

**HATTEN LAND LIMITED**

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

**Unaudited Financial Statements Announcement  
For Second Quarter Ended 31 December 2020**

**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 Second Quarter Ended		%	Group 6 Months Ended		%
		31/12/2020	31/12/2019		31/12/2020	31/12/2019	
		RM'000	RM'000		RM'000	RM'000	Change
Revenue	8a	9,586	52,213	(81.6)	13,665	135,172	(89.9)
Cost of sales	8b	(6,510)	(34,195)	(81.0)	(14,129)	(86,488)	(83.7)
<b>Gross profit</b>		<b>3,076</b>	<b>18,018</b>	<b>(82.9)</b>	<b>(464)</b>	<b>48,684</b>	<b>N/M</b>
Other operating income	8c	(60)	2,995	N/M	166	5,578	(97.0)
Other income/gains	8d	8,659	3,591	N/M	18,057	9,540	89.3
<b>Other items of expense</b>							
Selling and marketing expenses		(680)	(868)	(21.7)	(1,399)	(1,876)	(25.4)
General and administrative expenses	8e	(13,195)	(7,484)	76.3	(24,152)	(19,722)	22.5
Impairment loss on trade receivables-credit loss on revocation of sales	8f	(6,693)	-	N/M	(7,290)	-	N/M
Other expenses	8g	(5)	(8,871)	(99.9)	(5)	(22,649)	(100.0)
Finance costs	8h	(15,258)	(6,569)	N/M	(25,821)	(15,119)	70.8
Share of results of the associated company		-	-	N/M	-	-	N/M
<b>(Loss)/profit before tax</b>		<b>(24,156)</b>	<b>812</b>	<b>N/M</b>	<b>(40,908)</b>	<b>4,436</b>	<b>N/M</b>
Income tax credit/(expenses)		(1)	(527)	(99.8)	179	(1,612)	N/M
<b>(Loss)/profit after tax</b>		<b>(24,157)</b>	<b>285</b>	<b>N/M</b>	<b>(40,729)</b>	<b>2,824</b>	<b>N/M</b>
<b>Other comprehensive income:</b>							
<u>Items that may be reclassified subsequently to profit or loss</u>							
Currency translation differences arising on consolidation		13	8	62.5	16	(4)	N/M
<b>Total comprehensive (loss)/ income</b>		<b>(24,144)</b>	<b>293</b>	<b>N/M</b>	<b>(40,713)</b>	<b>2,820</b>	<b>N/M</b>
<b>(Loss)/profit for the period attributable to:</b>							
Owners of the Company		(24,157)	285	N/M	(40,729)	2,835	N/M
Non-controlling interests		-	-	N/M	-	(11)	N/M
		<b>(24,157)</b>	<b>285</b>	<b>N/M</b>	<b>(40,729)</b>	<b>2,824</b>	<b>N/M</b>

N/M - Not Meaningful

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

	Group Second Quarter Ended			Group 6 Months Ended		
	31/12/2020	31/12/2019	%	31/12/2020	31/12/2019	%
	RM'000	RM'000	Change	RM'000	RM'000	Change
(Loss)/profit for the period is arrived at after charging/(crediting):						
Depreciation of property, plant and equipment	345	1,302	(73.5)	659	2,474	(73.4)
Depreciation of right-of-use assets	8,792	-	N/M	17,008	-	N/M
Gain on disposal of property, plant and equipment	(45)	(57)	(21.1)	(45)	(1,260)	(96.4)
Gain on disposal of right-of-use assets	(62)	-	N/M	(62)	-	N/M
Gain on disposal of subsidiary	(4,121)	-	N/M	(4,121)	-	N/M
Interest expense	15,258	6,569	N/M	25,821	15,119	70.8
Interest income	(9,613)	(285)	N/M	(10,547)	(628)	N/M
Unrealised foreign exchange gain	(5,563)	(5,243)	6.1	(12,012)	(2,243)	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	31/12/2020 RM'000	30/6/2020 RM'000	31/12/2020 RM'000	30/6/2020 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment		190,851	190,870	-	-
Right-of-use assets	8i	93,262	121,517	-	-
Investment in a subsidiary		-	-	710,739	710,739
Investment in associate company	8j	25,897	-	25,897	
Trade and other receivables	8k	110,189	118,341	-	-
		<u>420,199</u>	<u>430,728</u>	<u>736,636</u>	<u>710,739</u>
<b>Current assets</b>					
Development properties		636,352	641,802	-	-
Trade and other receivables	8k	375,573	384,404	298,547	299,318
Prepayments		4,808	3,751	28	158
Cash and bank balances		18,217	23,142	279	840
		<u>1,034,950</u>	<u>1,053,099</u>	<u>298,854</u>	<u>300,316</u>
<b>Total assets</b>		<u>1,455,149</u>	<u>1,483,827</u>	<u>1,035,490</u>	<u>1,011,055</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Lease liabilities	8l	20,298	37,169	-	-
Loans and borrowings		286,205	276,810	180,785	192,464
Income tax payable		40,203	42,190	-	-
Trade and other payables	8m	405,290	380,799	5,924	4,007
Provisions		96,127	93,922	-	-
Contract liabilities		258,592	256,976	-	-
		<u>1,106,715</u>	<u>1,087,866</u>	<u>186,709</u>	<u>196,471</u>
<b>Net current (liabilities)/assets</b>		(71,765)	(34,767)	112,145	103,845
<b>Non-current liabilities</b>					
Lease liabilities	8l	59,810	81,313	-	-
Loans and borrowings		101,604	122,320	-	-
Other payables	8m	32,881	32,191	-	-
Deferred tax liabilities		-	172	-	-
		<u>194,295</u>	<u>235,996</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>		<u>1,301,010</u>	<u>1,323,862</u>	<u>186,709</u>	<u>196,471</u>
<b>Net assets</b>		<u>154,139</u>	<u>159,965</u>	<u>848,781</u>	<u>814,584</u>
<b>Equity</b>					
Share capital	8n	302,347	267,425	1,334,851	1,299,929
Accumulated losses		(65,283)	(24,554)	(486,070)	(485,345)
Translation reserve		(15)	4	-	-
Merger reserve		(79,513)	(79,513)	-	-
Other reserve		(3,397)	(3,397)	-	-
<b>Total equity</b>		<u>154,139</u>	<u>159,965</u>	<u>848,781</u>	<u>814,584</u>
<b>Total equity and liabilities</b>		<u>1,455,149</u>	<u>1,483,827</u>	<u>1,035,490</u>	<u>1,011,055</u>

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

**Amount repayable in one year or less, or on demand**

<b>As at 31/12/2020</b>		<b>As at 30/06/2020</b>	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
286,205	-	276,810	-

**Amount repayable after one year**

<b>As at 31/12/2020</b>		<b>As at 30/06/2020</b>	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
101,604	-	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.**

	<b>Group</b>		<b>Group</b>	
	<b>Second Quarter Ended</b>		<b>6 Months Ended</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>				
(Loss)/profit before tax	(24,156)	812	(40,908)	4,436
Adjustments for:				
Depreciation of property, plant and equipment	345	1,302	659	2,474
Depreciation of right-of-use assets	8,792	-	17,008	-
Gain on disposal of property, plant and equipment	(45)	(57)	(45)	(1,260)
Gain on disposal of right-of-use assets	(62)	-	(62)	-
Gain on disposal of subsidiary	(4,121)	-	(4,121)	-
Interest income	(9,613)	(285)	(10,547)	(628)
Interest expense	15,258	6,569	25,821	15,119
Unrealised foreign exchange gain	(5,563)	(5,243)	(12,012)	(2,243)
Amortisation of capitalised transaction costs	1	-	91	-
<b>Operating cash flows before working capital changes</b>	<b>(19,164)</b>	<b>3,098</b>	<b>(24,116)</b>	<b>17,898</b>
<b>Changes in operating assets and liabilities</b>				
Development properties	(121)	27,201	5,450	37,789
Trade and other receivables and contract assets	(8,035)	25,210	17,127	44,031
Trade and other payables and contract liabilities	24,648	(46,943)	11,202	(84,154)
<b>Cash flow generated from operations</b>	<b>(2,672)</b>	<b>8,566</b>	<b>9,663</b>	<b>15,564</b>
Interest paid	(12,124)	(6,569)	(18,901)	(15,119)
Interest received	9,613	285	10,547	628
Income tax paid	(798)	(4,488)	(1,807)	(6,585)
<b>Net cash flows used in operating activities</b>	<b>(5,981)</b>	<b>(2,206)</b>	<b>(498)</b>	<b>(5,512)</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	45	1,573	45	2,649
Proceeds from right-of-use assets	60	-	60	-
Increase in pledged fixed deposit	2,022	-	954	-
Additions to property, plant and equipment	(208)	(3,088)	(685)	(513)
<b>Net cash flows generated from/(used in) investing</b>	<b>1,919</b>	<b>(1,515)</b>	<b>374</b>	<b>2,136</b>
<b>Cash flows from financing activities</b>				
Proceeds from term loans	57	74,004	57	85,370
Repayment of lease liabilities	(364)	-	(1,327)	-
Repayment of obligations under finance leases	-	(66)	-	(657)
Repayment of term loans and medium term note	(1,489)	(79,784)	(2,513)	(101,307)
Dividend paid on ordinary shares	-	(567)	-	(567)
Proceeds from placement shares	-	14,705	-	14,705
Shares issuance expenses	(49)	-	(284)	-
<b>Net cash flows (used in)/from financing activities</b>	<b>(1,845)</b>	<b>8,292</b>	<b>(4,067)</b>	<b>(2,456)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5,907)</b>	<b>4,571</b>	<b>(4,192)</b>	<b>(5,832)</b>
Cash and cash equivalents at the beginning of the period	23,818	16,680	21,878	27,250
Effects of exchange rate changes on cash and cash equivalents	(4)	392	221	225
<b>Cash and cash equivalents at the end of the period</b>	<b>17,907</b>	<b>21,643</b>	<b>17,907</b>	<b>21,643</b>
Cash and bank balances	18,217	22,870	18,217	22,870
Less: Pledged fixed deposit	(310)	(1,227)	(310)	(1,227)
<b>Cash and cash equivalents as per above</b>	<b>17,907</b>	<b>21,643</b>	<b>17,907</b>	<b>21,643</b>

**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
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2020	291,771	(41,126)	1	(79,513)	(3,397)	167,736	-	167,736
Loss for the period	-	(24,157)	-	-	-	(24,157)	-	(24,157)
Other comprehensive income								
Currency translation on consolidation	-	-	(16)	-	-	(16)	-	(16)
Total comprehensive (loss)/ income for the period	-	(24,157)	(16)	-	-	(24,173)	-	(24,173)
Contributions by and distributions to owners								
Issuance of ordinary shares	10,625	-	-	-	-	10,625	-	10,625
Shares issuance expenses	(49)	-	-	-	-	(49)	-	(49)
Dividend on ordinary shares	-	-	-	-	-	-	-	-
Total transactions with owners in their capital as owners	10,576	-	-	-	-	10,576	-	10,576
Balance as at 31 December 2020	302,347	(65,283)	(15)	(79,513)	(3,397)	154,139	-	154,139
At 1 October 2019, as restated	252,719	208,267	12	(79,513)	(3,222)	378,263	(161)	378,102
Profit for the period	-	2,835	-	-	-	2,835	-	2,835
Balance as at 31 December 2019	252,719	211,102	12	(79,513)	(3,222)	381,098	(161)	380,937
Company								
	Share capital	(Accumulated losses)/ Retained earnings	Total equity					
	RM'000	RM'000	RM'000					
At 1 October 2020	1,324,275	(486,628)	837,647					
Profit for the period	-	558	558					
Contributions by and distributions to owners								
Issuance of ordinary shares	10,625	-	10,625					
Shares issuance expenses	(49)	-	(49)					
	10,576	-	10,576					
At 31 December 2020	1,334,851	(486,070)	848,781					
At 1 Oct 2019	1,285,223	7,671	1,292,894					
Profit for the period	-	138	138					
Contributions by and distributions to owners								
Dividend on ordinary shares	-	(567)	(567)					
Placement shares expenses	(825)	-	(825)					
Issuance of placement shares	15,531	-	15,531					
	14,706	(567)	14,139					
Balance as at 31 December 2019	1,299,929	7,242	1,307,171					

- 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.**

	<b>Number of issued shares</b>	<b>Share capital RM</b>
Balance as at 30 September 2020	1,534,796,353	291,770,286
Issuance of ordinary shares	60,372,875	10,625,037
Shares issuance expense	-	(48,971)
<b>Balance as at 31 December 2020</b>	<b>1,595,169,228</b>	<b>302,346,352</b>

As at 31 December 2019 and 31 December 2020, the Company does not have any outstanding convertibles.

The Company does not have any treasury shares and subsidiary holdings as at 31 December 2020 and 31 December 2019.

- 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.**

	<b>As at 31/12/2020</b>	<b>As at 30/6/2020</b>
Total number of issued shares	1,595,169,228	1,434,596,353

The Company does not have any treasury shares as at 31 December 2020 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 Second Quarter Ended		Group 6 Months Ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
(Loss)/profit attributable to owners of the Company (RM'000)	(24,157)	285	(40,729)	2,835
Weighted average number of ordinary shares in issue	1,523,750,441	1,387,308,310	1,523,750,441	1,387,308,310
Basic and fully diluted (loss)/earnings per share ("EPS") (RM'cents)	(1.59)	0.02	(2.67)	0.20

**Note:**

The fully diluted EPS for the period ended 31 December 2020 and 31 December 2019 were the same as the basic EPS as there were no convertible securities in issue as at 31 December 2020 and 31 December 2019.



**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	
	31/12/2020	30/6/2020	31/12/2020	30/6/2020
Net asset value attributable to owners of the Company (RM'000)	154,139	159,965	848,781	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)	9.66	11.15	53.21	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 second quarter ended 31 December 2020 ("2Q FY2021") as compared to the second quarter ended 31 December 2019 ("2Q FY2020")

- (a) The Group's revenue decreased by RM42.6 million in 2Q FY2021 as compared to 2Q FY2020 mainly due to the following reasons:
- Lower sales of our projects in 2Q FY2021 as compared to 2Q FY2020 due to decrease in property viewings and purchase closures mainly due to the COVID-19 pandemic;
  - Lower revenue recognized from Harbour City project in accordance of percentage of completion method and lower sales as compared to 2Q FY2020 caused by suspension of construction due to legal dispute.
- (b) The decrease in cost of sales and gross profit was in tandem with the decrease in revenue, notwithstanding gross profit margin was relatively stable.
- (c) Other operating income decreased by RM3.0 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 income/gains increased by RM5.1 million was mainly due a gain on disposal of the Company's indirect wholly-owned subsidiary, Velvet Valley Management Sdn. Bhd. and increase in overdue interest charged to purchasers.
- (e) General and administrative expenses increased by RM5.7 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 2Q 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 RM6.7 million was mainly due to change of estimates in the method of computation of credit loss on revocation of sales as compared to 2Q FY2020.
- (g) Other expenses decreased by RM8.9 million was mainly due to absence of leaseback payment which was made to purchasers of the Group's completed projects in 2Q FY2021.
- (h) Finance costs increased by RM8.7 million in 2Q FY2021 mainly due to adoption of SFRS(I) 16 Leases which resulted in the recognition of interest expense on lease liabilities and additional accrued interest expense for loan and secured bonds in 2QFY2021.

As a result of the aforementioned, the Group reported a loss after tax in 2Q FY2021 of RM24.2 million as compared to a profit after tax of RM0.3 million 2Q FY2020.

## **Consolidated Statement of Financial Position**

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

- (i) Right-of-use assets as at 31 December 2020 decreased by 23.3% 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) The increase in 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.
- (k) Trade and other receivables (current and non-current) decreased by 3.4% as compared to RM502.7 million as at 30 June 2020 was mainly due to better collections during the financial period.
- (l) Lease liabilities (current and non-current) decreased by RM38.4 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 6.1% as compared to RM413.0 million as at 30 June 2020 was mainly due to the Company's effort to manage its cashflow in line with its business.
- (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 RM71.8 million as at 31 December 2020 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 December 2020, the Group had net assets of RM154.1 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;
- 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 schedules on 19 February 2021 to complete the administrative process relating to the payment for 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 and MDSA Resources will be filing an appeal to the Court of Appeal of Malaysia against the decision of the Court.

- 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 30 June 2020.

### **Consolidated Statement of Cash Flows**

#### **Review of Statement of Cash Flows for 6M FY2021 as compared to 6M FY2020**

The Group reported net decrease in cash and cash equivalents mainly due to net cash used in operating and financing activities, partially offset by cash generated from investing activities.

As a result of the above, the Group recorded a cash and cash equivalent of RM17.9 million as at 31 December 2020.

**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.**

To curb the soaring number of COVID-19 cases, Malaysia has announced several additional measures since the start of 2021. On 11 January 2021, the Malaysia government announced new nationwide movement restrictions that bars all non-essential activity and inter-district travel on five states and all three federal territories to curb the soaring number of COVID-19 cases.<sup>(1)</sup> A day later on 12 January 2021, Malaysia declared a state of emergency that will last until 1 August 2021, or earlier if the COVID-19 cases in Malaysia are effectively lowered.<sup>(2)</sup> Subsequently on 19 January 2021, Malaysia announced that it would extend lockdown restrictions across all states in Malaysia except Sarawak as it grappled with a rise in coronavirus infections.<sup>(3)</sup>

To help the economy weather the economic impact from the lockdown restrictions, Malaysia unveiled RM15 billion in new assistance package on 18 January 2021. The new assistance package, which includes cash support to the poor, tax breaks and wage subsidies, will help bolster the existing initiatives aimed at helping people blunt the economic impact of the pandemic. <sup>(4)</sup>

Property development is cyclical in nature and generally linked to the growth of the domestic economy. Coupled with uncertainties brought on by COVID-19 pandemic, weak market and consumer sentiments, the property market in Malaysia will remain challenging and lackluster in 2021.

The extent and duration of the impact will depend on factors such as political stability, how quickly the pandemic is contained and economy can recover. Against the backdrop, the Company has initiated various initiatives to preserve cash, bolster our balance sheet and fortify our business resiliency including:

- The Group will continue to focus on monetising its property inventories. As announced on 11 August 2020, the Company announced the disposal of GMSB to a third party which will generate gross proceeds of US\$60 million for the Company, subject to the completion of the transaction. The completion date is currently scheduled on 19 February 2021.
- The Group's indirect wholly owned subsidiary, Prolific Revenue Sdn Bhd has on 10 April 2020 entered into a sale and purchase agreement with Supreme Power Auto Sdn Bhd for the disposal of a leasehold land in Melaka for approximately RM28.5 million. The completion date of the disposal is scheduled no later than 10 April 2021.
- Subsidiary companies, MDSA Resources and MDSA Ventures, have embarked on restructuring exercise to strengthen their balance sheet and restructure its legacy contractual obligations to achieve a more sustainable capital structure in line with the current business climate. Majority of the creditors of both companies had voted in favour of the proposed scheme of arrangement respectively. On 6 January 2021, the High Court of Malaya in Malacca approved the scheme of arrangement between MDSA Ventures and its creditors. Separately, on 3 February 2021, the Company announced that the Court had dismissed MDSA Resources' application for approval of its scheme and MDSA Resources will be filing an appeal to the Court of Appeal of Malaysia against the decision of the Court.
- In view of the uncertainty when the property market in Malaysia will recover, the Group has decided to pull out from the joint development of the Cyberjaya project with the landowner as the project is at preliminary stage and the scale and estimated development cost is very substantial. The Group will compensate the landowner for RM1 million for the termination.
- On 2 February 2021, the Company announced that its associate company ECXX Global Pte. Ltd. has entered into an important collaboration with regional brokerage firm UOB Kay Hian to bring in deep-tech start-ups to their network and offer them the opportunity to list via Securitised Token Offerings to raise growth capital;
- On 16 November 2020, the Company incorporated subsidiary The Medici-Watermark Pte. Ltd. to generate, conceptualise, and accelerate business ideas into proven and scalable products and services by leveraging on the expertise and experiences of its board members. Its strategic intent is to bring value to all of the Company's assets and properties.

Source:

(1) <https://www.straitstimes.com/asia/se-asia/malaysia-to-impose-mco-for-2-weeks-from-jan-13-in-several-states-to-curb-covid-19-cases>

(2) <https://www.straitstimes.com/asia/se-asia/malaysias-king-declares-national-state-of-emergency-to-curb-spread-of-covid-19>

(3) <https://www.cnn.com/2021/01/14/economists-cut-forecasts-for-malaysias-2021-growth-on-covid-lockdown.html>

(4) <https://www.bloomberg.com/news/articles/2021-01-18/malaysia-unveils-15-billion-ringgit-plan-as-covid-cases-surge>

## 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 2Q 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 ended 31 December 2020.

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)
Temasek Blooms Sdn. Bhd.	1	Group RM'000 366	Group RM'000 -

Note:

(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.

**14. Changes in the composition of the Group.**

On 1 November 2020, the Company's indirect wholly-owned subsidiary, Velvet Valley Sdn. Bhd. (the "**Vendor**") completed the sale of the entire issued and paid-up capital in its wholly-owned subsidiary, Velvet Valley Management Sdn. Bhd. ("**VVMSB**") (the "**Proposed Disposal**") to Mr Ng Suan Hock @ Puan Leong Tiong (the "**Purchaser**").

The consideration for the Proposed Disposal is RM100 which was arrived at following arm's length negotiation, on a willing buyer willing seller basis.

The unaudited net tangible liability value of VVMSB as at 31 August 2020 was RM3.2 million. Following the Proposed Disposal, VVMSB ceased to be an indirect wholly-owned subsidiary of the Company.

On 16 November 2020, the Company's indirect wholly-owned subsidiary, Hatten Technology (S) Pte. Ltd has incorporated a subsidiary, The Medici-Watermark Pte Ltd. in Singapore. Please refer to the announcement dated 16 November 2020 for further details.

**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 second quarter ended 31 December 2020 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  
10 February 2021

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

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*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.*