------------|---------------|---------------|
| | 31/3/2021 | 30/6/2020 | 31/3/2021 | 30/6/2020 |
| Net asset value attributable to owners of the Company (RM'000) | 116,961 | 159,965 | 850,630 | 814,584 |
| Number of ordinary shares in issue | 1,595,169,228 | 1,434,596,353 | 1,595,169,228 | 1,434,596,353 |
| Net asset value per ordinary share (RM'cents) | 7.33 | 11.15 | 53.33 | 56.78 |

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**
 (i) **any significant factors that affected the revenue, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 (ii) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

Consolidated Statement of Comprehensive Income

Review of Group performance for the third quarter ended 31 March 2021 ("3Q FY2021") as compared to the third quarter ended 31 March 2020 ("3Q FY2020")

- (a) The Group's revenue increased by RM7.4 million in 3Q FY2021 as compared to 3Q FY2020 mainly due to the higher sales for completed projects in 3Q FY2021 as lower sales for completed projects were recorded in 3Q FY2020 due to decrease in property viewings and purchase closures caused by the COVID-19 pandemic.
- (b) The Group recorded gross profit of RM3.3 million for the 3Q FY2021, which was RM1.5 million lower than the preceding year corresponding quarter. The Group also recorded lower gross profit margin of 22% in 3Q FY2021 which was generally the normalized margin of the Group, as compared to 66% in 3Q FY2020. The higher gross profit margin in 3Q FY2020 was largely due to the lower estimated gross development costs for Harbour City project arising from value reengineering initiative done by the Company.
- (c) Other operating income decreased by RM2.9 million was mainly due to the absence of rental income from Hatten Place which has been closed since the implementation of the Movement Control Order by the Government of Malaysia on 18 March 2020.
- (d) Other gain/(loss) increased by RM4.1 million was mainly due to increase in overdue interest charged to purchasers and late payment charged in 3Q FY2021 and a one-off adjustment of provision for tax penalty which was absent in 3Q FY2021.
- (e) General and administrative expenses increased by RM5.3 million was mainly due to increase in depreciation of right-of-use assets resulted from the adoption of SFRS(I) 16 Leases which was absent in 3Q FY2020 and increase in services charges and sinking fund charged by third party property management office. The increase was partially offset by decline in operating expenses arising from the cost cutting measures implemented by the Group.
- (f) The impairment loss on trade receivables – credit loss on revocation of sales increased by RM9.3 million was mainly due to change of presentation and estimates in the method of computation of credit loss on revocation of sales as compared to 3Q FY2020.
- (g) Other expenses decreased by RM15.9 million was mainly due to the adoption of SFRS(I) 16 Leases whereby leaseback payment which was made to purchasers of the Group's completed projects in 3Q FY2021 were no longer recognized as other expenses.

- (h) Finance costs increased by RM0.7 million in 3Q FY2021 mainly due to adoption of SFRS(I) 16 Leases which resulted in the recognition of interest expense on lease liabilities which was offset by the lower interest expense in 3Q FY2021.

As a result of the aforementioned, the Group's loss before tax in 3Q FY2021 decreased by 5.3% to RM37.1 million, compared to RM39.2 million in 3Q FY2020.

Consolidated Statement of Financial Position

Review for the financial position of the Group as at 31 March 2021 as compared to 30 June 2020

- (i) Right-of-use assets as at 31 March 2021 decreased by 30.1% from RM121.5 million as at 30 June 2020 was mainly due to depreciation charges and effect from the disposal of subsidiary companies during the financial period.
- (j) Investment in associated company was mainly due to the acquisition of 20% equity interest in ECXX Global Pte. Ltd. with the allotment and issuance of 100,200,000 ordinary shares in the capital of the Company and a share of loss of associated company of RM0.5 million during the financial period.
- (k) Trade and other receivables (current and non-current) decreased by 6.1% as compared to RM502.7 million as at 30 June 2020 was mainly due to collections during the financial period.
- (l) Lease liabilities (current and non-current) decreased by RM46.5 million as compared to RM118.5 million as at 30 June 2020 was mainly due to payment for the upcoming operating lease via allotment and issuance of 60,372,875 ordinary shares in the capital of the company which amounting to S\$3.5 million (approximately equivalent to RM10.0 million) and effect from the disposal of the Company's indirect wholly-owned subsidiary, Velvet Valley Management Sdn. Bhd. during the financial period.
- (m) Trade and other payables increased by 9.2% as compared to RM413.0 million as at 30 June 2020 was mainly due to the Company's effort to conserve its cashflow.
- (n) Share capital increased was mainly due to the acquisition of 20% equity interest in ECXX Global Pte. Ltd with the allotment and issuance of 100,200,000 ordinary shares in the capital of the Company and allotment and issuance of 60,372,875 ordinary shares in the capital of the company as payment for the upcoming operating lease.

There were no significant changes in the Group balance sheet items except for the above-mentioned.

Negative working capital

The Group recorded negative current liabilities of RM89.6 million as at 31 March 2021 as compared to RM34.8 million as at 30 June 2020.

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

- As at 31 March 2021, the Group had net assets of RM117.0 million. In addition, the Group has a substantial value of unsold completed properties and the Group's priority is to monetise these assets through collection and sales to generate cashflow;
- The adjudication decision announced on 26 April 2021 is expected to result in a material reduction in the current liabilities currently accrued in the balance sheet based on the reduction in net claims.
- In response to the challenging business environment, the Company has implemented various cost containment measures to generate immediate savings and conserve financial resources such as salary adjustments and reduction of non-essential expenses.
- On 11 August 2020, the Company announced the disposal of Gold Mart Sdn Bhd ("GMSB") to a third party which will generate gross proceeds of US\$60 million for the Company, and the proceeds will be used to redeem certain loans and borrowings of the Group as planned. The disposal of GMSB is subject to satisfaction of conditions precedent included in the announcement. The completion date is currently extended to 31 May 2021 to complete the clearance and administrative process relating to the receipt of the consideration.

- The Group has embarked on strategic restructuring of its two subsidiaries MDSA Ventures Sdn Bhd (“MDSA Ventures”) and MDSA Resources Sdn Bhd (“MDSA Resources”) to restructure its legacy contractual obligations to achieve a more sustainable capital structure which will reduce pressure on the Group’s cash outflows going forward. Both schemes had obtained approval from its creditors. The scheme of MDSA Ventures was subsequently approved the High Court of Malaya in Malacca (“Court”) on 6 January 2021. Separately on 3 February 2021, the Company announced that the Court had dismissed MDSA Resources’ application for approval of its scheme. MDSA Resources has filed an appeal in the Malaysian Court of Appeal against the dismissal of the Sanction in the Court. The date for the hearing of the appeal has not yet been set. MDSA Resources has also filed an application for interim relief in the Court of Appeal which will be heard on 27 May 2021.
- The Company has worked closely with its lenders to extend the repayment obligations for its borrowings. For example, the Company announced on 23 September 2020 the rollover of the RM15.65 million outstanding medium term notes to 24 September 2021. This initiative has helped aligned the Group’s repayment requirements with the current business climate and channel its cashflow for operation purposes;
- The Company is currently working to secure a refinancing package for the US\$25 million secured bonds due in June 2021. The secured bonds are secured against an asset owned by a related party of the borrowing entity with an estimated collateral valuation of approximately two times of the loan amount; and
- An indirectly wholly-owned subsidiary in Malaysia has established a RM200,000,000 Medium Term Notes (“MTN”) Programme, of which RM40,650,000 has been drawn down to date. As at date of this announcement, balance of the MTN Programme that remains unutilised by the subsidiary amounted to RM159,350,000. The subsidiary will draw down this facility for its investment activities, capital expenditure, working capital expenditure, working capital requirements and/or other general corporate purposes when need arises.

The Board’s view above on the Company’s going concern is similar to its view on the same as described in the Annual Report for financial year ended 30 June 2020.

Consolidated Statement of Cash Flows

Review of Statement of Cash Flows for 9M FY2021 as compared to 9M FY2020

The Group reported net decrease in cash and cash equivalents mainly due to net cash used in operating, and financing activities. The changes were mainly due to loss recorded during the financial period, repayments of loan and lease liabilities.

As a result of the above, the Group recorded a cash and cash equivalent of RM12.7 million as at 31 March 2021.

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

No specific forecast or prospect statements were made previously and the Group’s performance for the period under review is in line with expectations disclosed in prior announcements.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

As vaccination programme for COVID-19 begin in countries around the world, the global economy is expected to progressively recover from the economic downturn experienced in most countries. Despite the vaccination programme and the implementation of the various Movement Control Order, the Malaysian economy and property market continued to be negatively impacted. With the weak consumer sentiments and property market, the Group expects its financial performance to remain challenged and lackluster in 2021.

Nevertheless, the Group will continue to focus on monetizing its property inventories, continue carry out cost containment measures and more stringent on cashflow management to ensure its long-term sustainability in this challenging operating environment and for better operational efficiency. Additionally,

the Group will continue to embrace technology in its marketing activities to reach out to customers and potential buyers.

11. Dividend

If a decision regarding dividend has been made:-

(a) Whether an interim (final) dividend has been declared (recommended); and

No.

(b) Amount per share (cents) and previous corresponding period (cents).

Nil.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfer receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared for 3Q FY2021 as the Group wishes to conserve its cash for the purpose of the Group's development and operations.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company had obtained a general mandate from its shareholders for IPTs at an annual general meeting of the Company held on 30 October 2020. For details, please refer to the Company's Appendix to the Annual Report 2020. Save as disclosed below, there were no IPTs that exceeded S\$100,000 during the financial period of nine months ended 31 March 2021.

| Name of interested person | Nature of relationship | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) |
|---------------------------|------------------------|--|--|
| | | Group RM'000 | Group RM'000 |
| Temasek Blooms Sdn. Bhd. | 1 | 548 | - |
| Hatten Properties Sdn Bhd | 2 | - | 404 |

Notes:

- (1) Temasek Blooms Sdn. Bhd. is a company wholly owned by Dato' Tan June Teng Colin @ Chen JunTing and Dato' Tan Ping Huang Edwin @ Chen BingHuang and their associates.
- (2) Hatten Properties Sdn. Bhd. is a company wholly owned by Dato' Tan June Teng Colin @ Chen JunTing and Dato' Tan Ping Huang Edwin @ Chen BingHuang and their associates.

14. Changes in the composition of the Group.

The Company's interest in ECXX Global Pte. Ltd. ("ECXX"), an associated company of the Company, which is held through the Company's indirect wholly-owned subsidiary, Hatten Technology (S) Pte. Ltd. ("HTSPL"), has decreased from 20% to 19.3% (based on 110,571 issued shares in the capital of ECXX) due to the issuance of new ordinary shares by ECXX to other shareholders in 3Q FY2021.

15. Confirmation pursuant to Rule 705(5) of the Catalist Listing Manual.

The Board of Directors of the Company hereby confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for the third quarter ended 31 March 2021 to be false or misleading in any material aspect.

16. Confirmation pursuant to Rule 720(1) of the Catalist Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalist Listing Manual.

By Order of the Board
HATTEN LAND LIMITED

Dato' Tan June Teng, Colin
Executive Chairman and Managing Director
12 May 2021

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

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 ("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.