HATTEN 惠胜
LAND

ENRICHING COMMUNITIES TOGETHER

ANNUAL REPORT

2020

Table of Content

Annual Report **2020**

"While the near-term outlook ahead may be uncertain, we remain confident of Melaka's long-term prospects as a destination for historical, medical, and wellness tourism."

OVERVIEW

SUSTAINABILITY

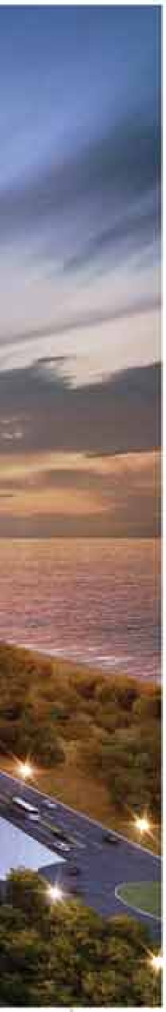
FINANCIALS & ADDITIONAL INFORMATION

Corporate Profile

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

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

With the Right of First Refusal and Call Options to over 20 land banks and development rights in high-growth locations in Malaysia, Hatten Land is able to periodically review whether the specific land bank will be suitable for development, before releasing it to other developers. This arrangement places Hatten in a near-unrivalled position with priority access to many plots of prime land.



The current development portfolio comprises five integrated mixed-use development projects and retail mall in Melaka, Malaysia.

Hatten City Phase 1

integrates four distinct projects namely; Elements Mall, SilverScape Residences, Hatten Place, and a tower block managed by Hilton Worldwide as part of its DoubleTree brand.

Hatten City Phase 2

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

Harbour City

comprises a Thematic Mall, Harbour City Suites, Harbour City Resort, Harbour City Premier Resort, and Melaka's largest 'Sky' water theme park.

Satori

is the first wellness sanctuary in the heart of the historical city of Melaka. Satori is a two-acre mixed development that integrates health, wellness, beauty, and leisure facilities, a hotel, serviced residences, and a mall.

Unicity Project

is the company's first venture into the Seremban area which comprises a mall and serviced suites

Vedro by the River

is a retail mall which is located along the Melaka River which features an eclectic mix of tenants.

Hatten Land also has another upcoming integrated development project:

1. Cyberjaya Project : another medical focused development that includes retail, commercial (offices), Residential and hospitality units as well as a hospital.

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

Chairman's Statement

EC & MD

DATO' COLIN TAN JUNE TENG
拿督陈俊廷

(DIMP)
Executive Chairman and Managing Director,
Hatten Land Limited

Dear Shareholders,

On behalf of the Board of Directors of Hatten Land Limited ("Hatten Land" or the "Company" and together with its subsidiaries, the "Group"), I would like to present the Annual Report and Audited Financial Statements for the financial year ended 30 June 2020 ("FY2020").

Over the past 12 months, we have faced unprecedented challenges as the COVID-19 pandemic impacts global economic growth. While the COVID-19 threat is global in nature, the situation varies in every country and is rapidly evolving.

In addition to the immediate and grave health concerns caused by COVID-19, we are seeing a much wider impact on all of our lives and communities. The global economy is heading for a re-making, which has forced many businesses to suspend their operations and re-evaluate their business models.

The outbreak of COVID-19 has led to precautionary and containment measures implemented by various governments to prevent the transmission of COVID-19. As a result, the Group's operations in Singapore and Malaysia were mainly closed during the Circuit Breaker period (7 April 2020 to 1 June 2020) and Movement Control Order (from 18 March 2020 to 9 June 2020) respectively.

The weakening economic sentiments have adversely affected consumer expenditure and purchases of big ticket items such as properties. As a tourism state, Melaka's economy is also impacted with a significant reduction in international and domestic tourist arrivals.

Our primary focus has been on the safety and well-being of our employees, service partners and customers. Hence, we are taking responsible actions to do what we can, to prevent further spread of the virus in the community.

As one of the leading property developers in Malaysia specialising in integrated residential, hotel and commercial developments, our business activities in Melaka have not been spared. The impact of COVID-19 has been particularly distinct in the Group's business activities.

While the Group achieved a profitable first half during FY2020, the impact of the COVID-19 pandemic on its business activities, ranging from lower property sales to delays in project construction and impairment losses, has led the Group to register a net loss after tax of approximately RM229.7 million in FY2020.

The loss after tax in FY2020 included non-recurring items of impairment losses of RM107.0 million, financial impact arising from the adoption of new accounting policy SFRS(I) 16 Leases of RM52.2 million and credit loss for the revocation of sales from the purchasers of RM37.8 million, in aggregate amounting to RM197.0 million.

Fortifying our business resiliency with strategic initiatives

Against the backdrop of weak market and consumer sentiments and in response to the challenging business environment, the management team has implemented various strategic initiatives to preserve cash, bolster our balance sheet by monetizing our assets, and fortify our business resiliency.

To generate immediate savings and conserve financial resources, we have implemented various cost containment measures such as salary adjustments and reduction of non-essential expenses to balance near-term priorities.

In addition, the Group has embarked on strategic restructuring for its two subsidiaries, MDSA Resources Sdn Bhd and MDSA Ventures Sdn Bhd, 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.

Sharing our optimism for the long-term prospects in Melaka and recognising the potential of our Harbour City project, Hatten Land announced a new strategic investor, Tayrona Capital Pte Ltd, in August 2020.

Hatten Land, as the concept originator and project developer of Harbour City, will receive gross process of US$60 million for the assignment of various intellectual property to Tayrona Capital, subject to the completion of the transaction.

With Tayrona Capital's international track record and expertise in hotel development and hospitality management, we believe that there are strong synergies and potentials for both companies to collaborate together in other projects in Melaka moving ahead.

Tapping on the potential of technology on the real estate business, Hatten Land has recently completed the acquisition of a 20% stake in ECXX Global Pte Ltd ("ECXX"), which has obtained approval from the Monetary Authority of Singapore ("MAS") for admission to the Fintech Sandbox Express under a Recognised Market Operator (RMO) regime. With the approval from the MAS, ECXX targets to launch a blockchain based securities exchange platform, ecxx.co, that offers various asset-based digital securities such as real estate and private equity, to institutional and accredited non-individual investors. Hatten Land will work with ECXX to explore the opportunities to monetise our real estate properties through this platform.

At Hatten, we are not just a property developer, but also a community developer.

With an established track record in creating and developing innovative concepts in a diverse range of property segments, we are committed to creating landmark property developments of perennial value to the community in the markets that we are in.

Hatten Land's heritage and capabilities in property origination, property development and property investment provide us with a strong foundation.

We will continue to adopt a prudent approach to capitalise on new opportunities to enhance our core business when market conditions normalise.

Besides undertaking new initiatives to improve our administrative and operational efficiencies, we will also focus on structuring asset-light property ventures which produce attractive earnings without the commitment of heavy capital.

Our commitment towards stakeholders

On behalf of the Board of Directors, I would like to take this opportunity to express our heartfelt thanks to our staff for their willingness and understanding in making sacrifices during this unprecedented period.

In addition, I would like to acknowledge the contributions by fellow Board Members for their insights and counsel as we navigate through this pandemic.

Last but not least, I would also like to convey my gratitude to our shareholders, business partners, and customers for their continued confidence, partnership, and support as we embark on the strategic initiatives to fortify our business resiliency amid such trying times.

While the near-term outlook ahead may be uncertain, we remain confident of Melaka's long-term prospects as a destination for historical, medical and wellness tourism.

Moving forward, we will continue to work together as one to enhance the Group's business model, strengthen our foundation and capitalise on growth opportunities to build iconic integrated mixed-use landmarks, and create new value propositions for all of our stakeholders.

Thank You!

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

主席汇报

各位尊敬的股東:

在此，我谨代表惠胜置地("惠胜置地"或"公司"及其子公司，以下简称"集团")董事局提呈这份截至2020年6月30日之财政年("2020财政年")度的報告和经审计的财务报表。

在过去的12个月里，随着COVID-19新冠病毒影响全球经济增长，集团也面临着前所未有的挑战。虽然新冠病毒的威胁是全球性的，而每个国家疫情的情况都不一样，同时还在迅速演变着。

除了造成直接和严重的健康问题，冠状病毒疫情也广泛的影响了我们的生活方式和社区活动。全球经济正在走向转型，迫使许多企业暂停运营并重新评估其业务的策略和商业模式。

为了防止疫情的传播，各国政府实施了一系列的预防和控制措施。因此，根据在新加坡（2020年4月7日至2020年6月1日）和马来西亚当地政府（2020年3月18日至2020年6月9日）的防控措施实施期间，集团的主要业务暂停营业。

疲软的经济情绪对消费者支出和购买房产等大宗商品产生了不利的影响。作为一个旅游地区，马六甲的经济也因为国际和国内游客人数大幅减少而蒙受打击。

目前，惠胜置地注重于维护集团的员工，合作伙伴和客户的健康及安危，因此我们正在采取负责任的行动，尽我们所能采取预防措施，以防止冠状病毒在社区中进一步的传播。

作为马来西亚领先的房地产开发商之一，专注于综合住宅，酒店和商业房地产的开发。

我们在马六甲的业务活动也未能倖免。集团业务在新冠病毒疫情的影响下尤为明显。

虽然集团在2020财政年度上半年实现了盈利，但在疫情对集团业务影响下，从集团的房地产销售额下降到项目建筑工程延误和减值损失等。因此，导致集团在2020财政年业绩亏损了约2.29亿令吉的税后净亏损。

2020财政年的税后亏损包括非经常性项目减值损失1.07亿令吉、因采用新会计政策SFRS（I）16 Leases 租赁产生的财务影响5220万令吉，以及取消买方销售的信贷损失3780万令吉，总计1.97亿令吉。

通过战略举措，增强集团的业务弹性

在市场和消费者情绪低迷的背景下，为了应对挑战性的商业环境，管理团队已实施各种战略计划，储备现金，通过资产货币化来增强我们的资产负债表，并增强集团的业务弹性。

为了立即节省开支和节省财务资源，我们实施了各种成本控制措施，例如调整薪金和减少不必要的支出，以平衡短期的优先事项。

此外，根据当前的商业环境， 为了实现更可持续的资本结构，集团的两家子公司，MDSA Resources Sdn Bhd 和 MDSA Ventures Sdn Bhd，进行战略重组，加强资产负债表情况，并重组其原有遗留的合同义务，以实现符合当前的商业环境更可持续性的资本结构。

在2020年8月， 我们宣布豪瞟湾项目的新战略投资者Tayrona Capital Pte Ltd（" Tayrona Capital"）。Tayrona Capital 与我们一样对马六甲的长期前景持乐观的态度。 并意识到豪瞟湾的潜力。

作为豪瞟湾的概念创立者及项目开发商，惠胜置地将有关豪瞟湾项目的智力产权转让给Tayrona Capital，待完成交易后，惠胜置地将获得6,000万美元，

凭借Tayrona Capital的国际名誉以及在酒店开发和酒店管理方面的专业知识，我们相信两家公司在马六甲的其它项目上，有强大的协同作用和共同合作的潜力。

借由房地产业务的科技潜力，惠胜置地在近期完成了ECXX Global Pte Ltd ("ECXX")百分之二十的收购。ECXX已获得新加坡金融监管局(Monetary Authority of Singapore)的批准，在公认的市场运营商（RMO）制度下加入Fintech Sandbox Express。经过新加坡金融管理局批准，ECXX将计划推出一个基于区块链的证券交易平台ecxx.co公司，该交易平台会向机构和经认可的非个人投资者提供各种基于资产的数字证券，例如房地产和私募股权。惠胜置地将会与ECXX合作，探索通过该平台实现房地产货币化的机会。

惠胜不仅仅是房地产发展商，我们也是一个社区开拓者

凭借在各种房地产领域中创造和发展创新概念的业绩记录，我们致力于在我们所处市场中为社区创造具有长期价值的地标性房地产开发项目。

惠胜置地的名誉，房地产开发和房地产投资方面的能力为我们奠定了坚固的基础。

我们将继续保持审慎的态度，在市场情况复苏正常时，利用新的商机来增强我们的核心业务。

除了采取新举措来提高我们的行政和运营效率外，我们还将专注于构思轻资产的房地产业务，这些企业无需投入大量资本就能产生更有吸引力的收益。

我们对利益相关者的承诺

我谨代表董事会，向我们的全体员工表示衷心的感谢，感谢他们在这疫情的时期做出牺牲的意愿和理解。

同时，我也在此由衷感谢董事会其他成员在这个艰难时期所提供的宝贵建议和指导。

最后，我要向我们的股东、业务伙伴和客户表示感谢，感谢他们在我们采取战略措施的过程中继续保持、合作伙伴的关系、信心和支持，以增强我们在这艰难时期业务的恢复。

尽管市场近期前景可能不明朗，我们仍然对马六甲的经济增长，文化遗产，医疗设施和旅游发展的长期前景保持着信心。

展望未来，我们将继续携手合作，以增强集团的业务模式，巩固我们的基础并利用增长的商机来建立标志性的综合性多功能地标，并为所有的利益共享者创造新的价值观。

谢谢！

拿督陈俊廷
执行主席兼董事经理

Financial
Review

REVENUE

RM109.4 MILLION

RM342.8 million in FY 2019

(LOSS) / PROFIT BEFORE INCOME TAX

RM(244.3) MILLION

RM74.7 million in FY2019

(LOSS) / PROFIT NET OF TAX

RM(229.7) MILLION

RM11.0 million in FY2019

NON-CURRENT ASSETS

RM430.7 MILLION

RM243.5 million in FY2019

CURRENT ASSETS

RM1,053.1 MILLION

RM1,273.9 million in FY2019

TOTAL EQUITY

RM159.9 MILLION

RM375.6 million in FY2019

Development
Profile

Phase 1

1. Hatten City

2. Sky Deck

3. SilverScape Residences

4. Hatten Place Room

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

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

Land Size
Approximately 6 acres

Estimated GDV
RM2.3 billion

Developer
MDSA Resources Sdn. Bhd.

Phase 2

1.
Swimming Pool

2.
Gym

3.
Kid's Playground

4.
Level 13

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

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

Land Size
Approximately 4 acres

Estimated GDV
RM1.6 billion

Developer
MDSA Ventures Sdn. Bhd.

Development
Profile

UNICITY

1, 2 & 3 - Overview Building (Day View)

The Unicity Project, the Company's first venture into the Seremban area and outside of Melaka. It is located next to University Teknologi MARA, providing the Company with access to a new customer base comprising mostly of property users for education purpose.

Location
No. 219890 P.T. No. 436
Bandar Seremban 3, Daerah Seremban
Negeri Sembilan, Malaysia

Land Size
1.96 acres

Estimated GDV
RM299 million

Developer
Velvet Valley Sdn. Bhd.

HARBOUR CITY
@ PULAU MELAKA

1. Premier Resort Room

2. Overview Building (Night View)

3. Retail Floor

4. Premier Resort Lounge

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

Location
Pulau Melaka
(fronting the Melaka Straits)

Land Size
Approximately 6 acres

Estimated GDV
RM2.2 billion

Developer
Gold Mart Sdn. Bhd.

Development
Profile

Vedro
BY THE RIVER
碧嘉广场

1, 2 & 3 -
Overview
Building
(Day View)

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

Location
Kee Ann Road
(along Melaka River)

Land Size
Approximately 2 acres

Estimated GDV
RM293 million

Developer
MDSA Vedro Development Sdn. Bhd.

SATORI
SANCTUARY IN THE CITY

1.
Overview
Building
(Day View)

2.
Spa

3.
BBQ Area

4.
Swimming
Pool

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

Location
No. H.S. (D) 85293, No. PT 861
and No. H.S. (D) 85294, No. PT 862,
Kawasan Bandar XXIX,
Daerah Melaka Tengah, Melaka

Land Size
Approximately 2 acres

Estimated GDV
RM265 million

Developer
Prolific Properties Sdn. Bhd.

Cyberjaya Project

1, 2, 3
Overview Building (Night View)

4.
Overview Building (Day View)

The Cyberjaya Project will be Hatten Land's first venture out of Melaka in the medical tourism; Slated to be developed over three phases, the integrated mixed development will include retail, commercial (offices), residential, and hospitality units as well as a hospital.

Location
Cyberjaya (known as H.S. (D) 36153, PT No.50494 and H.S. (D) 36152, PT No.50493 Mukim Dengkil, Daerah Sepang), Negeri Selangor

Land Size
Approximately 25.55 acres

Estimated GDV
RM3.0 billlion

Developer
Admiral Merger Sdn. Bhd.

Board of **Directors**

DATO' COLIN TAN JUNE TENG
Executive Chairman and
Managing Director

Present Directorships
(Listed Companies)
Hatten Land Limited

Past Directorships (3 years)
(Listed Companies)
Nil

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

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

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

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

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

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

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

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

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

Present Directorships
(Listed Companies)
Hatten Land Limited

Past Directorships (3 years)
(Listed Companies)
Nil

Board of **Directors**

DATO' WONG KING KHENG
Lead Independent Director

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

Past Directorships (3 years)
(Listed Companies)
Nil

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

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

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

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

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

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

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

MR. LOH WENG WHYE
Independent Director

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

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

MR. FOO JONG HAN REY
Independent Director

Present Directorships
(Listed Companies)
Hatten Land Limited

Past Directorships (3 years)
(Listed Companies)
Nil

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

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

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

Senior
Management

MR. CLARENCE CHONG
Chief Financial Officer

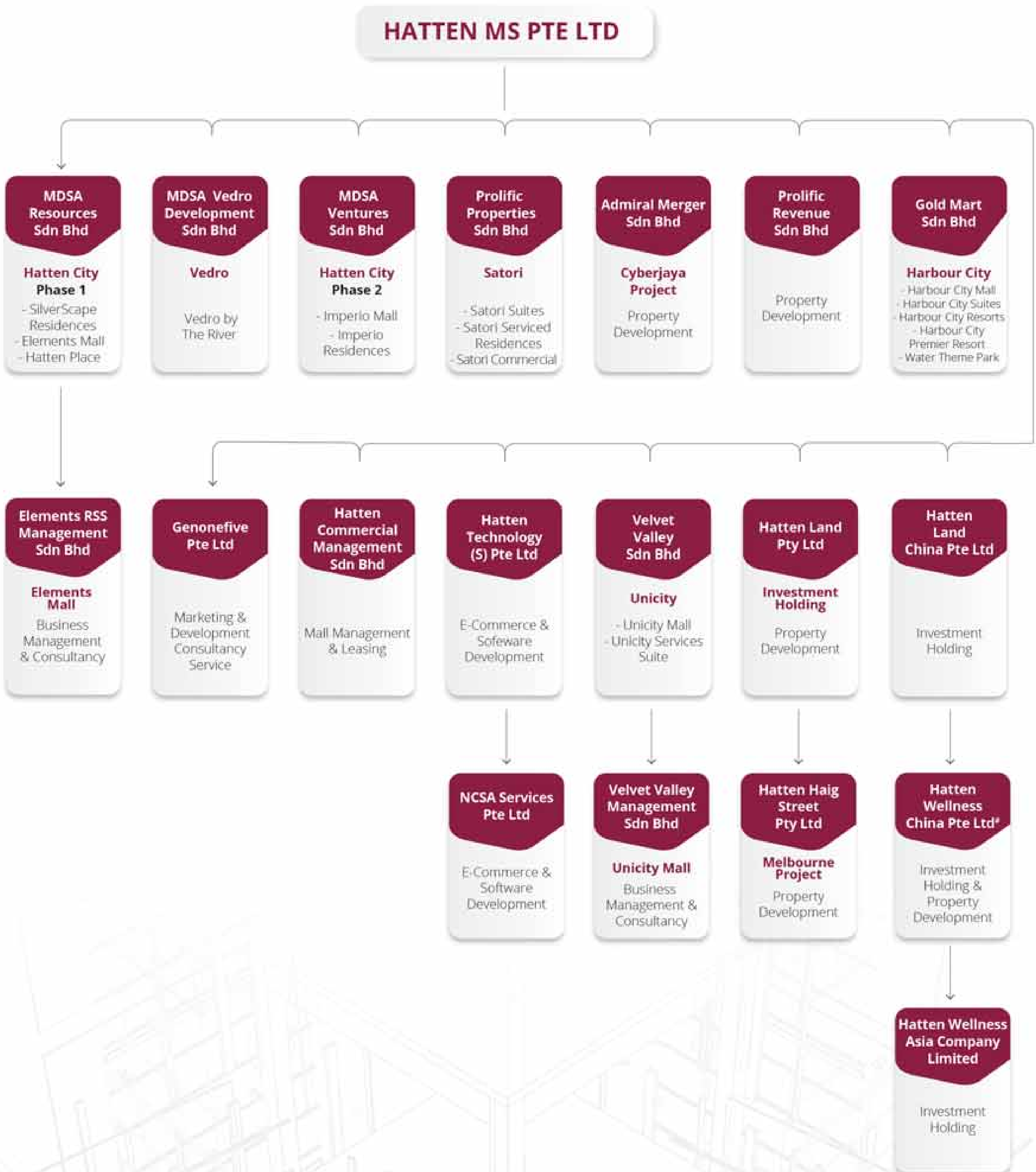
Clarence Chong was appointed as Head of Business Development and Corporate Finance on 9 October 2017 and subsequently promoted to his current position of Chief Financial Officer on 2 April 2020.

He is responsible for all aspects of the company's fnancial-related activities including financial reporting, budgeting, capital management and tax. He also oversees corporate finance and investor relations.

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

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

Group Structure



Note: All subsidiaries above are 100% owned, except for the followiong:-
Hatten Wellness China Pte Ltd which is 55% owned.

Corporate Information

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

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

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

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

COMPANY SECRETARIES
Lotus Isabella Lim Mei Hua
Lee Bee Fong

REGISTERED OFFICE
Company Registration No.: 199301388D
53 Mohamed Sultan Road
#04-02
Singapore 238993
Tel: (65) 6690 3136
Fax: (65) 6690 3139
Website: www.hattenland.com.sg

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

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

AUDITOR
Baker Tilly TFW LLP
600 North Bridge Road
#05-01 Parkview Square, Singapore 188778

Partner-In-Charge
Chan Sek Wai (Appointed since financial year ended 30 June 2020)

BOARD STATEMENT

Hatten Land is proud to present our third annual sustainability report. As we seek to continuously evolve and enhance our business model, we are pleased to share the progress in our sustainability journey with our stakeholders.

FY2020 has been marked by the COVID-19 pandemic, which has had an unprecedented effect on the world. It has affected people's health and livelihoods and has laid bare the extreme importance of valuing the well-being of employees and treating the environment with care and responsibility.

At Hatten Land, our business activities are not spared from the ramifications of the COVID-19 pandemic, which saw our operations in Singapore and Malaysia mainly closed during the Circuit Breaker period (7 April 2020 to 1 June 2020) and Movement Control Order ("MCO") (from 18 March 2020 to 9 June 2020) respectively.

However, we have taken measured and purposeful steps through business restructuring and cost-saving measures to mitigate the impact.

Nevertheless, we will continue to place utmost value on our employees and hope to optimise our workforce during this period. We have been closely following government guidelines on how to approach human capital management amid the pandemic.

Through these challenging times, we are constantly reminded of our vision, core values and corporate unity as we forge ahead. Through our CSR initiatives, we have sought to support the community and our own employees.

We continue to aspire to be better and to learn from tough times. We hope our stakeholders will appreciate the progress and transparency demonstrated through our sustainability report.

Hatten Land continues to aim to be a responsible corporate citizen. As the Board, we consider sustainability issues as core to our strategic decision-making and maintain oversight of sustainability governance at Hatten Land.

ABOUT THIS REPORT

Hatten Land Limited ("Hatten Land") is a leading property developer specialising in integrated residential, hotel, and commercial developments situated in the historical city of Melaka. Hatten Land is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and is headquartered in Melaka, Malaysia.

This is the third sustainability report published by Hatten Land.

The report discusses our sustainability performance for the financial year ended 30 June 2020 ("FY2020"). It has been prepared in accordance with the globally accepted and widely used Global Reporting Initiative ("GRI") Standards: Core option and looks at the portfolio in Malaysia.

Through this report, Hatten Land seeks to disclose its ambitions and goals to be more sustainable with its varied stakeholders.

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

A softcopy of this report can be found on our website at www.hattenland.com.sg.

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

SUSTAINABILITY AT HATTEN LAND

Our core values, principles, vision, and mission

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

Stakeholder Engagement

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

Stakeholder	Frequency	Method	Topics Raised	Our Response
Employees	- Annual	- Appraisals - Town halls - Innovation surveys	- Occupational health and safety during COVID-19 - Job security during COVID-19	- Open communication - Counselling and information sharing sessions
Investors	- Annual - Quarterly	- Annual report - Quarterly release of company results - Circulars, notices, announcements - Annual general meetings	- Financial performance - Corporate governance	- Risk management framework - Corporate Governance Report
Customers	- Ad hoc	- Social media - In-person feedback - Handphone hotline - Virtual calls and viewings	- Product quality - Data protection - Wellness features in our developments - Responsible marketing - Resumption of construction activities	- Quick response and resolution of issues - Data protection framework
Regulators/ Government	- Ad hoc	- Regulator site visits, inspections	- Health and safety compliance - Environmental compliance -Labour standards -SGX listing requirements -Malaysia Anti-Corruption Commission Act Amendment	- Regulator site visits/ inspections - Improvement on safety manual - Memo circulation to employees
Contractors	- Continuous	- On-site meetings	- Product quality - Occupational health & safety - Dormitory safety	- On-site meetings

Table 1: Stakeholder engagement table for Hatten Land

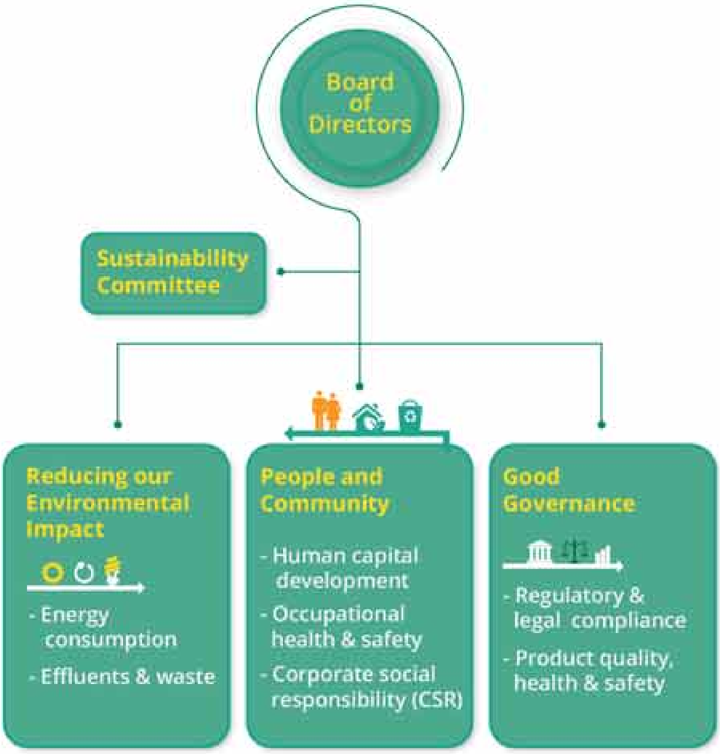


Figure 1: Sustainability Committee governance structure

SUSTAINABILITY AT HATTEN LAND

Sustainability **Governance**

Our Sustainability Committee oversees our initiatives to make sure sustainability is well managed throughout our organisation. The Sustainability Committee amalgamates information from our various departments and stakeholders, including HR, operations and contractors. This information is presented to our Board and is used to improve upon our sustainability agenda.

Materiality Assessment

In FY2018, we conducted our materiality assessment to establish what our stakeholders consider to be our greatest impacts on the environment, economy, and society. We continue to find these material topics relevant to our operations and stakeholders. Our selected material topics are shown below in Figure 2.

Reducing our **Environmental Footprint**

Energy Consumption

GRI 302:
ENERGY

Impact Boundary
- Managed properties

Effluents and waste

GRI 306:
EFFLUENTS & WASTE

Impact Boundary
- Managed properties

People **and Community**

Human Capital Development

GRI 401:
EMPLOYMENT

GRI 404:
TRAINING & EDUCATION

Impact Boundary
- All Operations

Occupational Health & Safety

GRI 403:
OCCUPATIONAL HEALTH AND SAFETY

Impact Boundary
- Corporate offices
- Developments under construction

Corporate Social Responsibility

Impact Boundary
- Communities

Good **Governance**

Product Quality, Health and Safety

GRI 416:
CUSTOMER HEALTH AND SAFETY

Impact Boundary
- All developments

Regulatory and Legal Compliance

GRI 205:
ANTI-CORRUPTION

GRI 419:
SOCIOECONOMIC COMPLIANCE

Impact Boundary
- All operations

Figure 2: Material Topics for assessment

Reducing Our Environmental Impact

ENERGY CONSUMPTION

Why is this material

As a responsible property developer, we recognise that the properties we develop and manage have long-term effects on the environment, and the communities in which they are built. As such, Hatten Land aims to develop properties with environmentally friendly features integrated from the design stage, and aims to promote energy efficient practices in the day-to-day management of our hospitality and retail properties. In doing so, we seek to contribute in mitigating climate change, its associated regulatory and physical risks, and reduce our operational costs.

Some of our energy saving initiatives were disrupted due to the onset of the COVID-19 pandemic and the subsequent Movement Control Order (MCO), which resulted in the temporary closure of our Elements Mall.

How we manage our energy

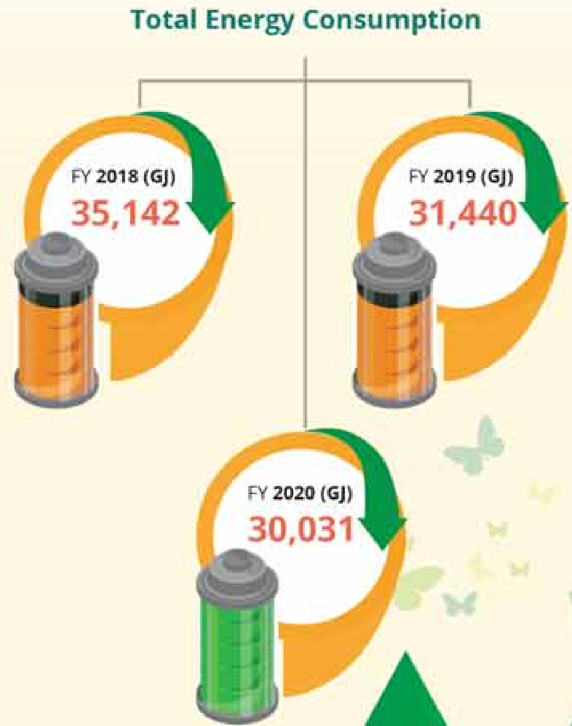
To improve our energy efficiency and reduce the environmental impact of our properties, we have adopted a series of energy saving initiatives over the last two years. These include installing LED lighting and timers to minimise unnecessary electricity use during daylight hours, energy-saving features such as 'sleep mode' for elevators and motion sensors for escalators to improve efficiency.

In FY2018, we engaged an energy consultant to better understand energy consumption patterns and identify avenues for greater efficiency in Elements Mall. However, the energy audit will only yield useful results when the Mall is at 70%-80% occupancy. Although our occupancy has increased compared to FY2019, the MCO disrupted our occupancy trajectory. As a result, we have not yet achieved meaningful results from the energy audit that paint an accurate picture of energy patterns and therefore, a more effective energy reduction plan.

Our performance

In FY2020, we continued with the implementation of energy saving initiatives. These, coupled with limited energy use during the MCO period from March to May 2020, have led to a further reduction of energy use. We are pleased to report a three-year trend in energy reduction.

Table 2: Energy consumption for Hatten City Phase 1 and 2 for FY2020



TARGET

- We endeavour to explore more sustainable features in the design phase of our properties, including the use of sustainable materials, smart building systems, energy efficient lighting, and renewable energy.
- We continue to aim to engage an external energy efficiency consultant once our properties have achieved greater occupancy.

EFFLUENTS AND WASTE

Why is this material

We generate waste from the daily activities of our operations as well as through the construction of our developments. We understand that landfill capacity is a major topic of concern in Malaysia, and we must therefore play our part in reducing our waste output.

How we manage our waste

We encourage our employees to reduce waste by:

- Promoting digital material rather than printed material,
- encouraging double-sided printing,
- reusing scrap paper for single-sided printing,
- minimising colour printing,
- using paper clips instead of staplers, and
- placing recycling boxes in each department.

In addition, we have eliminated the use of our branded plastic water bottles. Instead, we now serve clients and guests water in glasses. Our staff increasingly carry their own reusable bottles and mugs instead of relying on single-use plastics.

As per our FY2019 target, we have introduced waste segregation by providing bins in Silverscape and Double Tree in FY2020. We were unable to meet our target of tracking waste on construction sites this financial year due to the disruptions from the pandemic, and we target to commence this in the upcoming financial year.

Our performance

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

Hazardous	Total Waste Disposal	None Non-Hazardous
FY 2019 None		FY 2019 732 tonnes
FY2020 None		FY2020 1914 tonnes

Table 3: Waste consumption for Hatten City Phase 1 for FY2020

TARGET

- We aim to track our corporate waste.
- We aim to introduce recycling educational campaigns for our malls.
- We aim to begin tracking waste on our construction sites.

People & Community

HUMAN CAPITAL DEVELOPMENT

Why is this material

At Hatten Land, our employees are our greatest asset. We rely on their creativity, commitment to quality, and determination to be the best in their field to maintain our high standards and keep our customers happy.

For this financial year, our human capital focus has been on supporting our employees' well-being in the midst of the unprecedented effects of COVID-19 on people's health and livelihoods, as well as economic growth and business sentiments. We are working to ensure our employees can remain meaningfully engaged and even optimise their productivity and development during this period of economic uncertainty.

Our business activities were significantly affected during the COVID-19 pandemic. Nevertheless, one of our priorities was to strengthen our business resiliency to safeguard jobs for our employees. After careful deliberation, we have chosen to retain as much of our workforce as possible by implementing various cost containment measures such as temporary salary adjustments and manpower realignment. Our Human Resources (HR) has continued to work tirelessly to support the welfare and career development of each employee, while adjusting to the evolving work and business environment during this period.

How we manage our talent

Optimisation, training and development

Employee training and development are centred on optimising staff productivity. Due to our restructuring, our employees have had to demonstrate agility by taking on new roles and responsibilities. We have set up structures to ensure regular check-ins with employees and their Heads of Department. These check-ins allow HR to keep tabs on employee development and satisfaction. In cases where employees may require assistance adjusting to their new roles, we facilitate counselling and information sharing sessions. These support our employees' transitions and assist them in learning new skills.

Part of this optimisation process is a shift towards greater digitisation, such as through e-pay slips and e-ticketing for technology issues. These initiatives support a more future-ready and efficient workforce.

Although our regular training plans were disrupted by our restructuring and COVID-19, we have continued with regular training for our marketing and sales staff. For example, in December 2019, we hired an external trainer to help our sales staff work on their soft skills, improving their self-confidence, self-awareness, and customer interaction skills.

Employee engagement, welfare and well-being

The COVID-19 pandemic has highlighted the importance of acting as a responsible corporate citizen, protecting employees' well-being through the provision of a benefits package and engagement activities. We provide medical benefits, hospitalisation, and insurance benefits to all our employees. We take pride in the fact that we are a family-friendly organisation and extend our healthcare benefits to selected employees' immediate family members.

Last year, we set up our "Happy Committee", comprising volunteer "Happy Agents" who seek to foster a happier work environment through engagement activities. These activities include internal sports competitions, festive gatherings and celebrations, events to celebrate diversity and programmes to inspire both physical and mental health, and wellness.

Prior to COVID-19, we successfully organised various festive celebrations and sports activities, such as the 2019 Unity Games. The sports activities featured during the Unity Games are an excellent way to promote physical well-being, team bonding and cooperation.

Employee profile

FY 2019 | Male 59 | Female 113 | 172 Total

	Singapore Male	Singapore Female	Melaka Male	Melaka Female	Total
Permanent Contract	9	13	43	99	164
Temporary Contract	0	0	7	1	8
Total	9	13	50	100	172

FY 2020 | Male 51 | Female 73 | 124 Total

	Singapore Male	Singapore Female	Melaka Male	Melaka Female	Total
Permanent Contract	6	9	43	63	121
Temporary Contract	0	0	2	1	3
Total	6	9	45	64	124

Table 4: Our employee profile as of 30th June 2020 compared to 30th June 2019

HAPPY COMMITTEE

UNITY GAMES 2019

Photo 1,2 & 3 - Chinese New Year Lo Hei lunch with Dato' Colin
Photo 4 - Unity Games, 2019

The Happy Committee is responsible for engaging with staff to increase happiness, harmony, and well-being in the workplace. At Hatten Land, we believe that this will translate into a more productive and committed work environment. This year, the Happy Agents celebrated all the different festive seasons with the aim of expanding and appreciating the diversity of our workplace.

In FY2020, we celebrated Chinese New Year and held the 2019 Unity Games.

Our Performance

Year	FY2019			
Level	Singapore		Melaka	
Senior	3	0	4.99	5.11
Middle	0	29	5.18	5.54
Executive	14	6	4.51	4.47
Non- Executive	0	0	4.54	4.88
Year	FY2020			
Level	Singapore		Melaka	
Senior	4	5	0	2
Middle	0	0	2	1.67
Executive	2	2	3	1.22
Non-Executive	0	2	0	0

Table 5: Average hours of employee training in FY2020 compared to FY2019

Our employee training hours have decreased from FY2019 due to a restructuring.

TARGET

- **As per our target in FY2019, we aim to introduce platforms for written feedback where employees can share feedback notes anonymously online, which also accommodates the pandemic.**
- **We aim to increase employee training hours next year as we settle into our new structure post COVID-19.**
- **As our focus has been primarily on responses to COVID-19, we will now continue to aim to make our appraisals more comprehensive with more integrated upward feedback.**
- **We have extended our FY2019 target of undertaking succession planning initiatives where the Heads of Departments can establish their next-in-line in five years' time. We also plan to implement the LEAD Programme (6-12-month training) as part of the succession planning. The training will include development of soft skills like Business English and leadership.**

WORKPLACE HEALTH
AND SAFETY

Why is this material

COVID-19 has brought greater emphasis to the health and safety of employees and has emphasised the critical importance of adhering to safety guidelines at the workplace. At Hatten Land, we greatly value the safety and health of our employees, especially those who work on our construction sites. Without them, we would be unable to build and run our properties and developments. Therefore, their safety is of utmost importance to us.

How we manage the safety of our workers

We have in place a Safety and Health Policy that dictates safety procedures and practices to be adhered to in the workplace. We continue to abide by our stringent policy to manage the ongoing risk.

Due to COVID-19, our construction projects were temporarily halted from March to June of 2020. On resumption of construction, our contractors implemented strict standard operating procedures (SOPs) as advocated by the health ministries. These include:

- **Restricting the number of workers on site**
- **Implementing entry and exit SOPs to avoid overcrowding and close contact**
- **Temperature taking for all workers**
- **Regular checks on main contractor dormitories**
- **Installing easily accessible hand sanitiser throughout work sites and ensuring all workers carry hand sanitiser**

Another major focus is on protecting contractors from vector-borne diseases such as dengue. We conduct regular fogging from the ground floor to the highest floors.

In FY2020, we had some incidents of falling debris. In response to these incidents, we issued a warning to our contractors, and checked on the strength of the safety netting, as well as contractors' compliance to SOPs.

Performance

In FY2020, we have recorded no work-related injuries, and no high-consequence work-related injuries.

We are also pleased to report no incidents of COVID-19 among our employees.

TARGET

- **We will continue to work towards our Zero Accident Vision and look at areas to improve our Safety and Health policy.**

HATTENCARES

CORPORATE SOCIAL RESPONSIBILITY AND PHILANTHROPY

“A Better Tomorrow Starts With Us”

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

CORE FOCUS

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

Why this is material

Hatten Land is a responsible corporate citizen. We are grateful for the communities we operate in, and acknowledge that their well-being is linked closely to our own success. During difficult times, it is imperative to come together as a cohesive and society-minded community to support one another however we can. At Hatten Land, we strive to show our appreciation and respect for the communities in which we operate by leveraging our key assets-our physical properties, our F&B facilities, and our human capital-to assist them. This has been truer than ever during COVID-19.

Giving back to our communities

In FY2020, we were involved in several community outreach programmes. Hatten Land believes in fostering a rich cultural diversity and sustainable community. Being able to leverage our core business for our CSR initiatives is a source of great gratification for Hatten Land and Hatten Cares.

Blog site: www.hattengrp.com/hattencares

AUG 2019

TedX

Was the main sponsor for the TedX Jonkerstreet, which aims to enrich the minds of the local community through the sharing of valuable ideas and experiences by determined individuals. As per our target last year, we had a larger audience this year and therefore moved our venue to the 5-Star Hatten Hotel Grand Ballroom.

TedX Event

NOV 2019

Wings Graduation & Christmas Party 2019

Sponsored and hosted the Wings Melaka Annual Graduation party, where all the graduating special needs students don their graduation robes and are filled with pride as they receive their certificates on stage. Wings Melaka is a non-profit organisation that makes a difference in the lives of people with special needs together with their families, by providing learning opportunities that will enable them to achieve their full potential.

DEC 2019

Chatterz, All Day Dining for En Xing Charity

Hosted and sponsored a dinner for the non-profit organisation known as En Xing Charity. The charity was established to help the needy and less fortunate such as the disabled, homeless, single parents, refugees, orphans as well as old folks home, and rehabilitation centre patients.

2019

Cost-Free Shuttle Bus Service

As per the state government's initiative to encourage the use of public transportation and with a nod to our belief in giving back to the community, Hatten Hotels Worldwide extended a shuttle bus service completely free of charge to everyone.
Our hop on-hop off bus offers convenient shuttle-style service in the city-centre, taking you through some of the most highlighted and iconic areas of Melaka.

TARGET

- Improve tracking of measuring outputs of our initiatives

DEC 2019

The Theatrical Adventures of Coraline @ Hatten Place

Collaborated with Krate to organize a charity theatre show at Hatten Place in aid of the Melaka Cancer Society and Be My Protector (an NGO against human trafficking). Krate – Space for Creatives, is the first skill sharing hub for arts and theatre in Melaka that caters to children and adults of all ages to Discover, Inspire, and Create. We provided the venue, assisted in set up and pre-event advertising.

JAN 2020

Stay Clean, Stay Healthy

In 2020, there were many Influenza cases amongst children. As a result, we are taking serious precautionary measures to ensure the prevention of influenza. All hotel lifts, lift buttons and door handles are sanitized thoroughly by our associates every hour. We also supply hand sanitiser at designated counters within our premises to encourage our guests to do their part and use it often to prevent contraction and spread of the disease.

2019

Green Is How We Roll!

Joined more movements aimed at reducing, reusing and recycling. These include involvement with the following:

>10,000
trees planting programme

SAVE A SOAP
aimed at soap recycling

Renewable Energy transition programme

SEA THE DIFFERENCE
aimed at preservation of oceans, beaches, seas and waterways

ONE LESS STRAW
aimed to limit serving straws with beverages

CARING WITH CLOTH CARES
'Kloth Cares Fabric Recycling Movement' aimed at recycling discarded linen to reduce methane release

NO PLASTIC
is fantastic programme

FINISHED WITH FINS
pledging with WWF against serving shark fin

APR 2020

MCO Initiatives by Kechara Soup Kitchen

Following from 2019, Hatten Land remains the main sponsor for the Melaka branch of the Kechara Soup Kitchen (KSK), a non-profit organization that operates in Malaysia. Our volunteers continuously work to complete cycles of collecting surpluses of food supplies from partnering supermarkets, hotels, and others. They then distribute this accordingly to ensure we help as many as possible.

KECHARA SOUP KITCHEN

Good
Governance

REGULATORY AND LEGAL COMPLIANCE

Why is this material

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

Anti-corruption compliance

In November 2019, the Malaysian Anti-Corruption Commission Act 2009 (MACC Act) was amended to introduce a corporate liability provision for bribery and corruption under Section 17A, which came into effect on the 1st of June 2020. We circulated this information to all of our staff and are aiming to roll out an information session on the provision and what it means for our employees in FY2021.

Employee Code of Conduct & Whistle-blowing Policy

We continue to implement our employee code of conduct and whistle-blowing policy to ensure that we remain in good governance as an organisation.

Service Quality

We strongly believe in providing not just high quality products, but high quality service. We offer an open, honest and fair channel of communication that our customers value greatly.

Our sales and client-facing staff take great pride in their professionalism and the good relationships they have with our customers. We pay particular attention to training our sales staff to guarantee exceptional levels of service. We hold weekly meetings to integrate any feedback from sales personnel or customers, and to ensure all employees are up-to-date on any changes in market information or offers.

During COVID-19, communication with our customers has been more important than ever before. Due to construction delays, we have intensified our customer relationship management and communication regularity to keep customers up-to-date on development progress, and to assuage any of their concerns. Our mobile hotline has been an integral part of this process.

We have also pivoted to move some apartment viewing online through virtual tours and online meetings. These have allowed us to continue securing sales throughout the MCO period. We are pleased to have successfully integrated this digital aspect into our marketing and sales strategy, which has enabled us to continue attracting global clients.

We continue to hold our quarterly market survey to understand our customer needs, competitor pricing, general market data, and property values. This allows us to effectively target and streamline our operations and offerings.

Our advertising and marketing practices are strictly in line with the Group Corporate Communications policy that is based on the Housing Development Act (HDA) Malaysia. This dictates what we include in our external materials, which are then reviewed and approved by the Melaka housing development Ministry, the Majlis Bandaraya Melaka Bersejarah (MBMB).

Customer Data

We continue to value the sanctity of our customer data. Through proper training and internal systems, we protect our customers' personal information. The data collected by our sales staff, advertising, and marketing activities, are secured in the CRM system, access to which is restricted.

Hatten Land undertakes quarterly internal housekeeping to review the data and determine what is no longer relevant. This process applies equally to our human capital data, ensuring that all staff matters are up-to-date, including resignations and retirements.

Performance

In FY2020, we met our FY2019 target of having no significant fines in the economic and social areas.

TARGET

- **We aim to maintain our strong rate of compliance and have no fines in the economic and social areas in the next year.**
- **We aim to host an informational session on the MACC act amendment for all of our employees in FY2021.**

PRODUCT QUALITY, HEALTH AND SAFETY

Why this is material

Our commitment to excellence, integrity, and initiative involve ensuring we are always up-to-date with our customers' needs and are providing them with the highest quality products and services. We believe this high standard is our differentiating factor, so we work hard to maintain our coveted place as an industry leader, and keep the respect and trust of our valued customers.

Building quality and safety

We aspire to create properties based on the concept of wellness. One of our projects, Satori, has been developed according to guidelines for the Melaka Green Seal.

Although we previously employed a wellness consultant to guide us in our endeavour to create wellness-focused developments, we have had to put this initiative on hold. We look forward to continuing our efforts to develop and expand on the wellness aspects of our developments.

Performance

In FY2020, we met our FY2019 target of having no reported incidents of non-compliance with regulations concerning the health and safety impacts of products and services.

TARGET

- **We seek to aim to maintain our track record of zero incidents of non-compliance with health and safety regulations.**
- **We aim to gain Green Buildings Innovation Cluster ("GBIC") for some of our developments.**

List of Memberships, Standards and Charters

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

GRI Content Index

Disclosure Number	Disclosure Title	Page No.
General disclosures		
102-1	Name of the organization	4
102-2	Activities, brands, products, and services	4, 5, 15-20
102-3	Location of headquarters	4
102-4	Location of operations	5
102-5	Ownership and legal form	5
102-6	Markets served	4, 5
102-7	Scale of the organisation	77
102-8	Information on employees and other workers	30
102-9	Supply chain	4,5
102-10	Significant changes to the organisation and its supply chain	No significant changes
102-11	Precautionary Principle or approach	31
102-12	External initiatives/charters	37
102-13	Membership of associations	37
102-14	Statement from senior decision-maker	6
102-16	Values, principles, standards, and norms of behaviour	6
102-18	Governance structure	23-24
102-40	List of stakeholder groups	26
102-41	Collective bargaining agreements	N.A.
102-42	Identifying and selecting stakeholders	26
102-43	Approach to stakeholder engagement	26
102-44	Key topics and concerns raised	27
102-45	Entities included in the consolidated financial statements	26
102-46	Defining report content and topic boundaries	6
102-47	List of material topics	27
102-48	Restatements of information	None
102-49	Changes in reporting	None
102-50	Reporting period	25
102-51	Date of most recent report	8 November 2019
102-52	Reporting cycle	25
102-53	Contact point for questions regarding the report	25
102-54	Claims of reporting in accordance with the GRI Standards	25
102-55	GRI content index	38
102-56	External assurance	25

Disclosure Number	Disclosure Title	Page No.
Specific disclosures		
GRI Standard: Energy		
102-1/2/3	Management Approach	28
102-2	Reduction of energy consumption	28
GRI Standard: Effluents & Waste		
103-1/2/3	Management Approach	29
306-2	Waste by type and disposal method	29
GRI Standard: Occupational Health and Safety		
103-1/2/3	Management Approach	32
403-9	Work-related injuries	32
GRI Standard: Training and Education		
103-1/2/3	Management Approach	31
403-9	Average training hours per year per employee	31
GRI Standard: Customer Health and Safety		
103-1/2/3	Management Approach	37
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	37
GRI Standard: Socioeconomic Compliance		
103-1/2/3	Management Approach	36
419-1	Non-compliance with laws and regulations in the social and economic area	36

Corporate
Governance

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2018 AND CATALIST RULES

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

This corporate governance report, set out in tabular form, outlines the Company's corporate governance structures and practices that were in place during the financial year ended 30 June 2020 ("**FY2020**"), with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**").

<table>
<tr><th>Provision</th><th>Code Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td colspan="3">BOARD MATTERS</td></tr>
<tr><td colspan="3"><u>The Board's Conduct of Affairs</u>

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company</td></tr>
<tr><td>1.1</td><td>Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.</td><td>All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.

As at the date of this Annual Report, the Board has five Directors and comprises the following:

<table>
<tr><th>Name of Director</th><th>Designation</th><th>Date appointed</th></tr>
<tr><td>Dato' Tan June Teng Colin @ Chen JunTing ("Dato' Colin Tan")</td><td>Executive Chairman and Managing Director</td><td>24 January 2017</td></tr>
<tr><td>Dato' Tan Ping Huang Edwin @ Chen BingHuang ("Dato' Edwin Tan")</td><td>Executive Director and Deputy Managing Director</td><td>24 January 2017</td></tr>
<tr><td>Dato' Wong King Kheng</td><td>Lead Independent Director(1)</td><td>28 October 1996</td></tr>
<tr><td>Mr Loh Weng Whye</td><td>Independent Director</td><td>24 January 2017</td></tr>
<tr><td>Mr Foo Jong Han Rey</td><td>Independent Director(2)</td><td>16 January 2006</td></tr>
</table>

Notes:
(1) Appointed as an Independent Director of the Company on 28 October 1996. Upon the successful acquisition of Hatten MS Pte Ltd, Dato' Wong was re-appointed as an Independent Director of the Company on 24 January 2017.
(2) Appointed as an Independent Director of the Company on 16 January 2006. Upon the successful acquisition of Hatten MS Pte Ltd, Mr Foo was re-appointed as an Independent Director of the Company on 24 January 2017.</td></tr>
</table>

Provision	Code Description	Company's Compliance or Explanation
		The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principle functions include: ● To review and advise on the Group's policies and procedures; ● To align the interests of the Board and Management with that of shareholders and balance the interests of all stakeholders; ● To oversee the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures and internal controls ● To review and approve significant acquisitions and disposals, material borrowings and fund-raising exercises; ● To review performance and succession planning of the key management personnel; and ● To ensure compliance with all laws and regulations as may be relevant to the business.
1.2	Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.	Formal letters of appointment are furnished to the newly-appointed directors, upon their appointments during the financial year, stating among other matters, the roles, obligations, duties and responsibilities as a member of the Board. All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of director of a listed company. To obtain a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational sites and meet with key management personnel. All Directors are updated regularly on any new developments in regulatory, legal and accounting frameworks that are of relevance to the Group through participation in courses, seminars and workshop and funded by the Company. The external auditors, Baker Tilly TFW LLP ("**External Auditors**") update the Directors on the new revised financial reporting standards on an annual basis. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are circulated to all Directors by the Company Secretary. The Board, is also updated, from time to time, when new laws or regulations affecting the Group are introduced. The Directors are also encouraged to attend seminars and training courses that will assist them in executing their obligation and responsibilities as directors of the Company.

Corporate Governance

<table>
<tr><th>Provision</th><th>Code Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td>1.3</td><td>The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company’s annual report.</td><td>Matters that require the Board’s approval include, amongst others, the following:

Significant acquisition and disposal of assets;
material borrowings and fund raising exercises;
share issuance and proposal of dividends;
budgets, financial results announcements, annual report and audited financial statements; and
material interested person transactions
</td></tr>
<tr><td>1.4</td><td>Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board’s authority to make decisions, and a summary of each committee’s activities, are disclosed in the company’s annual report.</td><td>The Board has delegated certain responsibilities to the various Board committees, namely the Audit and Risk Committee (the “ARC”), the Remuneration Committee (the “RC”) and the Nominating Committee (the “NC”) (collectively, the “Board Committees”) with clearly defined terms of reference. The compositions of the Board Committees are as follows:
<table>
<tr><th></th><th>ARC</th><th>RC</th><th>NC</th></tr>
<tr><td>Chairman</td><td>Dato’ Wong King Kheng</td><td>Foo Jong Han Rey</td><td>Loh Weng Whye</td></tr>
<tr><td>Member</td><td>Loh Weng Whye</td><td>Dato’ Wong King Kheng</td><td>Dato’ Colin Tan</td></tr>
<tr><td>Member</td><td>Foo Jong Han Rey</td><td>Loh Weng Whye</td><td>Dato’ Wong King Kheng</td></tr>
<tr><td>Member</td><td>–</td><td>–</td><td>Foo Jong Han Rey</td></tr>
</table>
The key information of the Directors, including their profiles and directorships, are set out on pages 19 to 21 of this Annual Report under section Board of Directors and page 67 to 72 of this Annual Report under section Disclosure of Information on Directors Seeking Re-election.
The shareholdings of the Directors of the Company are set out on page 138 of this Annual Report. None of the Directors hold shares in the subsidiaries of the Company.
Dato’ Colin Tan and Mr Foo Jong Han Rey will be retiring by rotation and seeking re-appointment at the forthcoming annual general meeting (“AGM”) to be held on 30 October 2020 are stated in the Notice of AGM in this Annual Report. </td></tr>
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Corporate Governance

<table>
<tr><th>Provision</th><th>Code Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td>1.5</td><td>Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director’s attendances at such meetings are disclosed in the company’s annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.</td><td>The Board meets on a quarterly basis, and as and when circumstances require. In FY2020, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below.
<table>
<tr><th></th><th>Board</th><th>ARC</th><th>NC</th><th>RC</th></tr>
<tr><td>No. of Meetings</td><td>4</td><td>4</td><td>2</td><td>2</td></tr>
<tr><td colspan="5">No. of Meetings attended by the Respective Directors</td></tr>
<tr><td>Dato’ Colin Tan</td><td>4</td><td>4*</td><td>2</td><td>2*</td></tr>
<tr><td>Dato’ Edwin Tan</td><td>4</td><td>4*</td><td>2*</td><td>2*</td></tr>
<tr><td>Dato’ Wong King Kheng</td><td>4</td><td>4</td><td>2</td><td>2</td></tr>
<tr><td>Mr Loh Weng Whye</td><td>4</td><td>4</td><td>2</td><td>2</td></tr>
<tr><td>Mr Foo Jong Han Rey</td><td>4</td><td>4</td><td>2</td><td>2</td></tr>
</table>
Note:
*Attendance by invitation

The Company’s constitution (the “Constitution”) allows for meetings to be held through telephone, video-conference, or any other form of audio, audio-visual, electronic or instantaneous communication by which all persons participating in the meeting are able to hear and be heard by all other participants.</td></tr>
<tr><td>1.6</td><td>Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.</td><td>
<table>
<tr><th></th><th>Information</th><th>Frequency</th></tr>
<tr><td>(a)</td><td>Updates to the Group’s operations and the markets in which the Group operates in</td><td>Quarterly</td></tr>
<tr><td>(b)</td><td>Quarterly and full year financial results</td><td>Quarterly</td></tr>
<tr><td>(c)</td><td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td><td>As and when, relevant</td></tr>
<tr><td>(d)</td><td>Reports on on-going or planned corporate actions</td><td>As and when, relevant</td></tr>
<tr><td>(e)</td><td>Internal auditors’ report(s)</td><td>As and when, available</td></tr>
<tr><td>(f)</td><td>Research report(s)</td><td>As and when, requested</td></tr>
<tr><td>(g)</td><td>Shareholding statistics</td><td>As and when, requested</td></tr>
</table>
Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group’s performance, position and prospects.</td></tr>
</table>

Corporate Governance

Provision	Code Description	Company's Compliance or Explanation
1.7	Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.	All Directors have separate and independent access to the Company Secretary. The Company Secretary, or her representatives, attends all Board meetings and is responsible to ensure that the Board procedures are followed. It is the Company Secretary's responsibility to ensure that the Company complies with requirements of all applicable rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act (Chapter 50) of Singapore and the Catalist Rules. The Company Secretary is also responsible for the proper maintenance of the records of Board and Board Committees meetings. The appointment and the removal of the Company Secretary are subject to the Board's approval.
Board Composition and Guidance Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.		
2.1 2.2 2.3	An "**independent**" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company, Independent directors make up a majority of the Board where the Chairman is not independent. Non-executive directors make up a majority of the Board.	Provisions 2.2 and 2.3 of the Code are met as the Independent Non-Executive Directors made up the majority of the Board. Dato' Wong King Kheng is appointed as the Lead Independent Director. The NC had reviewed and the Independent Directors had also confirmed their independence in accordance with the Code during the NC meeting held on 26 August 2020. All Independent Directors have also provided their independence declaration.
2.4	The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.	The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. Having considered the scope and nature of the Group's business, and the requirements of the business, the Board, in concurrence with the NC, believes that its current board size and the existing composition of the Board Committees effectively serve the Group. It provides sufficient diversity without interfering with efficient decision-making.

<table>
<tr><th>Provision</th><th>Code Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

<table>
<tr><th></th><th>Number of Directors</th><th>Proportion of the Board (%)</th></tr>
<tr><td>Core Competencies</td><td></td><td></td></tr>
<tr><td>● Accounting or finance</td><td>2</td><td>40.0</td></tr>
<tr><td>● Business Management</td><td>5</td><td>100.0</td></tr>
<tr><td>● Legal or Corporate Governance</td><td>2</td><td>40.0</td></tr>
<tr><td>● Relevant Industry knowledge or experience</td><td>3</td><td>60.0</td></tr>
<tr><td>● Strategic Planning Experience</td><td>5</td><td>100.0</td></tr>
<tr><td>● Customer based experience or knowledge</td><td>3</td><td>60.0</td></tr>
</table>

The Board has taken the following steps to maintain or enhance its balance and diversity:

● Review by the NC at least once a year to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
● Evaluation by the Directors at least once a year of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.</td></tr>
<tr><td>2.5</td><td>Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.</td><td>The Board, particularly the Independent Directors, must be kept well informed of the Group's business and be knowledgeable about the industry the Group operates in. To ensure that the Independent Directors are well supported by accurate, complete and timely information, they have unrestricted access to Management, and have sufficient time and resources to discharge their oversight functions effectively.

This enables the Independent Directors to constructively challenge and help develop proposals on strategy and also review the performance of Management in meeting agreed goals and objectives, and extend guidance to Management. The Independent Directors' objective judgement on corporate affairs and collective experience and knowledge are invaluable to the Group and allows for the useful exchange of ideas and views.

The Independent Directors discuss and/or meet on a need basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.

The Independent Directors have met and/or discussed informally on various occasions without the presence of Management in FY2020.</td></tr>
</table>

Corporate Governance

Provision	Code Description	Company's Compliance or Explanation
Chairman and Chief Executive Officer Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.		
3.1	The Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.	The Board recognises the Code's recommendation that the Chairman of the Board ("**Chairman**") and the Managing Director should be separate persons to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.
3.2	The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.	The Board is of the opinion that the present Group structure and business scope does not warrant a meaningful split of the roles of the Chairman and the Managing Director. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence.
3.3	The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.	Dato' Colin Tan is the Executive Chairman and Managing Director of the Company. As Executive Chairman, Dato' Colin Tan exercises control over the quality, quantity and timeliness of the flow of information between management and the Board. As the Managing Director, Dato' Colin Tan has full executive responsibilities of the overall business directions and operational decisions of the Group. All major decisions made by the Executive Chairman and Managing Director are reviewed by the Board and his remuneration package is reviewed periodically by the RC. Dato' Wong King Kheng, the Lead Independent Director of the Company, will meet periodically with the other Independent Directors without the presence of the other Directors and Management, and provide feedback to the Executive Chairman and Managing Director after such meetings. He will also be an independent channel of communication for shareholders who have concerns and for which contact with the Executive Chairman and Managing Director or the Management has failed or is inappropriate.

<table>
<tr><th>Provision</th><th>Code Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td colspan="3"><u>Board Membership</u>

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.</td></tr>
<tr><td>4.1</td><td>The Board establishes a NC to make recommendations to the Board on relevant matters relating to:

(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;

(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;

(c) the review of training and professional development programmes for the Board and its directors; and

(d) the appointment and re-appointment of directors (including alternate directors, if any).</td><td>The responsibilities of the NC include the nomination of Directors, determining the independence of a Director and deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director. The criterion for independence is based on the definition as set out in the Code.

The NC is responsible for the following:

(a) Reviewing and making recommendations to the Board on all appointments, board re-nominations, re-elections and removal of all Directors of the Company, having regard to the relevant Director's contribution and performance and taking into account their respective commitments outside the Group;

(b) Reviewing and determining a suitable size, structure and composition of the Board which facilitates effective decision-making, after taking into consideration the scope and nature of the operations of the Group;

(c) In deciding the composition of the Board, to take into account the future requirements of the Group, the appropriate balance and diversity of skills, experience, gender and core competencies, such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, and knowledge of the Group that the Board requires to function competently and efficiently;

(d) Ensuring that all members of the Board submit themselves for re-nomination and re-election at regular intervals and at least once in every three (3) years;

(e) Determining on an annual basis whether a Director is independent;

(f) Determining and recommending to the Board the maximum number of listed company board representations which any Director may hold;

(g) Reviewing the training and professional development programmes for the Board;

(h) Developing a process for evaluation of the performance of the Board and assessing the performance of the Board and contribution of each Director to the effectiveness of the Board; and

(i) Reviewing and approving, jointly with the RC, any new employment of related persons and the proposed terms of their employment.</td></tr>
</table>

Corporate
Governance

<table>
<tr><th>Provision</th><th>Code Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td>4.2</td><td>The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.</td><td>The members of the Nominating committee are Dato’ Wong King Kheng, Mr Loh Weng Whye, Mr Foo Jong Han Rey and Dato Colin Tan, majority of whom, including the NC Chairman are independent. The Chairman of the Nominating Committee is Mr Loh Weng Whye, an Independent Non-Executive Directors. The Lead Independent Director is also a member of the NC.</td></tr>
<tr><td>4.3</td><td>The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company’s annual report.</td><td>The following table sets out the process for selecting and appointing new directors:
<table>
<tr><td>1.</td><td>Determination of selection criteria</td><td>The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience, knowledge or gender to complement and strengthen the Board and increase its diversity.</td></tr>
<tr><td>2.</td><td>Search for suitable candidates</td><td>The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants or the Singapore Institute of Directors where necessary.</td></tr>
<tr><td>3.</td><td>Assessment of shortlisted candidates</td><td>The NC would meet and interview the shortlisted candidates to assess their suitability.</td></tr>
<tr><td>4.</td><td>Appointment of director</td><td>The NC would recommend the selected candidate to the Board for consideration and approval.</td></tr>
</table>
The Board is also advised by the Sponsor on the appointment of directors as required under Catalist Rule 226(2)(d).

The following table sets out the process for re-electing incumbent directors:
<table>
<tr><td>1.</td><td>Assessment of director</td><td>● The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and
● The NC would also consider the current needs of the Board.</td></tr>
<tr><td>2.</td><td>Re-appointment of director</td><td>Subject to the NC’s satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</td></tr>
</table>
Each member of the NC will abstain from voting on any resolution and making any resolutions and/or participating in any deliberations of the NC in respect of the assessment of his performance or nomination for re-election as a Director.</td></tr>
</table>

Provision	Code Description	Company's Compliance or Explanation
4.4	The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.	The NC does determine annually whether each of the Independent Directors still meet the criteria of an Independent Director. Mr Foo Jong Han Rey and Dato' Wong King Kheng have served on the Board for more than nine years. Dato' Wong King Kheng was appointed as an Independent Director of the Company on 28 October 1996, prior to the completion of the acquisition of Hatten MS Pte Ltd ("**RTO**") on 24 January 2017. Mr Foo Jong Han Rey was appointed as an Independent Director of the Company on 16 January 2006, prior to the RTO. The Board (save for Dato' Wong King Kheng and Mr Foo Jong Han Rey) had subjected the independence of Dato' Wong King Kheng and Mr Foo Jong Han Rey to particularly rigorous review and were of the opinion that notwithstanding the appointment of Dato' Wong King Kheng and Mr Foo Jong Han Rey as independent directors of the Company since 1996 and 2006 respectively, their independence is not affected taking into consideration the following: (a) the previous board of the Company, including Dato' Wong King Kheng and Mr Foo Jong Han Rey, (the "**Previous Board**") had stepped down from the Company upon the completion of RTO. The subsequent appointments of Dato' Wong King Kheng and Mr Foo Jong Han Rey as Independent Directors were approved by shareholders at the extraordinary general meeting held on 20 January 2017; (b) save for Dato' Wong King Kheng and Mr Foo Jong Han Rey, none of the directors of the Previous Board were appointed to the current Board; (c) Prior to the RTO, the Company was in the business of franchising, marketing and retailing of lifestyle sporting goods, footwear, equipment, apparel and accessories, which was disposed off and ceased to be a part of the Group (the "**Disposed Business**"). The current business of the Group, being property development, is completely different and not related to the Disposed Business. There is no business relationship between the Disposed Business and the property development business of the Group; (d) Neither of Dato' Wong King Kheng and Mr Foo Jong Han Rey have any existing business or professional relationship of a material nature with the Group, the Directors of the Previous Board, the Directors of current Board and/or substantial shareholders of the Group; (e) Dato' Wong King Kheng and Mr Foo Jong Han Rey are not in any way related to the controlling shareholders, Directors and key management of the Group; and (f) Dato' Wong King Kheng and Mr Foo Jong Han Rey with their relevant financial and legal backgrounds and experience respectively continue to value add to the Board.

Corporate Governance

Provision	Code Description	Company's Compliance or Explanation
4.5	The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitment of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.	All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of director of a listed company. To obtain a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational sites and meet with key management personnel. Although some of the Board members have multiple board representations and other principal commitments, the NC is satisfied that the Directors have devoted sufficient time and attention to the Group. The NC is of the view that setting a maximum number of listed board representations that any Director may hold is not necessary as all the Directors are able to devote to the Company's affairs in light of their other commitments. However, as a general guideline to address time commitments that may be faced, a Director who holds more than five listed company board representations (including the appointment with Company) will consult the Chairman of the NC before accepting any new appointments as a Director. The considerations in assessing the capacity of Directors include the following: ● Expected and/or competing time commitments of Directors; ● Geographical location of Directors; ● Size and composition of the Board; ● Nature and scope of the Group's operations and size; and ● Capacity, complexity and expectations of the other listed directorships and principle commitments held. The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately for FY2020.

Provision	Code Description	Company's Compliance or Explanation
Board Performance Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.		
5.1	The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.	The performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board are as follows: i) Board Composition and Size ii) Board Committees iii) Board Functions and processes iv) Board Meetings v) Communications vi) Standards of Conduct vii) Board Compensation The Board is of the opinion that it is more meaningful to evaluate the Board and the Board Committees as a whole. However, moving forward, the Board may consider evaluating each Director, where such evaluation is appropriate or necessary. The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's businesses, and the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, believes that its current board size and the existing composition of the Board Committees effectively serve the Group. It provides sufficient diversity without interfering with efficient decision-making.
5.2	The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.	The evaluation of the Board and Board Committees was conducted by way of questionnaire. Whilst an individual evaluation was not carried out to assess whether each Director continues to contribute effectively and demonstrates commitment to his role and duties, the NC took notice of each Director's record of attendance and participation, his candour, performance and overall contribution to the Board and the Group; as well as his/her ability to adequately carry out the duties expected while performing his/her roles in other companies or in other appointments. No external facilitator was used in the evaluation process.

Corporate Governance

Provision	Code Description	Company's Compliance or Explanation
REMUNERATION MATTERS		
Procedures for Developing Remuneration Policies Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.		
6.1	The Board establishes a Remuneration Committee to review and make recommendations to the Board on: (a) a framework of remuneration for the Board and key management personnel; and (b) the specific remuneration packages for each director as well as for the key management personnel.	The RC is guided by key terms of reference as follows: (a) review and recommend to the Board, in consultation with management, a framework for all aspects of remuneration for the Directors and key management personnel of the Group, and determine specific remuneration packages for each executive Director and key management personnel; (b) perform an annual review of the remuneration of the employees who are immediate family members of the Directors or the Chief Executive Officer (or equivalent position), whose remuneration exceeds S$50,000 per annum to ensure transparency on their remuneration packages; (c) review and approve any bonuses, pay increments and/or promotions for these employees; (d) review the Company's obligations arising in the event of termination of the executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and (e) Reviewing and approving jointly with NC any new employment of related persons and the proposed terms of their employment. The RC has access to expert professional advice on human resource matters as and when there is a need to consult externally.
6.2	The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.	The members of the Remuneration Committee are Dato' Wong King Kheng, Mr Loh Weng Whye and Mr Foo Jong Han Rey, all of whom are independent directors. The Chairman of the Nominating Committee is Mr Foo Jong Han Rey, an Independent Non-Executive Director.
6.3	The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.	Please refer to provision 6.1 above.
6.4	The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.	No remuneration consultants were engaged by the Company in FY2020.

Provision	Code Description	Company's Compliance or Explanation
Level and Mix of Remuneration Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.		
7.1	A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.	In its deliberations of the remuneration packages of the Executive Directors and key management personnel, the RC takes into consideration their responsibilities, skills, expertise and contribution, industry practices and norms in compensation in addition to the Company's relative performance. No Director or key management personnel will be involved in deciding his own remuneration. The Executive Chairman and Managing Director, Dato' Colin Tan, as well as the Deputy Managing Director and Executive Director, Dato' Edwin Tan have each entered into a service agreement with the Company on 24 January 2017 for a period of three (3) years, renewable automatically thereafter for periods of two (2) years each, unless otherwise terminated. The service agreement provides for termination by either the Executive Chairman or the Company upon giving no less than three months' notice. Both Dato Colin Tan and Dato' Edwin Tan are also entitled to receive Director's fees, which are subject to approval by shareholders at each AGM. The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key management personnel in certain circumstances as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking statements) as well as the actual performance of its Executive Directors and key management personnel. The Company had in place the Hatten Land Limited Performance Share Plan ("**PSP**") as well as Hatten Land Limited Employees' Share Option Scheme ("**ESOS**"). The PSP and ESOS provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Both PSP and ESOS are administered by the RC comprising three directors, Mr Foo Jong Han Rey, Dato' Wong King Kheng and Mr Loh Weng Whye.
7.2	The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.	The remuneration of the Non-Executive Directors (including Independent Director) is determined by their contributions to the Company, taking into account factors such as efforts and time spent as well as their responsibilities on the Board and Board Committees, if applicable. The Directors' fees of the Non-Executive Directors are subject to approval by shareholders at each annual general meeting.
7.3	Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.	The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link on total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.

Corporate Governance

<table>
<tr><th>Provision</th><th>Code Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td colspan="3"><u>Disclosure on Remuneration</u>

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.</td></tr>
<tr><td>8.1</td><td>The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

(a) each individual director and the CEO; and
(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel</td><td>The breakdown for the remuneration of the Directors in FY2020 is as follows:</td></tr>
</table>

	Remuneration earned through (%):				
	Base/ Fixed Salary	Variable or performance related income/bonus	Director Fees	Benefits	Total (%)
S$500,000 to S$750,000					
Dato' Colin Tan	79	–	5	16	100
Dato' Edwin Tan	77	–	4	19	100
Below S$250,000					
Dato' Wong King Kheng	–	–	100	–	100
Loh Weng Whye	–	–	100	–	100
Foo Jong Han, Rey	–	–	100	–	100

There are no termination, retirement, post-employment benefits that may be granted to the Directors.

Save for the Executive Directors, the Company only has 2 top key management personnel in FY 2020.

	Remuneration earned through (%):			
	Base/ Fixed Salary	Variable or performance related income/bonus	Benefits	Total (%)
Below S$250,000				
Chong Foh Siong [1]	100	–	–	100
Clarence Chong	100	–	–	100

Note:

(1) Resigned as Head of Development Management on 30 June 2020.

The aggregate remuneration of the above key management personnel (who are not Directors or the Managing Director) for FY2020 amounted to RM1,502,000.

There are no termination, retirement, post-employment benefits that may be granted to the top key management personnel.

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

<table>
<tr><th>Provision</th><th>Code Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>8.2</td><td>The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.</td><td>Dato' Colin Tan and Dato' Edwin Tan are brothers and their respective remuneration for FY2020 are disclosed in the table above.

Datuk Wira Eric Tan, Corporate Advisor of the Company, is the father of Dato' Colin Tan and Dato' Edwin Tan. His remuneration for FY2020 is in the bands of S$400,000 to S$450,000.

Save for the above, there was no other employee who is an immediate family member of a Director or the Managing Director, and whose remuneration exceeds S$100,000 during FY2020.</td></tr>
<tr><td>8.3</td><td>The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.</td><td>The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution toward the overall performance of the Group in FY2020. Their remuneration is made up of fixed and variable compensation. The fixed compensation consists of an annual base salary and allowances. The variable compensation, in the form of bonus, is based on the level of achievement of corporate and individual performance objectives, amongst others.

The Company's Directors, namely, Dato' Colin Tan and Dato' Edwin Tan had entered into service agreements with the Company in which terms of their employment are stipulated. The initial term of employment is for a period of three (3) years from the date of completion of the RTO, and thereafter automatically renewed for subsequent periods of two (2) years each unless otherwise terminated.

Under the service agreements, Dato' Colin Tan and Dato' Edwin Tan are entitled to a performance based incentive payable by the Company in certain circumstances. Please refer to the section on "Service Agreements" in the Company's circular dated 29 December 2016 for further details.

The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:

<table>
<tr><th></th><th>Short-term Incentives
(such as performance bonus)</th><th>Long-term Incentives
(such as PSP and ESOS)</th></tr>
<tr><td>Performance Conditions</td><td>1. Leadership
2. People development
3. Commitment
4. Teamwork</td><td>The performance conditions used to determine the entitlement under the proposed PSP and ESOS. Details of the proposed PSP and ESOS can be found in the Company's Appendix dated 11 October 2017 to the Annual Report 2017.</td></tr>
</table>
</td></tr>
</table>

Corporate Governance

Provision	Code Description	Company's Compliance or Explanation
ACCOUNTABILITY AND AUDIT		
Risk Management and Internal Controls Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.		
9.1	The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.	The Board understands its accountability to the shareholders on the Group's position, performance and progress. The objectives of the presentation of the annual audited financial statements, full-year and quarterly results to its shareholders are to provide the shareholders with a balanced and understandable analysis and explanation of the Group's financial performance and position and prospects. The Management understands its role to provide all members of the Board with a balanced and understandable assessment of the Group's performance, position and prospects. As such, the Management provides the Board with appropriately detailed information on the Company's performance, position, and prospects on quarterly basis and when deem appropriate. The Management is also accountable to the Board and maintains regular contact and communication with the Board including preparing and circulation to the Board of quarterly and full year financial statements of the Group. These enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects. The Board has ultimate responsibility for maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets. The Board approves the key management policies and ensures a sound system of risk management and internal controls. In addition to determining the approach to risk governance, the Board sets and instils the right risk-focused culture throughout the Group for effective risk governance. The system of internal controls and risk management systems are intended to provide reasonable but not absolute assurance against material misstatement or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of business risk. The Board is also responsible for governance of risk management, and determining the Company's levels of risk tolerance and risk policies. The Board consults with the External Auditors and internal auditors of the Company (**"Internal Auditors**") to determine the risk tolerance level and corresponding risk policies. The ARC evaluates the findings of the External Auditors and Internal Auditors on the Group's internal controls annually. The External Auditors, in the course of conducting their annual audit procedures on the statutory financial statements, also reviewed the Group's significant internal financial controls to the extent of their scope as laid out in their audit plan. Any material non-compliance and internal financial control weaknesses noted by the external auditors are reported to the ARC together with the external auditors' recommendations. The Management would then take appropriate actions to rectify the weaknesses highlighted.

<table>
<tr><th>Provision</th><th>Code Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>9.2</td><td>The Board requires and discloses in the company's annual report that it has received assurance from:

(a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and

(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.</td><td>The Board has obtained the following assurance from the Managing Director and Chief Financial Officer:

1. the financial records of the Group have been properly maintained and the financial statements for FY2020 give a true and fair view of the Group's operations and finances;

2. risk management systems and internal control systems were properly maintained;

3. material information relating to the Company was disclosed on a timely basis for the purposes of preparing financial statements; and

4. the Company's risk management systems and internal control systems were adequate and effective in FY2020.

The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

The Board, with the concurrence of the ARC, is of the opinion that the Group's internal controls and risk management systems are effective and adequate to address the financial, operational, compliance and information technology risks of the Group in its current business environment.</td></tr>
<tr><td colspan="3"><u>Audit Committee</u>

Principle 10: The Board has an Audit Committee which discharges its duties objectively.</td></tr>
<tr><td>10.1</td><td>The duties of the AC include:

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;

(b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;

(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;</td><td>The ARC is guided by the following key terms of reference:

(a) review the scope of the audit plans of the External Auditors, the results of the External Auditors and Internal Auditors' examination and their evaluation of internal accounting control systems, their letter to Management and the Management's response to ensure that appropriate follow-up measures are taken to satisfactorily address internal control weaknesses, if any;

(b) review the quarterly and annual financial statements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules, and any other relevant statutory or regulatory requirements;

(c) review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;</td></tr>
</table>

Corporate Governance

Provision	Code Description	Company's Compliance or Explanation
	(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors; (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and (f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.	(d) review the risk profile of the Company, its internal control and risk management procedures, including financial, operation, compliance and information technology controls and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board; (e) ensure co-ordination between the external and internal auditors and the Management and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary); (f) commission and review the findings of investigations by Internal Auditors or External Auditors into matters where there is any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response; (g) consider the appointment, remuneration, terms of engagement or re-appointment of the External Auditors and Internal Auditors and matters relating to the resignation or dismissal of the auditors; (h) make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the External Auditors, and approve the remuneration and terms of engagement of the External Auditors; (i) review and recommend to the Board any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules; (j) together with the Conflict Resolution Committee (the "**CRC**"), review any potential conflict of interests that may arise in respect of any Director(s) of the Company for the time being; (k) review the scope and results of the external audit, and the independence and objectivity of the External Auditors; (l) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made thereto from time to time; and (m) assess the performance of the financial director and/or the financial controller (as the case may be), for the relevant period, on an annual basis to determine his or her suitability for the position. In addition to the above, the ARC is empowered to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which are or is likely to have a material impact on our Group's operating results and/or financial position.

<table>
<tr><th>Provision</th><th>Code Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>
The Independent Directors also constitute the Company’s CRC. The CRC’s primary role is to review conflicts or potential conflicts of interests that may arise from time to time in the course of the Group’s business or operations between the Group and any controlling shareholder, director or key management personnel of the Group and/or their associates. The CRC has the power to appoint an independent adviser to advise on and recommend procedures to resolve or mitigate such conflict or potential conflict of interests, so as to enable the CRC to discharge its duties to the shareholders. The independent adviser may also be called on to provide an opinion as to whether the procedures recommended by the CRC to resolve or mitigate conflicts or potential conflicts are carried out in an appropriate and effective manner. Please refer to the section on “Potential Conflicts of Interest” in the Company’s circular dated 29 December 2016 for further details.
The ARC has reviewed the non-audit services provided by the External Auditors and is satisfied that the nature and extent of such services would not prejudice the independence of the external auditors, and has recommended to the Board the re-appointment of Baker Tilly TFW LLP as external auditors of the Company at the forthcoming AGM. The table below sets out the audit and non-audit fees paid for FY2020:
<table>
<tr><th></th><th>RM</th><th>% of total</th></tr>
<tr><td>Audit fees</td><td>473,000</td><td>100</td></tr>
<tr><td>Non-audit fees</td><td>–</td><td>–</td></tr>
<tr><td>Total</td><td>473,000</td><td>100</td></tr>
</table>
The Company has put in place a whistle-blowing policy to provide an avenue through which employees and external parties may report or communicate, in good faith and in confidence, any concerns relating to financial and other matters, so that independent investigation of such matters can be conducted and appropriate follow-up action can be taken. The ARC ensures that the whistle-blowing policy is properly implemented.
The whistle-blowing procedure is intended to be used for serious and sensitive issues. Serious concerns relating to financial reporting, unethical or illegal conduct can be reported to the Chairman of the ARC via a designated email at whistleblow@hattenland.com.sg. The action to be taken will depend on the nature of the concern. Initial inquiries will be made by the Chairman of the ARC to determine whether an investigation is appropriate, and the form that it should take. Some concerns may be resolved by agreed action without the need for investigation. If investigation is necessary, the ARC will direct an independent investigation to be conducted on complaint received. The Board will receive a report stating the complaint received and findings of investigation, as well as a follow-up report on actions taken by the ARC. The Company will update the complainant of the actions taken in respect of the complaint within two weeks. Subject to any legal constraints, the complainant will be notified about the outcome of any investigations.
The Company shall maintain the confidentiality of the whistle-blower(s) to the fullest extent reasonably practicable within the legitimate needs of the law and any ensuing evaluation or investigation. Complainant(s) who make a report in good faith will be protected from reprisals, victimization or harassment.
There were no whistle-blowing reports received in FY2020.
</td></tr>
</table>

Corporate Governance

Provision	Code Description	Company's Compliance or Explanation
10.2	The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.	The members of the Audit and Risk committee are Dato' Wong King Kheng, Mr Loh Weng Whye and Mr Foo Jong Han Rey, all of whom are independent directors. The Chairman of the Audit and Risk Committee is Dato' Wong King Kheng, an Independent Non-Executive Directors. Dato' Wong Is also the Company's Lead Independent Director, who have the relevant accounting and related financial management expertise and experience to discharge their responsibilities.
10.3	The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.	The AC does not comprise any former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.
10.4	The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.	The ARC's responsibility in overseeing that the Group's risk management system and internal controls is complemented by its outsourced Internal Auditor, PricewaterhouseCoopers LLP. The Internal Auditor reports directly to the Chairman of the ARC on audit matters. The Internal Auditor plans its audit work in consultation with, but independently of, the management, and its yearly plan is submitted to the ARC for review and approval prior to the beginning of the financial year. The Internal Auditor has full access to all the Company's documents, records, properties and personnel including access to the ARC. The ARC is satisfied that Internal Auditor is adequately qualified (given, inter alia, its adherence to Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.
10.5	The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.	The ARC has met the Internal Auditors and External Auditors on various occasions without the presence of Management for FY2020.

Provision	Code Description	Company's Compliance or Explanation
STAKEHOLDER RIGHTS AND ENGAGEMENT		
Shareholders' Rights Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.		
11.1	The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.	The Company believes in regular and timely communication with shareholders as part of the Group's effort to help shareholders better understand the Group's business. The Company does not practice selective disclosure. In line with its continuous listing obligations, the Board's policy is that all shareholders should be equally and timely informed of all major developments that impact the Company and/or the Group. It is also the Board's policy that all material corporate news, strategies and announcements are promptly and accurately disseminated through SGXNET, so as to enable shareholders to make informed decisions in respect of their investments in the Company. Shareholders are encouraged to attend shareholders' meetings to stay informed of the Company's strategy and goals. Notice of the meeting is dispatched to shareholders, together with annual report or a circular, at least 14 days, or 21 days (as the case may be), before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either formally or informally before or at the shareholders' meetings. All shareholders are entitled to vote at the shareholders' meetings in accordance with the established voting rules and procedures. The Company shall conduct poll voting for all resolutions tabled at the shareholders' meetings. The rules, including the voting process, shall be explained by the scrutineers at such shareholders' meetings. Each item of special business included in the notice of the general meetings will be accompanied by explanation of the effects of a proposed resolution. All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting
11.2	The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "**bundled**", the company explains the reasons and material implications in the notice of meeting.	All resolutions are tabled separately at General meetings.

Corporate Governance

Provision	Code Description	Company's Compliance or Explanation
11.3	All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.	All directors and the external auditors were present at the company's Annual General Meeting held on 23 November 2019. All directors were present at the Company's Extraordinary General Meetings held on 29 October 2019 and 20 February 2020, respectively. The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the shareholders' meetings. The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless of exigencies. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries by our shareholders. The Company will make available minutes of general meetings to shareholders upon their request. Each item of special business included in the notice of the general meetings will be accompanied by explanation of the effects of a proposed resolution. All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.
11.4	The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.	The Company's Constitution does not allow for absentia voting at general meetings of shareholders as authentication of shareholder identity information and other related security issues continue to be a concern. Shareholders who are not able to attend general meetings in person are entitled to appoint proxies to attend and vote on their behalf. The Company's Constitution allows an individual shareholder to appoint not more than two proxies to attend and vote on his or her behalf at the general meetings. Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the shareholders' meetings, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
11.5	The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.	The Minutes of the Annual General Meeting will made available to shareholders upon their request.
11.6	The company has a dividend policy and communicates it to shareholders.	The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends on the shares will depend on, among other things, the Group's operating results, financial conditions, cash flows, expected future earnings, capital expenditure programme(s) and investment plans, the terms of the Group's borrowing arrangements (if any) and other factors deemed relevant by the Directors.

Provision	Code Description	Company's Compliance or Explanation
Engagement with Shareholders Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.		
12.1 12.2 12.3	The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders. The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.	The Company currently does not have an investor relations policy. However, the Company has engaged an external investor relations adviser, 8PR Asia Pte Ltd, to carry out investor relations activities in tandem with our in-house Group Corporate Communications team.
MANAGING STAKEHOLDER RELATIONSHIPS		
Engagement with Stakeholders Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.		
13.1 13.2 13.3	The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period. The company maintains a current corporate website to communicate and engage with stakeholders.	Shareholders, the investment community, media and analysts are kept informed of the Group's performance, progress and prospects and major developments of the Company on a timely basis through various communication as follows: (1) Announcements, including quarterly and full-year financial results announcements, via SGXNET; (2) Annual reports and notices of AGM; (3) Company's general meetings; (4) Investor/analyst briefings; and (5) Corporate website of the Company at www.hattenland.com.sg The Company also solicits feedback from and addresses the concerns of shareholders via the Company's corporate website at www.hattenland.com.sg. Such communications are handled by in-house Group Corporate Communications Department. Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at www.hattenland.com.sg. Please also refer to the Sustainability Report for further details on the Company's approach on stakeholders engagement.

Corporate Governance

Provision	Code Description	Company's Compliance or Explanation
COMPLIANCE WITH APPLICABLE CATALIST RULES		
712, 715 or 716	Appointment of auditors	The Company confirms its compliance with Rule 712 and Rule 716 of the Catalist Rules.
1204(8)	Material contracts	There were no material contracts entered into by the Group involving the interest of the Managing Director, any Director, or controlling shareholder.
1204(10)	Confirmation of adequacy of internal controls	The Board and the ARC are of the opinion that the Group's internal controls were adequate and effective to address the financial, operational, compliance and information technology risks in FY2020 based on the following: ● assurance had been received from the Managing Director and Chief Financial Officer (refer to provision 9.2 above); ● Key management personnel regularly evaluates, monitors and reports to the ARC on material risks; ● Discussions were held between the ARC and auditors in the absence of the key management personnel to review and address any potential concerns; and ● work performed by the Internal Auditors and External Auditors.
1204(10C)	ARC's comment on Internal Audit Function	The ARC is satisfied that the Company's internal audit function is: ● sufficiently independent to carry out its role; ● conducted effectively as Management has provided full co-operation to enable Internal Auditors to perform its function; ● adequately resourced to perform the work for the Group; and ● has the appropriate standing within the Company. From financial year ended 2020, the Company has appointed PricewaterhouseCoopers Risk Services Pte Ltd ("**PwC**") as its internal auditor. The internal auditor reports functionally to the AC and administratively to the Managing Director. The internal auditor has unfettered access to all the Company's documents, records, properties and personnel. The internal audit team is headed by a Partner with significant experience of leading internal audit services for Singapore listed companies. The team supporting the Partner constitutes dedicated internal controls specialists with requisite knowledge and experience. The AC will review the adequacy, effectiveness and independence of the internal audit team on an annual basis.

<table>
<tr><th>Provision</th><th>Code Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1204(17)</td><td>Interested persons transaction ("IPT")</td><td>
The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the ARC and they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.
The following are IPTs with value more than S$100,000 transacted during FY2020.
<table>
<tr><th>Name of interested person</th><th>Nature of relationship</th><th>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)
Group
RM'000</th><th>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</th></tr>
<tr><td>Hatten Properties Sdn. Bhd.</td><td>1</td><td>–</td><td>1,641</td></tr>
<tr><td>Montane Construction Sdn. Bhd.</td><td>2</td><td>–</td><td>1,251</td></tr>
<tr><td>Temasek Blooms Sdn. Bhd.</td><td>3</td><td>731</td><td>–</td></tr>
<tr><td>Hatten Place Sdn Bhd.</td><td>4</td><td>–</td><td>7,383</td></tr>
<tr><td>Lianbang Ventures Sdn. Bhd.</td><td>5</td><td>1,374</td><td>–</td></tr>
</table>
Notes:
(1) 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.
(2) Montane Construction Sdn. Bhd. is a company wholly owned by Tan Ler Choo, the aunt of Dato' Colin and Dato' Edwin. Transactions with Montane Construction Sdn Bhd were included under the IPT general mandate for prudence and good corporate governance although these transactions do not fall within the ambit of "interested person transactions" under Chapter 9 of the Catalist Rules.
(3) 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.
(4) Hatten Place 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.
(5) Lianbang Ventures Sdn Bhd is a company indirectly wholly owned by Dato' Tan June Teng Colin @ Chen JunTing and Dato' Tan Ping Huang Edwin @ Chen BingHuang.
</td></tr>
</table>

Corporate
Governance

Provision	Code Description	Company's Compliance or Explanation
1204(19)	Dealing in securities	The Company has adopted an internal policy which prohibits the Directors and officers of the Group from dealing in the securities of the Company while in possession of price-sensitive information. All Company, its Directors and officers of the Group are prohibited from dealing in the Company's securities during the period commencing two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full year financial statements respectively, and ending on the date of the announcement of the relevant results. The Company, its Directors and officers of the Group are also reminded to observe the insider trading laws at all times even when dealing in securities within permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.
1204(21)	Non-sponsor fees	For FY2020, the Company paid to its sponsor, UOB Kay Hian Private Limited non-sponsor fees of S$32,000 for advisory services rendered in relation to the proposed transfer of listing to the Mainboard regime and adoption of new constitution.
1204(22)	Use of proceeds	There were no outstanding proceeds arising from initial public offering and/or any offerings pursuant to Chapter 8 of the Catalist Rules.

Disclosure of Information on Directors Seeking Re-election

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Dato' Tan June Teng Colin and Foo Jong Han Rey are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 30 October 2020 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(5) of the Listing Manual of the SGX-ST Catalist Rules, the following is the information relating to the Retiring Directors as set out in Appendix 7F to the Listing Manual of the SGX-ST:

	DATO' TAN JUNE TENG COLIN	FOO JONG HAN REY
Date of Appointment	24 January 2017	24 January 2017
Date of last re-appointment	25 October 2018	26 October 2017
Age	37	54
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Dato' Tan June Teng Colin for re-appointment as Executive Director of the Company. The Board have reviewed and concluded that Dato' Tan June Teng Colin possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Foo Jong Han Rey for re-appointment as Independent Director of the Company. The Board have reviewed and concluded that Foo Jong Han Rey possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive Dato' Tan June Teng Colin is responsible for the overall management and strategy of the Group.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Managing Director.	Chairman of the Remuneration Committee, Member of the Audit and Risk Committee and Member of the Nominating Committee
Professional qualifications	Bachelor of Science (Finance) from University of Dublin	Graduated from LLB Honours from University of Buckingham and LLM in Corporate and Commercial Law from Queen Mary College, University of London
Working experience and occupation(s) during the past 10 years	Hatten Land Limited and its related corporations	Partner of Singapore law firm KSCGP Juris LLP (1999 to present)
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest: 987,091,508	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Dato' Tan June Teng Colin is the brother of Dato' Tan Ping Huang Edwin, Executive Director and Deputy Managing Director of the Company	No

Disclosure of Information on Directors Seeking Re-election

	DATO' TAN JUNE TENG COLIN	FOO JONG HAN REY
Conflict of Interest (including any competing business)	Save as disclosed in 25.1.1(e) to (h) of Appendix A of the Circular dated 29 December 2016, Dato' Tan June Teng Colin has no other conflict of interest. To mitigate any perceived or potential conflict of interest, Hattan Land Limited has entered into a Non-Competition Agreement with Dato' Tan June Teng Colin details of which can be found in 25.1.2 of Appendix A of the Circular dated 29 December 2016.	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships# Past (for the last 5 years) Present	Yes Please refer to Appendix A Please refer to Appendix B	Yes 1. VGO Corporation Limited 1. Hatten Land Limited 2. Central Wine Exchange Pte. Ltd 3. Media Plus (M) Sdn. Bhd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "**yes**", full details must be given.		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c) Whether there is any unsatisfied judgment against him?	No	No

Disclosure of Information on Directors Seeking Re-election

		DATO' TAN JUNE TENG COLIN	FOO JONG HAN REY
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

Disclosure of Information on Directors Seeking Re-election

	DATO' TAN JUNE TENG COLIN	FOO JONG HAN REY
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

Disclosure of Information on Directors Seeking Re-election

	DATO' TAN JUNE TENG COLIN	FOO JONG HAN REY
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.

Appendix A – List of Past Directorship for Dato' Tan June Teng Colin

1. AIM Facility Management Sdn. Bhd.
2. ECT Realty Sdn. Bhd.
3. ECT Realty (Muar) Sdn. Bhd.
4. ECT (Realty (JB) Sdn. Bhd
5. Fuyuu Advance Sdn. Bhd.
6. Fuyuu City Sdn Bhd
7. Fuyuu Revenue Sdn Bhd
8. Fuyuu Victory Sdn. Bhd.
9. Golder Retail Sdn. Bhd
10. HGC Development Sdn. Bhd.
11. MDSA Alliance Sdn. Bhd.
12. MDSA Assets Sdn. Bhd.
13. Teddie Bear Hotel (Melaka) Sdn. Bhd.
14. Vibrant Valley Sdn. Bhd.
15. Tunas Binamas Sdn. Bhd.

Disclosure of Information on
Directors Seeking Re-election

Appendix B – List of Present Directorship for Dato' Tan June Teng Colin

1.	Admiral Merger Sdn. Bhd.	37.	Oscar Gain Sdn. Bhd.
2.	Cosha Retail Sdn. Bhd.	38.	Padang Pahlawan Sdn. Bhd.
3.	Dataran Pahlawan Management Sdn. Bhd.	39.	Pahlawan City Sdn. Bhd.
4.	EGAH Group Sdn. Bhd.	40.	Parvillion Hectares Sdn.Bhd.
5.	Estadia Sdn. Bhd.	41.	Prolific Arces Sdn. Bhd
6.	Ensure Merger Sdn. Bhd.	42.	Prolific Advance Sdn. Bhd.
7.	Elements RSS Management Sdn. Bhd.	43.	Prolific Assets Sdn. Bhd.
8.	Gold Mart Sdn. Bhd.	44.	Prolific Brilliance Sdn. Bhd.
9.	MDSA Holdings Sdn. Bhd.	45.	Prolific Hectares Sdn. Bhd.
10.	MDSA Capital Sdn. Bhd.	46.	Prolific Holdings Sdn. Bhd.
11.	MDSA Development Sdn. Bhd.	47.	Prolific Properties Sdn. Bhd.
12.	UniCity Hotels Sdn. Bhd.	48.	Prolific Resources Sdn. Bhd.
13.	MDSA Vedro Development Sdn. Bhd.	49.	Prolific Revenue Sdn. Bhd.
14.	MDSA Land Sdn. Bhd.	50.	Prolific Synergy Sdn. Bhd.
15.	MDSA Properties Sdn. Bhd.	51.	Regal Fiesta Sdn. Bhd.
16.	MDSA Resources Sdn. Bhd.	52.	Teddie Bear Group Sdn. Bhd.
17.	MDSA Success Sdn. Bhd.	53.	Teddie Bear Hotel International Sdn. Bhd.
18.	MDSA Ventures Sdn. Bhd.	54.	Temasek Blooms Sdn. Bhd.
19.	Hatten Asset Management Sdn. Bhd.	55.	UniCity Hotels Sdn. Bhd
20.	Hatten Brand Management Sdn. Bhd.	56.	United Asia Pacific Group Sdn. Bhd.
21.	Hatten Commercial Sdn. Bhd.	57.	Vibrant Valley Sdn. Bhd.
22.	Hatten Edu Cates Sdn. Bhd.	58.	Velvet Valley Sdn. Bhd.
23.	Hatten Group Sdn. Bhd.	59.	Velvet Valley Management Sdn. Bhd.
24.	Hatten Hotel International Sdn. Bhd.	60.	Genonefive Pte. Ltd
25.	Hatten Hotel (Melaka) Sdn. Bhd.	61.	Hatten MS Pte. Ltd.
26.	Hatten Hotels Worldwide Sdn. Bhd.	62.	Hatten Technology (S) Pte. Ltd.
27.	Hatten Land Sdn Bhd	63.	NCSA Services Pte. Ltd
28.	Hatten Place Sdn Bhd	64.	Hatten Land China Pte. Ltd.
29.	Hatten Property Management Sdn. Bhd.	65.	Hatten Wellness China Pte. Ltd
30.	Hatten Properties Sdn. Bhd.	66.	Hatten Holdings Pte. Ltd.
31.	Hatten Support Services Sdn. Bhd.	67.	Hatten Properties Pte. Ltd.
32.	Houfu Group Sdn. Bhd.	68.	Hatten BRI Technology Pte. Ltd.
33.	HH Worldwide Sdn. Bhd.	69.	Triotan Investment Pte. Ltd.
34.	Lianbang Holdings Sdn. Bhd.	70.	Dataran Pahlawan Melaka Holdings
35.	Lianbang Ventures Sdn. Bhd.	71.	Pahlawan Holdings Limited
36.	Mayatrade Sdn. Bhd.	72.	Linkson Enterprises Limited

Directors' Statement

The directors present their statement to the members together with the audited consolidated financial statements of Hatten Land Limited (the "Company") and its subsidiaries (collectively, the "Group"), and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2020.

Opinion of the directors

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 30 June 2020, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due on the assumption that, as stated in Note 3(i) to the financial statements, the Group will be able to generate sufficient cash flows from its operations in the next 12 months from the date these financial statements were approved through the monetising of unsold completed properties and cost containment measures, improving the Group's liquidity through the disposal/restructuring of subsidiaries, and the restructuring of existing loans and borrowings.

Directors

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

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

Arrangements to enable directors to acquire benefits

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

Directors' interests in shares and debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations (other than wholly-owned subsidiaries) as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
Name of directors and companies in which interest are held	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Dato' Tan June Teng Colin @ Chen JunTing	–	–	987,091,508	987,091,508
Dato' Tan Ping Huang Edwin @ Chen BingHuang	–	–	987,091,508	987,091,508
Ordinary shares of Hatten Holdings Pte. Ltd. (the immediate and ultimate holding company)				
Dato' Tan June Teng Colin @ Chen JunTing	1	1	–	–
Dato' Tan Ping Huang Edwin @ Chen BingHuang	1	1	–	–

Directors' Statement

Directors' interests in shares and debentures (cont'd)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2020.

By virtue of section 7 of the Act, Dato' Tan June Teng Colin @ Chen JunTing and Dato' Tan Ping Huang Edwin @ Chen BingHuang with interests in the immediate and ultimate holding company are deemed to have an interest in the Company and in its wholly-owned subsidiary corporations.

Share options

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

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

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

During the financial year, there were:

- no share options granted to subscribe for unissued shares of the Company; and

- no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit and Risk Committee

The members of the Audit and Risk Committee ("ARC") during the year and at the date of this report are:

–	Dato' Wong King Kheng	(Chairman and Lead Independent Director)
–	Loh Weng Whye	(Member and Independent Director)
–	Foo Jong Han Rey	(Member and Independent Director)

The ARC carried out its functions in accordance with section 201B (5) of the Act, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;

- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;

- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management;

- Met with the internal and external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARC;

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;

Audit and Risk Committee (cont'd)

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

– Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

– Reported actions and minutes of the ARC to the board of directors with such recommendations as the ARC considered appropriate; and

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

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

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

The ARC has recommended to the directors the nomination of Baker Tilly TFW LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

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

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Dato' Tan June Teng Colin @ Chen JunTing
Director

Dato' Tan Ping Huang Edwin @ Chen BingHuang
Director

15 October 2020

Independent Auditor's Report

TO THE MEMBERS OF HATTEN LAND LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Hatten Land Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 June 2020, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year then ended on that date.

Basis for Qualified Opinion

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 as disclosed in Note 12 to the financial statements. In the previous financial year, the other firm of auditors was 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, we are unable to satisfy ourselves 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. Our 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.

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3(i) to the financial statements with respect to the Group's and the Company's ability to continue as going concerns. The Group and the Company incurred a net loss of RM229.7 million and RM493.0 million respectively during the financial year ended 30 June 2020. As at 30 June 2020, the Group's current liabilities exceeded its current assets by RM34.8 million. The Group's total loans and borrowings amounted to RM399.1 million, of which RM276.8 million were classified as current liabilities and exceeded the Group's cash and bank balances of RM23.1 million. The Company's total loans and borrowings amounted to RM192.5 million, all of which were classified as current liabilities, and exceeded the Company's cash and bank balances of RM0.8 million. The Group's working capital primarily comprises development properties and the related receivables. Subsequent to the year end, the Group had not been able to meet its forecasted sales target for its development properties and experienced slower recovery of its receivables. The continuing challenges affecting the property market in Melaka, Malaysia, continue to impact the realisation of the Group's development properties. In addition, the COVID-19 pandemic has brought about uncertainties to the Group's and the Company's operating environments as disclosed in Note 32(a) to the financial statements. These conditions give rise to material uncertainties on the ability of the Group and Company to continue as going concerns.

On 11 August 2020, the Company announced to dispose its wholly owned subsidiary, Gold Mart Sdn Bhd ("GMSB") to a third party which will generate gross proceeds of US$60 million for the Company. The proceeds will be used to redeem certain loans and borrowings of the Group, as well as providing working capital to the Group as planned. In addition, the Company is also working to secure refinancing package for the US$25 million secured bonds. The ability of the Group and the Company to continue as going concerns depend on the schemes to improve the Group's liquidity through the ongoing disposal/restructuring of subsidiaries, and the arrangements to secure additional funding and loan refinancing. Full details are disclosed in Note 3. The Group and the Company remain confident of raising additional funds required and will be able to generate sufficient cash flows from its operations in the next 12 months and therefore the directors consider it appropriate to prepare the financial statements on a going concern basis.

Report on the Audit of the Financial Statements (cont'd)

Material Uncertainty Related to Going Concern (cont'd)

The carrying values of the assets as recorded on the statements of financial position of the Group and Company as at 30 June 2020 have been determined based on their continuation as going concern and recovery in the normal course of business. If the going concern assumption is not appropriate and the financial statements were presented on a realisation basis, the carrying values of assets and liabilities may be materially different from that currently recorded in the statements of financial position. If the Group and the Company were unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. No such adjustments have been made to the financial statements.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the the *Basis for Qualified Opinion and Material Uncertainty Related to Going Concern* sections, we have determined the matter described below to be the key audit matter to be communicated in our report.

Impairment loss on development properties and property, plant and equipment

The Group develops properties in Melaka, Malaysia, and has mixed development properties held for sale and related property, plant and equipment held for use at these mixed development properties that are significant. The continuing challenges affecting the property market in Melaka continue to impact the realisation of the Group's development properties. In addition, the COVID-19 pandemic has brought about uncertainties to the Group's and the Company's operating environments. These factors may affect the carrying amounts of the Group's development properties and property, plant and equipment.

The determination of the net realisable value of these development properties is dependent upon the Group's expectations of estimated selling prices and estimated total construction costs as disclosed in Note 3(ii) to the financial statements. The estimated realisation of the Group's development properties in turn affects the assessment of whether there is an indication that the related property, plant and equipment have suffered an impairment loss.

Our audit procedures included (a) corroborating the estimated selling prices to the independent valuers' forecasts and that pricing differentials are reasonable, and assessing the objectivity, competency and capability of these external experts; (b) verifying the actual cost incurred against underlying contracts with main contractors and vendors and supporting documents; (c) assessing the reasonableness of cost to complete taking into consideration historical trends of the amounts incurred; and (d) discussing with the management the basis for the estimated cost to complete taking into consideration historical trends of the amounts incurred and current conditions.

Other Matters

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2019 were audited by another firm of auditors whose report dated 8 November 2019 expressed a disclaimer of opinion on those financial statements as detailed in Note 33 to the financial statements.

Independent
Auditor's Report

TO THE MEMBERS OF HATTEN LAND LIMITED

Report on the Audit of the Financial Statements (cont'd)

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Because of the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, we are unable to conclude whether or not the other information is materially misstated with respect to the matter.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Independent Auditor's Report

TO THE MEMBERS OF HATTEN LAND LIMITED

Report on the Audit of the Financial Statements (cont'd)

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chan Sek Wai.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

15 October 2020

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group 2020 RM'000	Group 2019 RM'000 (Restated)
Revenue	4	**109,447**	342,816
Cost of sales		**(84,418)**	(140,957)
Gross profit		**25,029**	201,859
Other items of income			
Other operating income	5(a)	**8,242**	11,230
Other income/gains	5(b)	**17,722**	11,071
Other items of expense			
Selling and marketing expenses		**(4,156)**	(8,576)
Administrative expenses		**(106,907)**	(103,463)
Impairment loss on trade receivables – credit loss on revocation of sales		**(37,766)**	–
Other expenses	5(c)	**(94,244)**	–
Finance costs	6	**(52,224)**	(37,399)
(Loss)/profit before tax	7	**(244,304)**	74,722
Income tax credit/(expense)	8	**14,575**	(63,675)
(Loss)/profit for the year		**(229,729)**	11,047
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss			
Currency translation differences arising on consolidation		**(1)**	5
Total comprehensive (loss)/income for the year		**(229,730)**	11,052
(Loss)/profit for the year attributable to:			
Owners of the Company		**(229,704)**	9,542
Non-controlling interests		**(25)**	1,505
(Loss)/profit for the year		**(229,729)**	11,047
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(229,705)**	9,547
Non-controlling interests		**(25)**	1,505
Total comprehensive (loss)/income for the year		**(229,730)**	11,052
(Loss)/earnings per share attributable to owners of the Company (RM cents per share)			
Basic and diluted	9	**(16.3)**	0.7

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

AS AT 30 JUNE 2020

	Note	Group			Company	
		30.6.2020	30.6.2019	1.7.2018	**30.6.2020**	30.6.2019
		RM'000	RM'000 (Restated)	RM'000	**RM'000**	RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	10	**190,870**	242,872	157,401	**–**	–
Right-of-use assets	11	**121,517**	–	–	**–**	–
Investment in a subsidiary	12	**–**	–	–	**710,739**	1,203,315
Deferred tax assets	13	**–**	–	26,888	**–**	–
Trade and other receivables	15	**118,341**	605	587	**–**	–
		430,728	243,477	184,876	**710,739**	1,203,315
Current assets						
Development properties	14	**641,802**	678,795	683,061	**–**	–
Contract assets	4(a)	**–**	3,267	337,606	**–**	–
Trade and other receivables	15	**384,404**	558,854	308,818	**299,318**	278,240
Prepayments		**3,751**	4,459	1,633	**158**	131
Cash and bank balances	16	**23,142**	28,484	59,980	**840**	269
		1,053,099	1,273,859	1,391,098	**300,316**	278,640
Total assets		**1,483,827**	1,517,336	1,575,974	**1,011,055**	1,481,955
LIABILITIES						
Non-current liabilities						
Lease liabilities	17	**81,313**	–	–	**–**	–
Loans and borrowings	18	**122,320**	87,692	239,307	**–**	–
Other payables	19	**32,191**	29,925	29,806	**–**	–
Deferred tax liabilities	13	**172**	12,415	–	**–**	–
		235,996	130,032	269,113	**–**	–
Current liabilities						
Lease liabilities	17	**37,169**	–	–	**–**	
Loans and borrowings	18	**276,810**	328,832	292,349	**192,464**	186,055
Income tax payable		**42,190**	47,396	40,310	**–**	–
Trade and other payables	19	**380,799**	294,061	259,446	**4,007**	2,452
Provisions	20	**93,922**	68,896	37,588	**–**	–
Contract liabilities	4(a)	**256,976**	272,563	304,159	**–**	–
		1,087,866	1,011,748	933,852	**196,471**	188,507
Total liabilities		**1,323,862**	1,141,780	1,202,965	**196,471**	188,507
Net assets		**159,965**	375,556	373,009	**814,584**	1,293,448
Equity						
Share capital	21	**267,425**	252,719	252,719	**1,299,929**	1,285,223
(Accumulated losses)/retained earnings		**(24,554)**	205,717	197,228	**(485,345)**	8,225
Translation reserve	22	**4**	5	–	**–**	–
Merger reserve	23	**(79,513)**	(79,513)	(79,513)	**–**	–
Other reserve		**(3,397)**	(3,222)	–	**–**	–
		159,965	375,706	370,434	**814,584**	1,293,448
Non-controlling interests		**–**	(150)	2,575	**–**	–
Total equity		**159,965**	375,556	373,009	**814,584**	1,293,448
Total equity and liabilities		**1,483,827**	1,517,336	1,575,974	**1,011,055**	1,481,955

The accompanying notes form an integral part of these financial statements.

Statements of
Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

2020 Group	Note	Share capital RM'000	(Accumulated losses)/ retained earnings RM'000	Translation reserve RM'000	Merger reserve RM'000	Premium paid on acquisition of non-controlling interests RM'000	Equity attributable to owners of the Company, total RM'000	Non-controlling interests RM'000	Total RM'000
		Attributable to owners of the Company							
At 1 July 2019, as previously reported		252,719	215,029	5	(79,513)	(3,222)	385,018	(150)	384,868
Restatement adjustments	34	–	(9,312)	–	–	–	(9,312)	–	(9,312)
At 1 July 2019, as restated		252,719	205,717	5	(79,513)	(3,222)	375,706	(150)	375,556
Loss for the year		–	(229,704)	–	–	–	(229,704)	(25)	(229,729)
Other comprehensive loss									
Currency translation on consolidation		–	–	(1)	–	–	(1)	–	(1)
Total comprehensive loss for the year		–	(229,704)	(1)	–	–	(229,705)	(25)	(229,730)
Contributions by and distributions to owners									
Issuance of ordinary shares	21	15,531	–	–	–	–	15,531	–	15,531
Shares issuance expenses	21	(825)	–	–	–	–	(825)	–	(825)
Dividend on ordinary shares	29	–	(567)	–	–	–	(567)	–	(567)
Changes in ownership interests in a subsidiary									
Acquisition of non-controlling interests without a change in control		–	–	–	–	(175)	(175)	175	–
Total transactions with owners in their capacity as owners		14,706	(567)	–	–	(175)	13,964	175	14,139
At 30 June 2020		267,425	(24,554)	4	(79,513)	(3,397)	159,965	–	159,965

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

2019 Group	Note	Attributable to owners of the Company							
		Share capital RM'000	Retained earnings RM'000	Translation reserve RM'000	Merger reserve RM'000	Premium paid on acquisition of non-controlling interests RM'000	Equity attributable to owners of the Company, total RM'000	Non-controlling interests RM'000	Total RM'000
At 1 July 2018		252,719	197,228	–	(79,513)	–	370,434	2,575	373,009
Profit for the year, as previously reported		–	18,854	–	–	–	18,854	1,505	20,359
Restatement adjustments	34	–	(9,312)	–	–	–	(9,312)	–	(9,312)
Profit for the year, as restated		–	9,542	–	–	–	9,542	1,505	11,047
Other comprehensive income									
Currency translation on consolidation		–	–	5	–	–	5	–	5
Total comprehensive income for the year, restated		–	9,542	5	–	–	9,547	1,505	11,052
Distributions to owners									
Dividend on ordinary shares	29	–	(1,053)	–	–	–	(1,053)	–	(1,053)
Changes in ownership interests in a subsidiary									
Acquisition of non-controlling interests without a change in control	12	–	–	–	–	(3,222)	(3,222)	(4,230)	(7,452)
Total transactions with owners in their capacity as owners		–	(1,053)	–	–	(3,222)	(4,275)	(4,230)	(8,505)
At 30 June 2019, restated		252,719	205,717	5	(79,513)	(3,222)	375,706	(150)	375,556

Company	Note	Attributable to owners of the Company		
		Share capital RM'000	(Accumulated losses)/ retained earnings RM'000	Total RM'000
2020				
At 1 July 2019		**1,285,223**	**8,225**	**1,293,448**
Loss and total comprehensive loss for the year		**–**	**(493,003)**	**(493,003)**
Contributions by and distributions to owners				
Issuance of ordinary shares	21	**15,531**	**–**	**15,531**
Shares issuance expenses	21	**(825)**	**–**	**(825)**
Dividend on ordinary shares	29	**–**	**(567)**	**(567)**
		14,706	**(567)**	**14,139**
At 30 June 2020		**1,299,929**	**(485,345)**	**814,584**
2019				
At 1 July 2018		1,285,223	6,093	1,291,316
Profit and total comprehensive income for the year		–	3,185	3,185
Dividend on ordinary shares	29	–	(1,053)	(1,053)
At 30 June 2019		1,285,223	8,225	1,293,448

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of
Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group 2020 RM'000	2019 RM'000 (Restated)
Cash flows from operating activities			
(Loss)/profit before tax		**(244,304)**	74,722
Adjustments for:			
Depreciation of property, plant and equipment	10	**3,005**	4,463
Depreciation of right-of-use assets	11	**34,849**	–
Loss/(gain) on disposal of property, plant and equipment		**19**	(47)
Gain on disposal of right-of-use assets	5	**(2,296)**	–
Loss on write-off of property, plant and equipment	7	**730**	–
Interest income	5	**(934)**	(2,295)
Interest expense	6	**52,224**	37,399
Impairment loss on property, plant and equipment	10	**66,507**	–
Impairment loss on development properties		**22,058**	–
Modification loss on trade receivables	15	**18,519**	–
Unrealised foreign exchange loss		**9,061**	4,118
Amortisation of capitalised costs of obtaining contracts	14	**4,856**	35,111
Amortisation of capitalised government grant	14	**–**	(203)
Amortisation of capitalised transaction costs	18	**–**	4,874
Operating cash flows before working capital changes		**(35,706)**	158,142
Changes in operating assets and liabilities			
Development properties		**10,079**	(28,453)
Contract assets		**3,267**	261,023
Contract liabilities		**(69,283)**	(31,596)
Trade and other receivables		**41,095**	(252,880)
Trade and other payables		**158,960**	66,042
Cash flow generated from operations		**108,412**	172,278
Interest paid		**(34,910)**	(37,396)
Interest received		**934**	2,295
Income tax (paid)/received		**(2,874)**	46,388
Net cash flows generated from operating activities		**71,562**	183,565
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**7**	972
Proceeds from disposal of of right-of-use assets		**105**	–
Additions to property, plant and equipment	10	**(23,513)**	(88,651)
Acquisition of subsidiaries		**–**	1
Decrease in pledged fixed deposits		**(37)**	(55)
Net cash flows used in investing activities		**(23,438)**	(87,733)
Cash flows from financing activities			
Net proceeds from issuance of ordinary shares	21	**14,706**	–
Proceeds from term loans	18	**66,213**	52,248
Repayment of obligations under finance leases	18	**–**	(3,060)
Repayment of lease liabilities	17	**(28,778)**	–
Interest portion on lease liabilities	17	**(17,314)**	–
Repayment of term loans	18	**(85,962)**	(168,914)
Repayment of medium-term notes	18	**(2,023)**	(7,000)
Dividends paid	29	**(567)**	(1,053)
Net cash flows used in financing activities		**(53,725)**	(127,779)
Net decrease in cash and cash equivalents		**(5,601)**	(31,947)
Cash and cash equivalents the beginning of the year		**27,257**	58,808
Effects of exchange rate changes on cash and cash equivalents		**222**	396
Cash and cash equivalents at the end of the year	16	**21,878**	27,257

The accompanying notes form an integral part of these financial statements.

Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate information

The Company (Co. Reg. No. 199301388D) is incorporated and domiciled in Singapore and is listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The immediate and ultimate holding company is Hatten Holdings Pte. Ltd, which is incorporated and domiciled in Singapore.

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

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 12.

2. Summary of significant accounting policies

(a) Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are expressed in Ringgit Malaysia ("RM"), which is the Group's and Company's functional currency and all financial information presented in Ringgit Malaysia are rounded to the nearest thousand (RM'000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the following accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Act, the Company's separate statement of comprehensive income is not presented.

Use of estimates and judgements

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

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and bank balances, trade and other current receivables, payables and borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards

In the current financial year, the Group has adopted all the new and revised SFRS(I) that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I).

Notes to
The Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

2. **Summary of significant accounting policies** (cont'd)

(a) **Basis of preparation** (cont'd)

New and revised standards (cont'd)

The adoption of these new and revised SFRS(I) did not have any material effect on the financial results or position of the Group except as disclosed below.

SFRS(I) 16 Leases

When the Group is the lessee

SFRS(I) 16 replaces the existing SFRS(I) 1-17 *Leases* for financial periods beginning 1 January 2019. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statement of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability.

On adoption of SFRS(I) 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "Operating Leases" under SFRS(I) 1-17. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 July 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 6.89% per annum.

	2020 RM'000
Operating lease commitments disclosed as at 30 June 2019 (Note 24(b))	601,422
Discounting effect using the weighted average incremental borrowing rate	(53,820)
Add: Finance lease liabilities recognised as at 30 June 2019	4,906
Less: Rental guarantees for uncompleted development properties (Note 24(b))	(413,705)
Less: Adjustments as a result of different treatment of extension or termination options	(735)
Lease liabilities recognised as at 1 July 2019 (Note 17)	138,068

The associated right-of-use assets were measured at the amount equal to the lease liability (adjusted for deferred rent) on adoption. Arising from the adoption of SFRS(I) 16, right-of-use assets and lease liabilities of RM138,103,000 and RM138,068,000 respectively were recognised on the statement of financial position on 1 July 2019.

In applying SFRS(I) 16 for the first time, the Group has used the practical expedients permitted by the standard on the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

When the Group is the lessor

There are no material changes to accounting by the Group as a lessor.

New standards, amendments to standards and interpretations that have been issued at the end of the financial period but are not yet effective for the financial year ended 30 June 2020 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

2. **Summary of significant accounting policies** (cont'd)

(b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the financial period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

2. **Summary of significant accounting policies** (cont'd)

(c) **Basis of consolidation** (cont'd)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated profits if required by a specific FRS.

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

(d) **Revenue recognition**

Sale of development properties

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

For development properties where the Group is restricted contractually from directing the properties for another use and has enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

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

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

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

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

2. **Summary of significant accounting policies** (cont'd)

(d) **Revenue recognition** (cont'd)

Sale of development property with leaseback arrangement

Certain properties developed by the Group are sold to purchasers with a leaseback arrangement to provide rental yield of 6% to 9% of the purchase price for a committed period of 3 to 9 years. The rental yield is provided through a tenancy agreement that is executed at the time the purchaser entered into a sale and purchase agreement with the Group.

The sale of development property with leaseback arrangement is assessed to be accounted for as two separate transactions where the sale of development property during the construction period is accounted for based on SFRS(I) 15 *Revenue from Contracts with Customers* and the lease transaction shall be accounted for in accordance with SFRS(I) 16 *Leases*.

Rental income

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

Interest income

Interest income is recognised using the effective interest method.

Forfeiture income

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

(e) **Property, plant and equipment**

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight-line basis to write off the cost of other property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Years
Freehold Land	Not depreciated
Freehold buildings	50
Carparks	50
Cinema	50
Motor vehicles	5
Computers and office equipment	3 - 5
Renovation	3 - 5

Notes to
The Financial Statements

2. Summary of significant accounting policies (cont'd)

(e) Property, plant and equipment (cont'd)

Construction-in-progress are not depreciated as these assets are not yet available for use.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each financial period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Properties in the course of construction are carried at cost, less any recognised impairment loss until construction or development is completed. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(f) Impairment of non-financial assets

At the end of each financial period, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

(g) Leases

The accounting policy for leases before 1 July 2019 is as follows:

When the Group is the lessee

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

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

2. Summary of significant accounting policies (cont'd)

(g) Leases (cont'd)

The accounting policy for leases before 1 July 2019 is as follows: (cont'd)*:*

When the Group is the lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

The accounting policy for leases after 1 July 2019 is as follows:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When the Group is the lessee

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, such as a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Notes to
The Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

2. **Summary of significant accounting policies** (cont'd)

(g) **Leases** (cont'd)

The accounting policy for leases after 1 July 2019 is as follows (cont'd)*:*

When the Group is the lessee (cont'd)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(f).

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has not used this practical expedient.

When the Group is the lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes both lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

2. **Summary of significant accounting policies** (cont'd)

(h) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the financial period, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the financial period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the financial period.

(i) Development properties

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

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

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

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

(j) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

2. **Summary of significant accounting policies** (cont'd)

(j) **Financial assets** (cont'd)

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets at amortised cost. The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

The Group's financial assets at amortised cost include trade and other receivables (excluding prepayments), and cash and cash equivalents comprising fixed deposit and cash and bank balances. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous financial period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Financial assets and liabilities are offset and the net amount presented on the statement of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. **Summary of significant accounting policies** (cont'd)

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value and excludes pledged deposits.

(l) Financial liabilities

Financial liabilities include trade and other payables (excluding provision for unutilised annual leave), lease liabilities, and loans and borrowings. Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequent measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

(m) Government grants

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

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

(n) Share capital

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

(o) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the financial period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

(p) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

2. **Summary of significant accounting policies** (cont'd)

(q) **Employee benefits**

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial period.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") in Singapore and Employee Provident Fund ("EPF") in Malaysia, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

(r) **Foreign currencies**

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in RM, which is the Company's functional and presentation currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The financial performance and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the end of the financial period;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

2. **Summary of significant accounting policies** (cont'd)

(r) **Foreign currencies** (cont'd)

Translation of Group entities' financial statements (cont'd)

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign operation/entity, the cumulative amount of the currency translation reserve relating to that particular foreign operation/entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

(s) **Financial guarantees**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 and the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

(t) **Dividend**

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

(u) **Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

3 **Critical accounting judgements and key sources of estimation uncertainty**

Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations):

(i) **Going concern assumption**

The Group and the Company incurred a net loss of RM229.7 million and RM493.0 million respectively during the financial year ended 30 June 2020. As at 30 June 2020, the Group's current liabilities exceeded its current assets by RM34.8 million. The Group's total loans and borrowings amounted to RM399.1 million, of which RM276.8 million were classified as current liabilities and exceeded the Group's cash and bank balances of RM23.1 million. The Company's total loans and borrowings amounted to RM192.5 million, all of which were classified as current liabilities, and exceeded the Company's cash and bank balances of RM0.8 million. The Group's working capital primarily comprises development properties and the related receivables. Subsequent to the year end, the Group had not been able to meet its forecasted sales target for its development properties and experienced slower recovery of its receivables. The continuing challenges affecting the property market in Melaka, Malaysia, continues to impact the realisation of the Group's development properties causing a strain on its cash flows. In addition, the COVID-19 pandemic has brought about uncertainties to the Group's and the Company's operating environments as disclosed in Note 32(a). These conditions give rise to material uncertainties on the ability of the Group and Company to continue as going concern.

Notes to
The Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Critical judgements in applying the entity's accounting policies (cont'd)

(i) Going concern assumption (cont'd)

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

(a) As at 30 June 2020, the Group had net assets of RM160.0 million. In addition, the Group has a substantial value of unsold completed properties. The Group's priority is to monetise these assets through collection and sales to generate cashflow;

(b) In response to the challenging business environment, the Company has implemented various cost containment measures to generate immediate savings and conserve financial resources. In addition to salary adjustments and reduction of non-essential expenses, the Company announced on 31 August 2020 the capitalisation of rental expenses to preserve cash (Note 31(d));

(c) 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.

(d) The Group has embarked on strategic restructuring of its two subsidiaries MDSA Resources Sdn Bhd and MDSA Ventures Sdn Bhd 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;

(e) The Company has worked closely with its lenders to extend the repayment obligations for its borrowings. This has helped aligned the Group's repayment requirements with the current business climate and channel its cashflow for operation purposes;

(f) 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;

(g) As disclosed in Note 18 to the financial statements, 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 the financial statements, 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 requirements and/or other general corporate purposes when need arises.

The Group and the Company remain confident of raising additional funds required and will be able to generate sufficient cash flows from its operations in the next 12 months and therefore the directors consider it appropriate to prepare the financial statements on a going concern basis.

The carrying values of the assets as recorded on the statements of financial position of the Group and Company as at 30 June 2020 have been determined based on their continuation as going concern and recovery in the normal course of business. If the going concern assumption is not appropriate and the financial statements were presented on a realisation basis, the carrying values of assets and liabilities may be materially different from that currently recorded in the statements of financial position. If the Group and the Company were unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. No such adjustments have been made to the financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Critical judgements in applying the entity's accounting policies (cont'd)

(ii) Classification of properties

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property, plant and equipment and/or development property held for sale. The Group develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment and development property held for sale. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in SFRS(I) 1-2 Inventories, SFRS(I) 1-16 Property, Plant and Equipment and SFRS(I) 1-40 Investment Property, and in particular, the intended usage of property as determined by the management.

(iii) Contracts with customers

(a) Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. The Group has assessed that based on the contracts entered into with customers and the provisions of relevant laws and regulations, the Group recognises revenue over time where contracts are entered into for property development (sale of properties to customers), the Group is restricted contractually from directing the properties for other use and has an enforceable right to payment for performance completed to date.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

(b) Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

Key sources of estimation uncertainty

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

(i) Estimation of net realisable value for development properties

Development properties are stated at lower of cost or net realisable value. Net realisable value is assessed with reference to the estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and prevailing market conditions. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred. The carrying amount of the Group's development properties at the end of the financial period is disclosed in Note 14.

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty

(ii) Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables. Details of ECL measurement and carrying value of trade receivables at reporting date are disclosed in Note 27(a).

(iii) Income taxes

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

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

(iv) Provision for liquidated ascertained damages

For contracts with variable considerations (i.e. liquidated ascertained damages), revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Thereafter, the amount of revenue recognised is adjusted for possibility of delays of the projects. The Group reviews the progress of the projects at each end of the financial period and updates the transaction price accordingly. The carrying amount of the Group's provision for liquidated ascertained damages at the end of the financial period is disclosed in Note 20.

(v) Estimating the incremental borrowing rate for leases

The Group uses the incremental borrowing rate to measure the lease liabilities because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs such as market interest rates, when available and is required to make certain entity-specific estimates, such as the subsidiary's stand-alone credit rating. Any change in estimation of incremental borrowing rate may have a significant impact to the determination of lease liabilities and right-of-use asset at the date of initial application of SFRS(I) 16. The carrying amount of right-of-use assets and lease liabilities are disclosed in Notes 11 and 17 respectively.

4. Revenue

	Group	
	2020	2019
	RM'000	RM'000
		(Restated)
Revenue from sale of development properties in Malaysia		
- recognised at a point in time	**69,050**	5,898
- recognised over time	**40,397**	336,918
	109,447	342,816

Offset against revenue from sale of development properties is liquidated ascertained damages payable to purchasers of RM40,736,000 (2019: RM34,486,000) (Note 20).

(a) Contract assets and contract liabilities

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

		Group	
	2020	2019	1.7.2018
	RM'000	RM'000	RM'000
		(Restated)	
Trade Receivables (Note 15)	**348,148**	404,482	219,674
Contract assets	**–**	3,267	337,606
Contract liabilities	**(256,976)**	(272,563)	(304,159)

Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date on sale of development properties. Contract assets are transferred to receivables when the rights become unconditional.

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

There were no significant changes in the contract asset and contract liability balances during the financial year.

(b) Transaction price allocated to remaining performance obligations

The aggregate amount of the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 30 June 2020 is RM483,640,000 (2019: RM546,608,000). The Group expects to recognise revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations over the next 2 years.

Notes to
The Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

5. Other operating income, other income/gains and other expenses

The following items have been included in arriving at other operating income, other income/gains and other expenses:

(a) Other operating income

	Group	
	2020	2019
	RM'000	RM'000
		(Restated)
Rental income	**8,242**	11,230

(b) Other income/gains

	Group	
	2020	2019
	RM'000	RM'000
		(Restated)
Forfeiture income	**6,586**	1,273
Service fee income	**1,401**	642
Interest income	**934**	2,295
Gain on disposal of property, plant and equipment	**–**	47
Gain on disposal of right-of-use assets	**2,296**	–
Administrative fees	**538**	1,090
Miscellaneous income	**5,027**	5,558
Others	**940**	166
	17,722	11,071

(c) Other expenses

	Group	
	2020	2019
	RM'000	RM'000
Impairment loss on property, plant and equipment (Note 10)	**66,507**	–
Impairment loss on development properties	**22,058**	–
Modification loss on trade receivables (Note 15)	**18,519**	–
	107,084	–
Less: impairment loss on development properties recognised under cost of sales	**(12,840)**	–
	94,244	–

6. Finance costs

	Group	
	2020	2019
	RM'000	RM'000
		(Restated)
Interest expense on:		
- Term loans, medium term notes, loan and secured bonds	**32,105**	35,031
- Obligations under finance leases	**–**	325
- Accretion of interest on other payables	**2,138**	1,010
- Lease liabilities (Note 17)	**17,314**	–
- Others	**667**	1,033
	52,224	37,399

7. (Loss)/Profit before tax

In addition to the transactions disclosed elsewhere in the notes to the financial statements, the (loss)/profit before tax is arrived at after charging/(crediting) the following:

	Group	
	2020	2019
	RM'000	RM'000
		(Restated)
Amortisation of capitalised government grant (Note 14)	**–**	(203)
Amortisation of capitalised costs of obtaining contracts (Note 14)	**4,856**	35,311
Amortisation of capitalised transaction costs (Note 18)	**–**	4,874
Depreciation of property, plant and equipment (Note 10)	**3,005**	4,463
Depreciation for right-of-use assets (Note 11)	**34,849**	–
Net loss on foreign exchange	**7,105**	8,233
Rental expense – operating lease	**–**	5,707
Rental expense – short-term or low value items	**2,316**	–
Impairment loss on trade receivables - credit loss on revocation of sales#	**37,766**	–
Loss on write-off of property, plant and equipment (Note 10)	**730**	–
Loss on disposal of property, plant and equipment	**19**	–
Audit fees payable to		
- auditor of the Company	**233**	292
- other auditors*	**240**	305
Fee for non-audit services payable to		
- auditor of the Company	**–**	70
Directors' fee	**570**	568
Directors' remuneration (Note 25(b))		
- Salaries and other emoluments	**2,868**	2,907
- Defined contribution plans	**151**	148
- Others	**577**	836
Staff costs		
- Salaries, wages and bonus	**12,277**	15,035
- Defined contribution plans	**1,289**	1,592
- Others	**94**	209

* Includes independent member form of Baker Tilly International in 2020.

Credit loss on revocation of sales represents the impairment loss on trade receivable recognised when customers revoke the sale and purchase agreement. The amount is net of assets recovered.

8. Income tax (credit)/expense

	Group 2020 RM'000	Group 2019 RM'000 (Restated)
Current income tax		
- Current year	**4,716**	21,758
- (Over)/under provision in prior years	**(7,048)**	2,614
	(2,332)	24,372
Deferred income tax		
- Origination and reversal of temporary differences	**(7,408)**	34,886
- (Over)/under provision in prior years	**(4,835)**	4,417
	(12,243)	39,303
Income tax (credit)/expense recognised in profit or loss	**(14,575)**	63,675

The income tax (credit)/expense on the results of the financial year differs from the amount of income tax determined by applying the domestic rates applicable to the (loss)/profit in the countries where the Group operates due to the following factors:

	Group 2020 RM'000	Group 2019 RM'000 (Restated)
(Loss)/profit before tax	**(244,304)**	74,722
Tax at the domestic rates applicable to profits in the countries where the Group operates	**(58,266)**	17,047
Adjustments:		
Income not subject to tax	**(173)**	(254)
Non-deductible expenses	**27,249**	9,566
Effect of partial tax exemption and tax relief	**(83)**	(108)
(Over)/under provision in respect of prior years	**(11,883)**	7,031
Reversal of previously unrecognised deferred tax	**–**	16,544
Deferred tax assets not recognised	**28,592**	14,858
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**–**	(982)
Others	**(11)**	(27)
Income tax (credit)/expense recognised in profit or loss	**(14,575)**	63,675

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction. The tax rates applicable to entities in Singapore and Malaysia are 17% and 24% (2019: 17% and 24%) respectively.

At the end of the financial year, the Group has tax losses of approximately RM181,927,000 (2019: RM71,319,000) and deductible temporary differences of RM38,740,000 (2019: RM30,214,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unused tax losses for the Company and subsidiaries in Singapore of approximately RM5,483,000 (2019: RM5,483,000) have no expiry date.

8. Income tax (credit)/expense (cont'd)

Effective from financial year ended 30 June 2018, unused tax losses for subsidiaries in Malaysia of approximately RM176,444,000 (2019: RM65,836,000) are allowed to be carried forward for a maximum period of seven years.

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements as at 30 June 2020 and 30 June 2019 (Note 29).

9. (Loss)/earnings per share

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

The basic and diluted (loss)/earnings per share for the financial years ended 30 June 2020 and 30 June 2019 are the same as there were no potential dilutive ordinary shares in existence for the financial years ended 30 June 2020 and 30 June 2019.

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

	Group	
	2020	2019 (Restated)
(Loss)/profit for the year attributable to owners of the Company (RM'000)	**(229,704)**	9,542
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share computation	**1,410,668,757**	1,378,096,353

10. Property, plant and equipment

Group	Construction-in-progress RM'000	Freehold land and buildings RM'000	Carparks RM'000	Cinema RM'000	Motor vehicles RM'000	Computers and office equipment RM'000	Renovation RM'000	Others RM'000	Total RM'000
Cost									
At 1 July 2018	131,842	1,697	16,888	–	11,578	2,700	808	1,599	167,112
Additions	62,154	–	12,319	12,177	2,682	776	402	342	90,852
Disposals	–	–	–	–	(1,492)	–	–	–	(1,492)
Reclassifications	(66,605)	–	66,605	–	–	–	–	–	–
Currency translation differences	–	–	–	–	–	35	24	–	59
At 1 July 2019	127,391	1,697	95,812	12,177	12,768	3,511	1,234	1,941	256,531
Reclassification on adoption of SFRS(I) 16 (Note 11)	–	–	–	–	(12,619)	(300)	–	–	(12,919)
Additions	23,012	–	–	–	–	56	208	237	23,513
Written off	–	–	–	–	–	(15)	–	(1,277)	(1,292)
Disposals	–	–	–	–	–	(14)	–	(47)	(61)
Currency translation differences	–	–	–	–	–	5	4	–	9
At 30 June 2020	**150,403**	**1,697**	**95,812**	**12,177**	**149**	**3,243**	**1,446**	**854**	**265,781**

Notes to
The Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

10. Property, plant and equipment (cont'd)

Group	Construction-in-progress RM'000	Freehold land and buildings RM'000	Carparks RM'000	Cinema RM'000	Motor vehicles RM'000	Computers and office equipment RM'000	Renovation RM'000	Others RM'000	Total RM'000
Accumulated depreciation and impairment loss									
At 1 July 2018	–	87	310	–	5,979	2,245	648	442	9,711
Charge for the year	–	22	1,229	113	2,281	362	181	275	4,463
Disposals	–	–	–	–	(567)	–	–	–	(567)
Currency translation differences	–	–	–	–	–	31	21	–	52
At 1 July 2019	–	109	1,539	113	7,693	2,638	850	717	13,659
Reclassification on adoption of SFRS(I) 16 (Note 11)	–	–	–	–	(7,637)	(35)	–	–	(7,672)
Charge for the year	–	23	1,916	243	30	268	177	348	3,005
Impairment losses	–	–	66,507	–	–	–	–	–	66,507
Written off	–	–	–	–	–	(1)	–	(561)	(562)
Disposals	–	–	–	–	–	(14)	–	(21)	(35)
Currency translation differences	–	–	–	–	–	5	4	–	9
At 30 June 2020	**-**	**132**	**69,962**	**356**	**86**	**2,861**	**1,031**	**483**	**74,911**
Net carrying amount									
At 30 June 2019	127,391	1,588	94,273	12,064	5,075	873	384	1,224	242,872
At 30 June 2020	**150,403**	**1,565**	**25,850**	**11,821**	**63**	**382**	**415**	**371**	**190,870**

Impairment loss

During the financial year, due to the continuing challenges affecting the property market in Melaka, Malaysia and the uncertainties brought by the COVID-19 pandemic, an allowance for impairment loss of RM66,507,000 (2019: Nil) was recognised in profit or loss under other expenses to impair the cost of carparks to its recoverable amount. The recoverable amount was estimated using the fair value less costs to sell approach, based on the valuation report performed by an independent firm of professional valuers. The recoverable amount was estimated at RM25,850,000. The fair value measurement was categorised as a level 3 fair value inputs to the valuation technique used (Note 26(a)).

Construction-in-progress

The Group's construction-in-progress relates to theme park and carparks under construction in Melaka, Malaysia.

Assets held under finance leases

In the preceding financial year, the Group acquired motor vehicles with an aggregate cost of RM2,201,000 by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM88,651,000.

The carrying amount of motor vehicles held under finance leases at 30 June 2019 were RM5,075,000. Leased assets are pledged as security for the related finance lease.

Assets pledged as securities

The Group's freehold land and buildings with a carrying amount of RM1,565,000 (2019: RM1,588,000) are mortgaged to secure the Group's bank loans (Note 18).

10. Property, plant and equipment (cont'd)

Capitalisation of borrowing costs

Interest expense capitalised in construction-in-progress during the financial year ended 30 June 2020 amounted to RM329,000 (2019: RM1,281,000).

11. Right-of-use assets

Group	Mall and residence units RM'000	Motor vehicles RM'000	Office premises RM'000	Plant and equipment RM'000	Total RM'000
Cost					
At 1 July 2019	–	–	–	–	–
Effect of adoption of SFRS(I) 16	120,584	–	12,272	–	132,856
Transfer from property, plant and equipment in accordance with SFRS(I) 16 (Note 10)	–	12,619	–	300	12,919
At 1 July 2019, restated	120,584	12,619	12,272	300	145,775
Additions	14,946	4,500	–	415	19,861
Disposals	–	(6,959)	–	–	(6,959)
Currency translation differences	–	–	105	–	105
At 30 June 2020	**135,530**	**10,160**	**12,377**	**715**	**158,782**
Accumulated depreciation					
At 1 July 2019	–	–	–	–	–
Transfer from property, plant and equipment in accordance with SFRS(I) 16 (Note 10)	–	7,637	–	35	7,672
At 1 July 2019, restated	–	7,637	–	35	7,672
Depreciation charged	30,928	1,797	2,045	79	34,849
Disposals	–	(5,273)	–	–	(5,273)
Currency translation differences	–	–	17	–	17
At 30 June 2020	**30,928**	**4,161**	**2,062**	**114**	**37,265**
Net carrying value					
At 30 June 2020	**104,602**	**5,999**	**10,315**	**601**	**121,517**

The Group had entered into guaranteed rental return ("GRR") schemes with the purchasers of certain properties. The GRR scheme has non-cancellable two to nine years lease period commencing six months from the date of issuance of Certificate of Completion and Compliance or full settlement of purchase price, whichever is later. The rental rate for the units is 5.4% to 6.0% for two to nine years.

Extension and termination options

The Group has lease contracts that include extension and termination options. These options are negotiated by the Group to provide flexibility in managing the leased-asset portfolio and align with the Group's business need.

12. Investment in a subsidiary

	Company 2020 RM'000	Company 2019 RM'000
Unquoted equity shares, at cost	**1,203,315**	1,203,315
Less: Allowance for impairment loss	**(492,576)**	–
	710,739	1,203,315

	Company 2020 RM'000	Company 2019 RM'000
Movements in allowance for impairment loss		
At 1 July	**–**	–
Impairment loss charged to profit or loss	**492,576**	–
At 30 June	**492,576**	–

During the financial year, due to the continuing challenges affecting the property market in Melaka, Malaysia and the uncertainties brought by the COVID-19 pandemic, an impairment loss of RM492,576,000 was recognised in the Company's profit or loss to impair the cost of investment to its recoverable amount. The recoverable amount was estimated using the value-in-use approach, based on the discounted cash flow method as adopted by independent firms of professional valuers. Accordingly, it has been written down to the recoverable amount. The calculations of the value-in-use are most sensitive to estimated selling prices for the development projects, and the discount rate. The future cash flows are discounted to their present value using a pre-tax discount rate of 10.8% per annum. Consequently, any adverse change in a key assumption would result in a further impairment loss.

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

Name	Principal place of business	Principal activities	Proportion (%) of ownership interest 2020 %	Proportion (%) of ownership interest 2019 %
Held by the Company:				
Hatten MS Pte. Ltd. ("Hatten MS")[1] (f.k.a Sky Win Management Consultancy Pte. Ltd.)	Singapore	Investment holding and management consultancy	**100**	100
Held through Hatten MS:				
Genonefive Pte. Ltd. ("Genonefive")[1] (f.k.a Hatten International Pte. Ltd.)	Singapore	Marketing and development consultancy	**100**	100
Hatten Technology (S) Pte. Ltd. ("HTPL")[1]	Singapore	Development of software, programming activities and e-commerce applications	**100**	100
Hatten Land China Pte. Ltd. ("HLCPL")[1] (Incorporated on 22 October 2019)	Singapore	Investment holding	**100**	–
MDSA Vedro Development Sdn. Bhd. ("MVDSB")[2]	Malaysia	Property development	**100**	100
MDSA Resources Sdn. Bhd. ("MRSB")[2]	Malaysia	Property development	**100**	100

12. Investment in a subsidiary (cont'd)

Name	Principal place of business	Principal activities	Proportion (%) of ownership interest 2020 %	2019 %
Held through Hatten MS: (cont'd)				
MDSA Ventures Sdn. Bhd. ("MVSB") [2]	Malaysia	Property development	**100**	100
Gold Mart Sdn. Bhd. ("GMSB") [2]	Malaysia	Property development	**100**	100
Prolific Properties Sdn. Bhd. ("PPSB") [2]	Malaysia	Property development	**100**	100
Prolific Revenue Sdn. Bhd. ("PRSB") [2]	Malaysia	Property development	**100**	100
Hatten Commercial Management Sdn. Bhd. ("HCM") [2]	Malaysia	Mall management and leasing	**100**	100
Velvet Valley Sdn. Bhd. ("VVSB") [2]	Malaysia	Property development	**100**	100
Admiral Merger Sdn. Bhd. ("AMSB") [2]	Malaysia	Property development	**100**	100
Hatten Land Pty. Ltd. ("HLPL") [3]	Australia	Investment holding	**100**	100
Held through HTPL:				
NCSA Services Pte. Ltd. ("NSPL") [1]	Singapore	Development of software, programming activities and e-commerce applications	**100**	85
Held through HLCPL:				
Hatten Wellness China Pte. Ltd. ("HWCPL") [1] (Incorporated on 25 October 2019)	Singapore	Investment holding and property development	**55**	–
Held through MRSB:				
Elements RSS Management Sdn. Bhd. ("Elements RSS") [2]	Malaysia	Business management and consultancy services	**100**	100
Held through VVSB:				
Velvet Valley Management Sdn. Bhd. ("VVMSB") [2]	Malaysia	Business management and consultancy services	**100**	100
Held through HLPL				
Hatten Haig Street Pty. Ltd. [3]	Australia	Property development	**100**	100
Held through HWCPL:				
Hatten Wellness Asia Company Limited [3]	Hong Kong	Investment holding	**100**	–

1 Audited by Baker Tilly TFW LLP, Singapore
2 Audited by independent overseas member firm of Baker Tilly International in Malaysia
3 Not audited, as it is inactive and not significant

Notes to
The Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

12. Investment in a subsidiary (cont'd)

As is required by Rule 716 of the Listing Manual of the Singapore Exchange Securities Trading Limited the Audit and Risk Committee and the directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

Acquisition of VVSB Group in previous financial year

On 3 August 2018, the Group through its wholly-owned subsidiary, Hatten MS, entered into a sale and purchase agreement with Dato' Tan June Teng Colin @ Chen JunTing, Dato' Tan Ping Huang Edwin @ Chen BingHuang (collectively, the "controlling shareholders") and Yap Wei Shen (collectively, the "Vendors"), that hold 40%, 40% and 20% shareholding in VVSB Group respectively, to acquire the entire issued and paid-up share capital of VVSB Group for an aggregate consideration of RM43,000,000 (the "Purchase Price") that shall be satisfied in full in the following manner:

- 20% of the Purchase Price shall be paid in cash on the first anniversary of the date of Completion;
- 30% of the Purchase Price shall be paid in cash on the second anniversary of the Completion Date; and
- 50% of the Purchase Price shall be paid in cash on the third anniversary of the Completion Date.

The considerations above have been deferred and these deferred payables are measured at amortised costs using an effective interest of 7.00% per annum (Note 19).

The acquisition of VVSB Group involves a combination of entities under common control since Hatten MS and VVSB Group are controlled by the same controlling shareholders. Accordingly, the acquisition of VVSB Group has been accounted for using the pooling of interest method where the results of the subsidiaries acquired are presented as if the combination had been effected through the financial year. The assets and liabilities acquired are accounted for based on the carrying amount from the perspective of the common control shareholders at the date of transfer.

In connection with the acquisition of VVSB, the Group acquired 20% equity interest in VVSB from its non-controlling interests for a consideration of RM7,452,000. The carrying value of the net assets of VVSB Group was RM21,150,000 and the carrying value of the additional interest acquired was RM4,230,000 at date of acquisition. The difference of RM3,222,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "Premium paid on acquisition of non-controlling interests" with equity.

The following summarises the effect of the change in the Group's ownership interest in VVSB on the equity attributable to owners of the Company in 2019:

	RM'000
Consideration payable for acquisition of non-controlling interests	7,452
Decrease in equity attributable to non-controlling interests	(4,230)
Decrease in equity attributable to owners of the Company in 2019	3,222

13. Deferred tax

	Group	
	2020 RM'000	2019 RM'000
Deferred tax assets:		
Unutilised tax losses and capital allowances	**–**	694
Provision for developer interest bearing scheme	**–**	1,048
Borrowing costs	**–**	918
Others	**–**	2,885
	–	5,545
Deferred tax liabilities:		
Income recognition on development properties	**–**	(8,525)
Liquidated ascertained damages recoverable from contractors	**–**	(9,435)
Tax effects from adoption of SFRS(I) 16	**(171)**	–
Others	**(1)**	–
	(172)	(17,960)
Net deferred tax liabilities	**(172)**	(12,415)

14. Development properties

	Group	
	2020	2019
	RM'000	RM'000
		(Restated)
Completed development properties	**460,843**	484,916
Development properties under construction	**151,315**	156,577
Properties for development, representing land carried at cost	**29,644**	37,302
	641,802	678,795

Impairment loss on development properties

During the financial year, due to the continuing challenges affecting the property market in Melaka, Malaysia and the uncertainties brought by the COVID-19 pandemic, an impairment loss of RM22,058,000 was recognised in the Company's profit or loss to write-down the development properties to the net realisable value. The impairment was determined by taking into consideration the expected selling prices for the projects, which were based on valuation reports. The valuations were undertaken by independent professional valuers who have appropriate recognised professional qualifications and recent experience in the location and category of the development properties being valued. The valuations were based on market comparison approach. The valuation approach used involves making estimates of the selling prices of the development properties, taking into consideration the recent selling prices for comparable properties and prevailing market conditions.

Capitalised incremental costs of obtaining contracts

Capitalised incremental costs of obtaining contracts included in the carrying value of development properties as at 30 June 2020 amounted to RM29,613,000 (2019: RM33,266,000), comprise sales commission paid to real estate agent and legal costs incurred as a result of securing sale and purchase agreements that are expected to be recoverable. As at the reporting date, no impairment has been recorded. These costs are amortised and recognised in the "Cost of sales" line item in profit or loss when the related revenue is recognised.

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

	Group	
	2020	2019
	RM'000	RM'000
		(Restated)
At 1 July	**33,266**	51,393
Additions	**1,203**	16,984
Amortisation charged to cost of sales	**(4,856)**	(35,111)
At 30 June	**29,613**	33,266

Capitalised government grant

Capitalised government grant included in the carrying value of development properties as at 30 June 2020 amounted to RM9,683,000 (2019: RM9,683,000), relates to funding received by the Group from local government's assistance scheme for the development costs incurred for Hatten City Phase 1. Capitalised government grant are amortised to profit or loss included as deduction against cost of sales when the related revenue is recognised.

14. **Development properties** (cont'd)

The movement in capitalised government grant during the financial year is as follows:

	Group	
	2020	2019
	RM'000	RM'000
At 1 July	**9,683**	9,886
Amortisation credited to cost of sales	**–**	(203)
At 30 June	**9,683**	9,683

Details of the development properties held by the Group as at 30 June 2020 are as follows:

Project Name	Description (Location)	% owned	Site area (square metre)	Estimated gross floor area (square metre)	Stage of completion as at 30 June 2020	Expected year of completion
Vedro by the River	Freehold retail mall development (Melaka, Malaysia)	100	8,672	19,839	100%	Completed
Hatten City Phase 1	99-year leasehold integrated mall and residential development (Melaka, Malaysia)	100	22,298	267,056	100%	Completed
Hatten City Phase 2	99-year leasehold integrated mall and residential development (Melaka, Malaysia)	100	13,124	131,903	100%	Completed
Harbour City	99-year leasehold mixed commercial development consisting of a retail mall and 3 hotels (Melaka, Malaysia)	100	24,290	310,117	70%	FY2021
Satori	99-year leasehold integrated mall and residential development (Melaka, Malaysia)	100	8,303	48,768	11%	FY2021
Melaka International Convention Centre ("MICC")	99-year leasehold integrated mixed development consisting of retail mall, cineplex, convention hall, hotel and residential development (Melaka, Malaysia)	100	37,810	150,295	–	–
Unicity	Freehold integrated mixed development consisting of service suite and retail space (Seremban, Malaysia)	100	7,932	617,468	100%	Completed

15. Trade and other receivables

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
		(Restated)		
Current:				
Trade receivables	**230,414**	404,482	**–**	–
Amount due from related parties	**41,606**	33,284	**–**	–
Amount due from subsidiaries	**–**	–	**299,159**	276,955
Refundable deposits	**6,590**	6,154	**–**	–
GST recoverable	**974**	4,046	**–**	–
Other receivables	**104,820**	110,888	**159**	1,285
	384,404	558,854	**299,318**	278,240
Non-current:				
Trade receivables	**117,734**	–	**–**	–
Refundable deposits	**607**	605	**–**	–
	118,341	605	**–**	–
Total trade and other receivables (current and non-current)	**502,745**	559,459	**299,318**	278,240
Add:				
Cash and bank balances (Note 16)	**23,142**	28,484	**840**	269
Less:				
GST recoverable	**(974)**	(4,046)	**–**	–
Total financial assets carried at amortised costs	**524,913**	583,897	**300,158**	278,509

Trade receivables are non-interest bearing and are generally on 14 to 21 days' terms. Extended credit terms are assessed and approved on a case by case basis by management. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition. During the financial year, certain trade receivables were reclassified from current to non-current due to the continuing challenges affecting the property market in Melaka, Malaysia and the uncertainties brought by the COVID-19 pandemic. Accordingly, the Group recognised modification loss on certain trade receivables due to change in expected timing in collecting the cash flows.

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

The management of the Group does not foresee any issues with the collection of the outstanding trade receivables as these units can be re-released for sale in the event that a purchaser decides to terminate the purchase of the units if the bank loan or financing application is not granted.

Included in other receivables are amount due from contractors. These includes liquidated ascertained damages recoverable from contractors for the delay in completion of certain development projects amounting to RM47,683,000 (2019: RM39,741,000).

16. Cash and bank balances

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
		(Restated)		
Fixed deposits	**1,264**	1,227	**–**	–
Cash at banks and on hand	**21,878**	27,257	**840**	269
Total cash and bank balances, as presented in the statements of financial position	**23,142**	28,484	**840**	269
Less:				
Pledged fixed deposits for banking facilities	**(1,264)**	(1,227)	**–**	–
Cash and cash equivalents, as presented in the consolidated statement of cash flows	**21,878**	27,257	**840**	269

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

Included in cash at banks of the Group is an amount of RM5,057,000 (2019: RM3,000,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 in Malaysia and therefore restricted from use in other operations.

Fixed deposits are made for varying periods of up to 12 months (2019: 12 months) and earn interests between 2.55% and 2.90% (2019: 2.80% and 3.15%) per annum.

Fixed deposits of RM1,264,000 (2019: RM1,227,000) are pledged to secure bank loans (Note 18).

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

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
United States Dollar	**277**	155	**226**	137
Renminbi (Yuan)	**33**	33	**–**	–
Singapore Dollar	**2,164**	1,086	**614**	132

17. Lease liabilities

Nature of Group's leasing activities

The Group's leasing activities comprise of the following:

i) The Group had entered into guaranteed rental return ("GRR") schemes with the purchases of certain properties. The GRR scheme has non-cancellable two to nine years lease period commencing six months from the date of issuance of Certificate of Completion and Compliance or full settlement of purchases price, whichever is later. The rental rate for the units is 5.4% to 6.0% for two to nine years.

ii) The Group has entered into commercial leases on part of its office building. These non-cancellable leases have remaining lease terms of between 1 to 5 years (2019: 1 to 6 years). Certain of these leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

iii) The Group has also entered into leases on its properties. These non-cancellable leases have remaining lease terms between 1 to 3 years (2019: 2 to 4 years). Certain of these leases include a renewable clause of 2 to 3 years with a maximum of 15% upward revision of the rental charge or the prevailing market rent, whichever is higher.

The maturity analysis of the lease liabilities is disclosed in Note 27(b).

Information about leases for which the Group is a lessee is presented below:

	Group 2020 RM'000
Carrying amount of lease liabilities:	
Current	**37,169**
Non-current	**81,313**
	118,482

Reconciliation of movements of lease liabilities to cash flows arising from financing activities:

	Group 2020 RM'000
At 1 July 2019	–
Recognition of lease liability on initial application of SFRS(I) 16	133,162
Reclassification on adoption of SFRS(I) 16 (Note 18)	4,906
At 1 July 2019, restated	138,068
Changes from financing cash flows:	
- repayments	(28,778)
- interest paid	(17,314)
Non-cash changes:	
- interest expense (Note 6)	17,314
- new leases (Note 11)	19,861
- rental payables	(10,703)
- exchange differences	34
Balance at 30 June 2020	**118,482**

17. Lease liabilities (cont'd)

Reconciliation of movements of lease liabilities to cash flows arising from financing activities (cont'd):

Amount recognised in profit and loss

	Group 2020 RM'000
Lease expense - short term and low-value lease	**2,316**

As at 30 June 2020, the Group does not have any commitments for short-term leases.

Total cash flows for leases of the Group amounted to RM48,408,000.

18. Loans and borrowings

	Group		Company	
	2020 RM'000	2019 RM'000	**2020 RM'000**	2019 RM'000
Current:				
Obligations under finance leases (Note 24(d))	**–**	1,798	**–**	–
Loan and secured bonds	**192,464**	183,180	**192,464**	186,055
Medium term notes	**15,568**	17,591	**–**	–
Term loans	**68,778**	126,263	**–**	–
	276,810	328,832	**192,464**	186,055
Non-current:				
Obligations under finance leases (Note 24(d))	**–**	3,108	**–**	–
Term loans	**122,320**	84,584	**–**	–
	122,320	87,692	**–**	–
Total loans and borrowings (current and non-current)	**399,130**	416,524	**192,464**	186,055

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

Obligations under finance leases

In the preceding financial year, the Group entered into finance leases in respect of motor vehicles. Interest rates implicit in these leases range between 2.56% to 5.92% per annum. As at 30 June 2019, obligations under these finance leases are scheduled to mature between 2019 and 2025. Further information is disclosed in Note 24(d).

Loan and secured bonds

US$20,000,000 loan at 10.00% (2019: 7.00%) per annum

On 10 October 2019, the convertible loan of an aggregate amount of US$20,000,000 had matured and the lender has decided not to convert the loan into the new ordinary shares in the Company. The Company obtained the roll-over of the US$20,000,000 loan at 10.00% per annum for another 12 months to 10 October 2020. At the date of this report, the Company is in the process of negotiation with the lender on the possible extension of repayments. The loan is secured by personal guarantee by directors of the Company, corporate guarantee by a subsidiary in Malaysia and a charge over 760,000,000 shares in the Company held by Hatten Holdings Pte. Ltd. and 345 retail units of the Group.

18. Loans and borrowings (cont'd)

Loan and secured bonds (cont'd)

US$25,000,000 secured bonds at 10.00% (2019: 8.00%) per annum

In the preceding financial year, the Company issued US$25,000,000 secured bonds (the "Bonds") that bore interest at a fixed rate of 8.00% per annum payable semi-annually and mature on 8 March 2020. The repayment of the Bonds was extended on a monthly basis to 8 June 2021. The Bonds bear an interest of 10.00% per annum effective from 8 March 2020 and secured by a land charge for assets owned by a related party of the borrowing entity, first fixed charge over assets owned by a related party and a personal guarantee by a director of the Company.

Medium Term Notes

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

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

On 18 September 2017, MRSB issued and offered its first tranche of notes, amounting to RM25,000,000 under the MTN Programme with maturity date on 20 September 2019 and coupon rate of 6.00% per annum, payable semi-annually in arrears from the date of issue. The medium term notes are secured by a debenture over 44 units of luxury residences service apartments and 11 units of penthouse suites from the development of the borrowing entity and corporate guarantee provided by the Company.

During the financial year, MRSB made a repayment of RM2,350,000 (2019: RM7,000,000). The outstanding notes amounted to RM15,568,000 were due for repayment on 23 September 2020 and on the same date, MRSB issued the first tranche second issuance amounting to RM15,650,000 to repay the outstanding notes. These new notes would mature on 24 September 2021 and bear a coupon rate of 6.00% per annum payable semi-annually in arrears from the date of issue.

Term loans

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

The loan was obtained to finance construction of a development project. As at 30 June 2020, the Group had an outstanding balance of RM5,672,000 (2019: RM1,174,000) under the loan. The loan is repayable by monthly instalments of principal and interest for 12 months commencing from the 37th month from the date of the letter of offer. The loan is secured by a legal charge over the project land under development, legal assignment of all project sales proceeds in favour of the lender, fixed and floating charges over all assets of the project, joint and several guarantees from directors of the entity, and letter of undertaking from directors and shareholders to cover any construction cost overrun and to complete the development project.

RM1,900,000 loan at base lending rate per annum

The loan was obtained to finance the keyman insurance and is repayable by monthly instalments of principal and interest for 60 months from the full release of the loan. As at 30 June 2020, the Group had an outstanding balance of RM1,554,000 (2019: RM1,807,000) under the loan. The loan is secured by a legal charge over the project land under development, legal assignment of all project sales proceeds in favour of the lender, fixed and floating charges over all assets of the project, joint and several guarantees from directors of the entity, and letter of undertaking from directors and shareholders to cover any construction cost overrun and to complete the development project.

RM51,300,000 loan at base lending rate per annum

The loan was obtained to finance construction of a development project and is repayable by monthly instalments of principal and interest for 24 months commencing from 5 March 2019. As at 30 June 2020, the Group had an outstanding balance of RM20,350,000 (2019: RM38,465,000) under the loan. The loan is secured by a legal charge over the project land under development, legal assignment of all project sales proceeds in favour of the lender, fixed and floating charges over all assets of the project, joint and several guarantees from directors of the entity, and letter of undertaking from directors and shareholders to cover any construction cost overrun and to complete the development project.

18. **Loans and borrowings** (cont'd)

Term loans (cont'd)

RM40,000,000 loan at base lending rate per annum

The loan was obtained to finance construction of a development project and is repayable by monthly instalments of principal and interest for 24 months commencing from the 25th month from the date of the first loan disbursement. As at 30 June 2020, the Group had an outstanding balance of RM37,805,000 (2019: RM29,373,000) under the loan. The loan is secured by a legal charge over the project land under development, legal assignment of all project sales proceeds in favour of the lender, fixed and floating charges over all assets of the project, joint and several guarantees from directors of the entity, and letter of undertaking from directors and shareholders to cover any construction cost overrun and to complete the development project.

RM80,000,000 loan at base lending rate per annum

The loan was obtained to finance construction of a development project and is repayable by monthly instalments of principal and interest for 24 months commencing from the 25th month from the date of the first loan disbursement. As at 30 June 2020, the Group had an outstanding balance of RM28,888,000 (2019: RM18,411,000) under the loan. The loan is secured by a legal charge over the project land under development, legal assignment of all project sales proceeds in favour of the lender, fixed and floating charges over all assets of the project, joint and several guarantees from directors of the entity, and letter of undertaking from directors and shareholders to cover any construction cost overrun and to complete the development project.

RM30,000,000 loan at base lending rate per annum

The loan was obtained to finance construction of a development project and is repayable by monthly instalments of principal and interest for 24 months commencing from the date of the first loan disbursement. As at 30 June 2020, the Group had an outstanding balance of RM9,809,000 (2019: RM13,604,000) under the loan. The loan is secured by a legal charge over the project land under development, legal assignment of all project sales proceeds in favour of the lender, fixed and floating charges over all assets of the project, joint and several guarantees from directors of the entity, and letter of undertaking from directors and shareholders to cover any construction cost overrun and to complete the development project.

RM1,116,000 loan at base lending rate minus 2.30% per annum

The loan was obtained to finance the purchase of freehold land and buildings and is repayable by monthly instalments of principal and interest for 240 months. As at 30 June 2020, the Group had an outstanding balance of RM916,000 (2019: RM925,000) under the loan. The loan is secured by a legal charge over the freehold land and buildings and joint and several guarantees from directors of the borrowing entity.

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

The loan was obtained to finance the purchase of a plot of development land and is repayable by monthly instalments of principal and interest for 180 months commencing from the date of the first loan disbursement. As at 30 June 2020, the Group had an outstanding balance of RM13,653,000 (2019: RM14,090,000) under the loan. The loan is secured by a legal charge over the project land under development, joint and several guarantees from directors of the borrowing entity and a corporate guarantee by a related party.

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

The loan was obtained to finance the purchase of a plot of development land and is repayable by instalments of principal and interest for 180 months commencing from the date of the first loan disbursement. As at 30 June 2020, the Group had an outstanding balance of RM2,019,000 (2019: RM2,540,000) under the loan. The loan is secured by a legal charge over the project land under development, joint and several guarantees from directors of the entity and a corporate guarantee by a related party.

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

The loan was obtained to part finance the furniture and fittings of a completed property and is payable by instalments of principal and interest for 60 months from the date of the first loan disbursement. As at 30 June 2020, the Group had an outstanding balance of RM11,689,000 (2019: RM14,538,000) under the loan. The loan is secured by debenture over present and future assets of the borrowing entity, first party charge over certain property assets owned by the borrowing entity, legal assignment over the designated accounts and monies standing to the credit in favour of the lender, and jointly and severally guarantees by directors of the borrowing entity.

18. Loans and borrowings (cont'd)

Term loans (cont'd)

RM60,000,000 loan at base financing rate +2% per annum

The loan was obtained to refinance an outstanding term loan and is repayable by monthly instalments of principal and interest for 84 months from the date of the first loan disbursement. As at 30 June 2020, the Group had an outstanding balance of RM58,743,000 (2019: Nil) under the loan. The loan is secured by a legal charge over certain retail lots, services apartments and serviced suites, deed of assignment over the rental proceeds from certain retail lots, services apartments and serviced suites, assignment over the surplus monies in the Housing Development Account and joint and several guarantees from directors of the entity.

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

The loan was obtained to fund the development of a project and has a tenure of 48 months from the date of its first disbursement. As at 30 June 2019, the Group had an outstanding balance of RM75,920,000 under the loan. The loan is fully redeemed during the current financial year. The loan is secured by a legal charge over the project land under development, third party first legal assignment over certain property assets owned by related parties, debenture over fixed and floating present and future assets of the borrowing entity, legal assignment over designated bank account and monies, legal assignment of sales proceeds from the sale of project units in favour of the lender, corporate guarantee by a related party and deed of subordination of advances due to shareholders and directors. The loan is also jointly and severally guaranteed by directors of the borrowing entity in their personal capacity.

Reconciliation of movements of loans and borrowings to cash flows arising from financing activities:

		Cash flows		Non-cash changes			
	1.7.2019 RM'000	**Drawdown RM'000**	**Repayments RM'000**	**Reclassification RM'000**	**Foreign exchanges RM'000**	**Amortisation of transaction costs RM'000**	**30.6.2020 RM'000**
Obligations under finance leases (current and non-current)	4,906	–	–	(4,906)	–	–	–
Medium term notes	17,591	–	(2,023)	–	–	–	15,568
Loan and secured bonds	183,180	–	–	–	9,284	–	192,464
Term loans (current and non-current)	210,847	66,213	(85,962)	–	–	–	191,098
	416,524	66,213	(87,985)	(4,906)	9,284	–	399,130

		Cash flows		Non-cash changes			
	1.7.2018 RM'000	**Drawdown RM'000**	**Repayments RM'000**	**Acquisition RM'000**	**Foreign exchanges RM'000**	**Amortisation of transaction costs RM'000**	**30.6.2019 RM'000**
Obligations under finance leases current and non-current)	5,636	–	(3,060)	2,201	129	–	4,906
Medium term notes	24,268	–	(7,000)	–	–	323	17,591
Loan and secured bonds	174,274	–	–	–	4,390	4,516	183,180
Term loans (current and non-current)	327,478	52,248	(168,914)	–	–	35	210,847
	531,656	52,248	(178,974)	2,201	4,519	4,874	416,524

Notes to
The Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

19. Trade and other payables

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
		(Restated)		
Current:				
Trade payables	**156,175**	151,204	**1,594**	–
Deposits received	**10,214**	5,109	**–**	–
Accruals	**88,674**	82,549	**–**	720
Amount due to related parties	**43,907**	18,121	**616**	–
Amount due to a director	**2,152**	2,052	**–**	–
Amount due to subsidiaries	**–**	–	**1,797**	–
Rental payables	**28,758**	18,055	**–**	–
Deferred payables	**8,705**	8,673	**–**	–
Other payables	**42,214**	8,298	**–**	1,732
	380,799	294,061	**4,007**	2,452
Non-current:				
Deferred payables	**31,989**	29,723	**–**	–
Other payables	**202**	202	**–**	–
	32,191	29,925	**–**	–
Total trade and other payables (current and non-current)	**412,990**	323,986	**4,007**	2,452
Add:				
Lease liabilities (Note 17)	**118,482**	–	**–**	–
Loans and borrowings (Note 18)	**399,130**	416,524	**192,464**	186,055
Total financial liabilities carried at amortised cost	**930,602**	740,510	**196,471**	188,507

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

Amount due to related parties and amount due to a director are unsecured, non-interest bearing, repayable on demand and to be settled in cash.

Rental payables

This pertains to rental guarantees provided to the purchasers in conjunction with the sale of development properties, in which the Group is obliged to pay rental yield of 6% to 9% (2019: 6% to 9%) per annum of the purchase price to the purchasers for a committed lease term of 2 years to 9 years (2019: 3 years to 9 years) commencing six months from the date of issuance of the Certificate of Completion and Compliance or start of full business operations, whichever is earlier.

Deferred payables

These are payables mainly relating to the acquisition of VVSB Group amounting to RM43,000,000 (Note 12), measured at amortised costs using an effective interest rate of 7.00% (2019: 7.00%) per annum.

20. Provisions

	Group	
	2020	2019
	RM'000	RM'000 Restated
Provision for developer interest-bearing scheme	**19,228**	19,306
Provision for liquidated ascertained damages	**64,831**	38,757
Other provisions	**9,863**	10,833
	93,922	68,896

Provision for developer interest-bearing scheme

The provision arises from developer interest bearing scheme that the Group offered to bear the interest charge by the bank during the construction period. The movement in provision for developer interest-bearing scheme is as follows:

	Group	
	2020	2019
	RM'000	RM'000
At 1 July	**19,306**	19,024
Arose during the financial year	**–**	495
Utilised	**(78)**	(213)
At 30 June	**19,228**	19,306

Provision for liquidated ascertained damages

The provision arises from the late delivery of development projects undertaken by the Group based on the applicable terms and conditions stated in the sale and purchase agreement up to the estimated completion date. The liquidated ascertained damages are recoverable from the contractors. The movement in provision for liquidated ascertained damages is as follows:

	Group	
	2020	2019
	RM'000	RM'000
At 1 July	**38,757**	18,564
Arose during the financial year and debited to revenue (Note 4)	**40,736**	34,486
Utilised	**(14,662)**	(14,293)
At 30 June	**64,831**	38,757

20. **Provisions** (cont'd)

<u>Other provisions</u>

Other provisions represent provision for fixed subsidy provided to the residential units purchasers for sale and purchase agreement signed, and provision for legal fees.

	Group	
	2020	2019
	RM'000	RM'000
At 1 July	**10,833**	–
Arose during the financial year	**32**	10,833
Reversal	**(285)**	–
Utilised	**(717)**	–
At 30 June	**9,863**	10,833

21. **Share capital**

Issued and fully paid ordinary shares

	No. of ordinary shares issued	RM'000
Group		
At 1 July 2018, 30 June 2019 and 1 July 2019	1,378,096,353	252,719
Issuance of ordinary shares	56,500,000	15,531
Share issuance expenses	–	(825)
At 30 June 2020	1,434,596,353	267,425
Company		
At 1 July 2018, 30 June 2019 and 1 July 2019	1,378,096,353	1,285,223
Issuance of ordinary shares	56,500,000	15,531
Share issuance expenses	–	(825)
At 30 June 2020	1,434,596,353	1,299,929

The Group's share capital amount differs from that of the Company as a result of reverse acquisition accounting on the acquisition of Hatten MS Pte. Ltd. and its subsidiaries (collectively, the "HMS Group") on 24 January 2017 via the issuance of 1,187,692,308 new ordinary shares in the Company to the shareholders of the HMS Group.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

Issuance of ordinary shares

On 3 December 2019, the Company issued 56,500,000 ordinary shares at S$0.09 (approximately RM0.27) each, for cash.

22. **Translation reserve**

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

23. Merger reserve

Merger reserve arose from the acquisition of Hatten MS Pte. Ltd. and its subsidiaries on 24 January 2017 and the acquisition of VVSB Group in the preceding financial year (Note 12). This represents the difference between the consideration paid and the share capital of the subsidiaries acquired under common control.

24. Commitments

(a) Capital commitments

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

	Group	
	2020	2019
	RM'000	RM'000
Approved and contracted for	**265,230**	263,680
Less: Amount capitalised to construction-in-progress	**(148,483)**	(120,563)
	116,747	143,117

(b) Lease commitments – where the Group is lessee

In addition to the rental guarantees provided in conjunction with the sale of development properties disclosed in Note 19, in 2019, the Group has entered into commercial leases under non-cancellable lease agreements. The leases have varying terms and renewal rights.

As at 30 June 2020 and 2019, commitments in relation to non-cancellable operating leases contracted for but not provided for as liabilities, were as follows:

	Group
	2019
	RM'000
	(Restated)
Not later than one year	52,976
Later than one year but not later than five years	430,091
Later than five years	118,355
	601,422

As disclosed in Note 2(a), the Group has adopted SFRS(I) 16 on 1 July 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 1 July 2019, except for short term and low value assets leases.

As at end of the financial year, rental guarantees provided to purchasers in conjunction with the sale of development properties but not provided for as liabilities as those development properties are uncompleted, are as follows:

	Group	
	2020	2019
	RM'000	RM'000
Not later than one year	**–**	1,972
Later than one year but not later than five years	**209,267**	315,166
Later than five years	**6,735**	96,567
	216,002	413,705

24. Commitments (cont'd)

(c) Lease commitments – where the Group is lessor

Nature of the Group's leasing activities – Group as a lessor

The Group's leasing activities as a lessor comprise the following:

i) The Group had entered into guaranteed rental return ("GRR") schemes with the purchasers of certain properties. The GRR scheme has non-cancellable two to nine years lease period commencing six months from the date of issuance of Certificate of Completion and Compliance or full settlement of purchase price, whichever is later. The rental rate for the units is 5.4% to 6.0% for two to nine years.

ii) The Group has entered into sub-lease with third party on part of its office buildings. These non-cancellable leases have remaining lease terms of between 1 to 5 years (2019: 1 to 6 years). Certain of these leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	Group	
	2020	2019
	RM'000	RM'000
Not later than one year	**853**	9,208
Later than one year but not later than five years	**3,366**	5,894
Later than five years	**–**	812
Total undiscounted lease payments	**4,219**	15,914

(d) Finance lease liabilities

Finance lease liabilities were reclassified to lease liabilities on 1 July 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 2(a). In 2019, the Group had finance leases for its motor vehicles. Future minimum payments together with the present value of the net minimum payments were as follows:

	Group 2019 RM'000	
	Minimum lease payments	**Present value of payments (Note 16)**
Not later than one year	2,031	1,798
Later than one year and not later than five years	3,006	2,685
Later than five years	439	423
Total minimum payments	5,476	4,906
Less: Amount representing finance charges	(570)	–
Present value of minimum payments	4,906	4,906

Representing finance lease liabilities:

	Group
	2019
	RM'000
Current (Note 18)	1,798
Non-current (Note 18)	3,108
	4,906

24. **Commitments** (cont'd)

(e) **Contingent liabilities**

The Company has provided corporate guarantee of RM15,568,000 (2019: RM17,591,000) for the MTN Programme drawn down by MRSB at the end of the financial year.

25. **Related party transactions**

(a) **Transactions with related parties outside the Group**

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

	Group	
	2020	2019
	RM'000	RM'000
Services provided to related parties		
- Rental of motor vehicle	**–**	127
- Rendering of services	**1,578**	–
- Rental expense charged	**317**	–
- Sales commission	**3,135**	9,096
- Rental of office	**6,420**	548

(b) **Compensation of key management personnel**

Key management personnel includes the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

	Group	
	2020	2019
	RM'000	RM'000
Salaries, wages, bonuses and other costs	**4,880**	6,331
Contributions to defined contribution plans	**210**	269
	5,090	6,600
Comprise amounts paid to:		
Directors – remuneration	**3,596**	3,891
Directors – fee	**570**	568
Other key management personnel	**924**	2,141
	5,090	6,600

26. Fair value of assets and liabilities

(a) Fair value hierarchy

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

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

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

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

The fair values of non-current portion of trade and other receivables, trade and other payables and loans and borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, and were assessed to approximating to their carrying amounts.

27. Financial risk management objectives and policies

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

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

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

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

(a) Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to credit risk exposure. It is the Group's policy to provide credit terms to credit worthy customers. These debts are continually monitored and, therefore, the Group does not expect to incur material credit losses. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

27. **Financial risk management objectives and policies** (cont'd)

(a) **Credit risk** (cont'd)

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

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses (ECL):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Debts that are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition. The presumption of significant increase in credit risk after 30 days past due is not suitable for application in the industries that the Group operates in	Lifetime ECL - not credit-impaired
Debts that are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- An actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor;

- Significant increases in credit risk on other financial instruments of the same debtor;

- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

27. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Significant increase in credit risk (cont'd)

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When there is a breach of financial covenants by the counterparty; or

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowance.

27. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables and contract assets

Trade receivables and contract assets arise mainly from the sale of development properties. The Group has policies in place to ensure that sales are made to purchasers with appropriate financial strength and after obtaining sufficient security such as deposits. If a purchaser defaults on payments, the Group may enforce payments via legal proceedings or if the purchaser is assessed to be insolvent, the Group may resume possession of the units, retain a portion of the purchaser's deposits from payments made to date, and resell the property. Unless the selling price falls by more than the portion of purchaser's deposits retained, which is remote, the Group would not be in a loss position in selling those properties.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in a repayment plan with the Group. Where receivables are written off, the Group continue to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Other financial assets at amortised cost

For other financial assets at amortised cost, management has considered, among other factors (including forward-looking information), the Group's and the Company's historical loss pattern over the last three financial years to assess the expected credit loss.

The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical payment experience and the corresponding historical credit loss rates, and adjusted for forward-looking macroeconomic factors.

These financial assets are assessed as credit-impaired when one or more event that have a detrimental impact on the estimated future cashflows of that financial assets have occurred. Evidence that a financial asset is credit-impaired includes observable data about events, including but not limited to significant financial difficulty of the borrower or a breach of contract, such as default or past due event.

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have the financial capacity to meet the contractual cash flow obligations in the near future and the loans are secured by debenture over the subsidiaries' development properties and hence, does not expect significant credit losses arising from these guarantees.

27. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

The table below details the credit quality of the Group and Company's financial assets:

	12-month or lifetime ECL	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
Group 2020				
Cash and bank balances	N.A. Exposure Limited	23,142	–	23,142
Trade receivables	Lifetime ECL	348,148	–	348,148
Amount due from related parties	12-month ECL	41,606	–	41,606
Refundable deposits	N.A. Exposure Limited	7,197	–	7,197
Other receivables	N.A. Exposure Limited	104,820	–	104,820
Group 2019				
Cash and bank balances	N.A. Exposure Limited	28,484	–	28,484
Contract assets	Lifetime ECL	3,267	–	3,267
Trade receivables	Lifetime ECL	404,482	–	404,482
Amount due from related parties	12-month ECL	33,284	–	33,284
Refundable deposits	N.A. Exposure Limited	6,759	–	6,759
Other receivables	N.A. Exposure Limited	110,888	–	110,888
Company 2020				
Cash and bank balances	N.A. Exposure Limited	840	–	840
Amount due from subsidiaries	12-month ECL	299,159	–	299,159
Other receivables	N.A. Exposure Limited	159	–	159
Company 2019				
Cash and bank balances	N.A. Exposure Limited	269	–	269
Amount due from subsidiaries	12-month ECL	276,955	–	276,955
Other receivables	N.A. Exposure Limited	1,285	–	1,285

27. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

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

The table below summarises the maturity profile of the Group's and the Company's non-derivative financial liabilities at the end of the financial year based on contractual undiscounted repayment obligations.

Group 2020	Less than one year RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
Financial liabilities				
Trade and other payables	**380,799**	**32,191**	**–**	**412,990**
Lease liabilities	**39,600**	**83,296**	**1,202**	**124,098**
Loans and borrowings	**287,352**	**102,619**	**29,078**	**419,049**
Total undiscounted financial liabilities	**707,751**	**218,106**	**30,280**	**956,137**
2019				
Financial liabilities				
Trade and other payables	294,061	29,925	–	323,986
Loans and borrowings	350,522	94,867	12,354	457,743
Total undiscounted financial liabilities	644,583	124,792	12,354	781,729

Company 2020	Less than one year RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
Financial liabilities				
Trade and other payables	**4,007**	**–**	**–**	**4,007**
Loan and borrowings	**211,711**	**–**	**–**	**211,711**
Financial guarantees*	**15,568**	**–**	**–**	**15,568**
Total undiscounted financial liabilities	**231,286**	**–**	**–**	**231,286**
2019				
Financial liabilities				
Trade and other payables	2,452	–	–	2,452
Loan and borrowings	200,113	–	–	200,113
Financial guarantees*	17,591	–	–	17,591
Total undiscounted financial liabilities	220,156	–	–	220,156

* As at 30 June 2020 and 30 June 2019, the maximum exposure of the Company in respect of the intra-group financial guarantee (Note 18) based on facilities drawn down by the subsidiaries is RM15,568,000 (2019: RM17,591,000). The Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee as its subsidiaries have the financial capability to meet the contractual cash flow obligations in the near future.

27. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risks arises primarily from their floating rate loans and borrowings from banks and financial institutions, disclosed in Note 18. This risk is not hedged. The Group manages its interest rate risk by having a mixture of fixed and variable rates for its loans and borrowings from time to time based on prevailing market conditions.

Interest rate sensitivity

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

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

	Increase/(decrease) in (loss)/profit before tax	
	Group	
	2020	2019
	RM'000	RM'000
Change in interest rates		
50 basis points decrease	**(955)**	1,054
50 basis points increase	**955**	(1,054)

(d) Foreign currency rate risk

The Group and the Company has transactional currency exposures primarily arises from financing activities that are denominated in a currency other than RM, i.e. United States Dollar ("USD"), as disclosed in Note 18. The foreign currency balances in cash and bank balances are not significant. The Group may enter into forward currency contracts to eliminate the currency exposures on borrowings in foreign currencies. These forward currency contracts will be in the same currency as the hedged item. No forward currency contract has been entered into as at 30 June 2020 and 30 June 2019.

Foreign currency rate risk sensitivity

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

	Increase/(decrease) in (loss)/profit before tax	
	Group	
	2020	2019
	RM'000	RM'000
USD against RM		
Weakened 5%	**(9,623)**	9,303
Strengthened 5%	**9,623**	(9,303)

28. Segment information

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

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

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

29. Dividends

	Group and Company	
	2020	2019
	RM'000	RM'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2019: S$0.013 cent @ (2018: S$0.025 cent^) per share	**567**	1,053
Proposed but not recognised as a liability as at 30 June:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2020: Nil (2019: S$0.013 cent @) per share	**–**	550

@ Approximately RM0.04 cent

^ Approximately RM0.07 cent

30. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2020 and 30 June 2019.

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

	Group	
	2020	2019
	RM'000	RM'000
Loans and borrowings (Note 18)	**399,130**	416,524
Less: Cash and bank balances (Note 16)	**(23,142)**	(28,484)
Net debt	**375,988**	388,040
Equity attributable to owners of the Company, representing total capital	**159,965**	375,706
Capital and net debt	**535,953**	763,746
Gearing ratio	**70%**	51%

Notes to
The Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

31. Subsequent events

(a) Proposed acquisition of 20% equity interest in ECXX Global Pte. Ltd.

On 29 June 2020, the Company proposed to acquire of 20% equity interest in ECXX Global Pte. Ltd., a Company incorporated in Singapore. On 18 August 2020, the proposed acquisition was completed with the allotment and issuance of 100,200,000 ordinary shares in the capital of the Company at an issue price of S$0.08 per share.

(b) Restructuring of MDSA Resources Sdn Bhd ("MRSB") and MDSA Ventures Sdn Bhd ("MVSB")

On 2 July 2020, the Company announced that its indirect wholly-owned subsidiaries, MRSB and MVSB had applied to the High Court of Malaya at Malacca, Malaysia, pursuant to Sections 366 and 368 of the Malaysian Companies Act 2016 ("the Act") for, among others, the following orders: -

(i) Leave to call for creditors' meetings pursuant to Section 366 (1) of the Act for the purpose of considering and if deemed appropriate, to approve with or without modification, a proposed scheme of arrangement and compromise between the Applicant and its Unsecured Creditors (the "Scheme"); and

(ii) A Restraining Order pursuant to Section 368 of the Act restraining any legal proceedings against the Applicants and/or their assets, including but not limited to Court, winding up and arbitration proceedings for a period of 3 months from the date of the order, except with leave of Court and subject to such terms as the Court may impose (the "Order").

MVSB and MRSB have been granted the Restraining Order and leave to call for the creditors' meetings by the High Court of Malaya at Malacca, Malaysia pursuant to the Act. The scheme entities shall work with its legal counsel to formulate the details of the Scheme to be presented to the creditors for their consideration in due course.

(c) Proposed divestment of subsidiary, Gold Mart Sdn Bhd ("GMSB")

On 11 August 2020, the Company's wholly owned subsidiary Hatten MS Pte. Ltd. has entered into an agreement with Tayrona Capital Pte Ltd and Wealth Express Holdings Group Limited for, *inter alia* the proposed divestment of GMSB. The Company would derive gross proceeds of USD60 million from the proposed divestment, subject to satisfaction of conditions precedent in the agreement.

(d) Entry into supplement agreement

On 31 August 2020, the Company's indirect wholly owned subsidiary Genonefive Pte. Ltd. entered into a rental supplemental agreement with Link (THM) Biz MS Pte Ltd. Pursuant to the supplemental agreement, the Company agreed to allot and issue 60,372,875 new ordinary shares in the capital of the Company at an issue price of S$0.0575 for each share as the full payment of the rental for the Company's office of S$3,471,000.

At the date of this report, the Company has yet to allot and issue 60,372,875 ordinary shares in capital of the Company.

(e) Termination of the option to purchase agreement

On 18 September 2020, the Company announced that it had terminated the option agreement to acquire a parcel of land in Melbourne, Australia for an aggregate consideration of not exceeding AS$15.8 million by entering into a deed of termination. In addition, the vendor has agreed to reimburse the Company for A$300,000 for the costs incurred in the application of the revised planning permit for the land.

(f) Issuance of RM15,650,000 notes under the Medium Term Note Programme

On 23 September 2020, pursuant to the Medium Term Note Programme, there were outstanding notes amounted to RM15,650,000 due for repayment on 23 September 2020 and on the same date, the Company announced that its indirect wholly-owned subsidiary, MRSB had issued new notes amounting to RM15,650,000 to repay the outstanding notes. These new notes would mature on 24 September 2021 and bear a coupon rate of 6.00% per annum payable semi-annually in arrears from the date of issue.

32. Significant event during the financial year

(a) Coronavirus outbreak

The outbreak of Covid-19 pandemic has profound impact on all of our lives. In addition to the immediate and grave health concerns caused by Covid-19, the Group is seeing a much wider impact on businesses and the economy. Without an approved and widely available vaccine in sight, economic recovery could be further delayed. As a tourism state, the business impact in Melaka and Hatten Land group of companies has been particularly distinct.

Apart from the above, no further matters or circumstances have arisen since the end of the financial year which significant affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years. The Group will continue to improve our administrative and operational efficiencies, bolster our balance sheet by monetizing our assets and fortify our business resiliency.

(b) Material Litigation

On 13 May 2020, GMSB received a notice of adjudication from Messrs Lee Hishammuddin Allen & Gledhill, being the lawyers representing China Construction Yangtze River (M) Sdn. Bhd. ("Contractor"). The Notice of Adjudication refers to the dispute between GMSB and the Contractor arising out of and/or in connection with a construction and completion contract dated 15 July 2016 for the Harbour City project with a total contract value of RM818.2 million (the "Agreement").

Pursuant to the Notice of Adjudication, the Contractor is claiming against GMSB an amount of RM100 million. According to the Notice of Adjudication, the parties are to reach an agreement on the identity of the adjudicator within 10 working days from the date of receipt of the Notice of Adjudication, failing which the Contractor will make a request to the Director of Asian International Arbitration Centre to appoint an adjudicator.

The Group is of the view that the Contractor's claim is without merit given that the Contractor itself is in substantive breach of the Agreement and GMSB intends to defend the claim against it vigorously. GMSB also intends to counter-claim against the Contractor in the amount of at least RM100 million for various breaches of contract. GMSB is currently taking legal advice on the claim by the Contractor and GMSB's intended counter-claim. Subject to the proposed divestment of subsidiary as disclosed in Note 31(c), the litigation would be administered by the new owner once GMSB is disposed. Based on the position taken by the management, no provision has been made by the Group in regards to this litigation matter.

33. Basis for disclaimer of opinion on the financial statements for the financial year ended 30 June 2019

The independent auditor's report dated 8 November 2019 contained a disclaimer of opinion on the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2019. The extract of the basis for disclaimer of opinion, which should be read in conjunction with the Group's 2019 Annual Report as all figures and references are in respect of the financial statements for the financial year ended 30 June 2019, is as follows:

Use of the going concern assumption

As at 30 June 2019, the Group's total loans and borrowings amounted to RM416,524,000, of which RM328,832,000 were classified as current liabilities and exceeded the Group's cash and bank balances of RM28,477,000. The Company's total loans and borrowings amounted to RM186,055,000, all of which were classified as current liabilities, and exceeded the Company's cash and bank balances of RM269,000. The Group's working capital primarily comprise development properties and the related receivables. Subsequent to the year end, the Group had not been able to meet its forecasted sales target for its development properties and experienced slower recovery of its receivables. The continuing challenges affecting the property market in Melaka, Malaysia, continues to impact the realisation of the Group's development properties causing a strain on its cash flows. In addition, completion delays experienced with certain development projects may further strain the Group's cash flows. Additionally, 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$20,000,000 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 this 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.

33. Basis for disclaimer of opinion on the financial statements for the financial year ended 30 June 2019 (cont'd)

Use of the going concern assumption (cont'd)

The directors have prepared the financial statements on a going concern basis based on the assumptions disclosed in Note 2.1 to the financial statements. However, based on the information available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves whether the use of the going concern assumption in preparing these financial statements is appropriate as the arrangements to secure additional funding and loan refinancings have yet to conclude satisfactorily at the date of these financial statements. The Group also continues to face challenges in realising its development properties and recover the related receivables as planned.

The Company has an investment in a subsidiary with carrying amount of RM1,203,315,000 as disclosed in Note 11 to the financial statements. Due to factors mentioned above and lack of information, we 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.

The carrying values of the assets as recorded on the statements of financial position of the Group and Company as at 30 June 2019 have been determined based on their continuation as going concern and recovery in the normal course of business. If the going concern assumption is not appropriate and the financial statements were presented on a realisation basis, the carrying values of assets and liabilities may be materially different from that currently recorded in the statements of financial position. If the Group and the Company were unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position.

34. Comparative figures and retrospective restatements

(a) The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2019 were audited by another firm of auditors whose report dated 8 November 2019 expressed a disclaimer of opinion on those financial statements as detailed in Note 33.

(b) In the prior year, a subsidiary had entered into contracts with customers and recognised the sale of fully furnished units as one performance obligation. SFRS(I) 15 requires the entity to account for the sale of fully furnished units as two separate performance obligations, with the sale of furniture to be recognised when control of the furniture is transferred to buyer. The revenue and its corresponding entries were restated accordingly in line with the accounting policy of the Group.

(c) The Group had recognised sales of completed properties on cash purchasers which have not met the criteria of revenue recognition. A restatement has been made to reverse the revenue recognised and cost charged out.

(d) In the prior year, the Group had accounted for certain rental expense as deferred revenue account under the statement of financial position, which should have been expensed off. An adjustment has been made to statement of comprehensive income retrospectively.

(e) Reclassification adjustment has been made to reclassify certain other payables balances for fixed subsidy provided to residential units for sale and purchase agreements signed.

(f) Reclassifications have been made to enhance comparability with current year's financial statements. Reclassification of other expenses to administrative expenses is to better reflect the nature of the rental expenses incurred by the Group.

34. Comparative figures and retrospective restatements (cont'd)

The financial statements for the financial year ended 30 June 2019 were restated during the financial year as follows:

	As previously reported RM'000	Adjustment RM'000	As restated RM'000
Group			
At 30 June 2019			
Statement of Financial Position			
Non-current assets			
Current assets			
Development properties	681,542	(2,747)	678,795
Contract assets	4,859	(1,592)	3,267
Trade and other receivables	591,730	32,876	558,854
Prepayments	4,503	(44)	4,459
Cash and bank balances	28,477	7	28,484
Current liabilities			
Income tax payable	54,142	(6,746)	47,396
Trade and other payables	343,384	(49,323)	294,061
Provisions	57,277	11,619	68,896
Contract liabilities	256,053	16,510	272,563
Equity			
Retained earnings	215,029	(9,312)	205,717
Statement of Comprehensive Income			
For the financial year ended			
30 June 2019			
Revenue	340,461	2,355	342,816
Cost of sales	144,686	(3,729)	140,957
Other operating income	12,769	(1,539)	11,230
Other income/gains	9,979	1,092	11,071
Other operating expense	28,183	(28,183)	–
Administrative expenses	60,331	43,132	103,463
Profit before tax	84,034	(9,312)	74,722
Profit for the year	20,359	(9,312)	11,047

Consolidated Statement of Cash Flows

In view of the above changes, consequential restatements were made to the Consolidated Statement of Cash Flows.

35. Authorisation of financial statements for issue

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2020 were authorised for issue in accordance with a resolution of the board of directors of the Company on 15 October 2020.

Statistics of Shareholdings

AS AT 05 OCTOBER 2020

SHARE CAPITAL AND VOTING RIGHTS

Number of shares issued	:	1,534,976,353
Issued and fully paid-up capital	:	S$426,459,000
Class of shares	:	1 vote per ordinary share
Treasury shares	:	Nil
Subsidiary holdings	:	Nil

Size of shareholdings	No. of Shareholders	%	No. of shares	%
1 – 99	126	4.67	7,153	0.00
100 – 1,000	787	29.17	313,210	0.02
1,001 – 10,000	869	32.21	3,563,468	0.23
10,001 – 1,000,000	887	32.88	61,475,263	4.01
1,000,001 and above	29	1.07	1,469,437,259	95.74
	2,698	100.00	1,534,796,353	100.00

SUBSTANTIAL SHAREHOLDERS

	Direct interest		Deemed interest	
	Number of shares	%	Number of shares	%
Hatten Holdings Pte Ltd	937,091,508	61.06%	–	–
Tan June Teng Colin @ Chen JunTing	–	–	987,091,508	64.31%
Tan Ping Huang Edwin @ Chen BingHuang	–	–	987,091,508	64.31%

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

SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 05 October 2020, approximately 27.13% of the issued ordinary shares of the Company is held by the public and therefore, the Company has complied with Rule 723 of the Catalist Rules.

Statistics of Shareholdings

AS AT 05 OCTOBER 2020

TWENTY LARGEST SHAREHOLDERS AS AT 05 OCTOBER 2020

	SHAREHOLDER'S NAME	NO OF SHARES	%
1	PHILLIP SECURITIES PTE LTD	769,391,731	50.13
2	HATTEN HOLDINGS PTE LTD	177,091,508	11.54
3	MAYBANK KIM ENG SECURITIES PTE. LTD	88,114,796	5.74
4	RAFFLES NOMINEES (PTE) LIMITED	64,742,279	4.22
5	KINGPIN INVESTMENT (PTE LTD)	56,500,000	3.68
6	TAN YEE LING	50,000,000	3.26
7	TONG YEE XING	50,000,000	3.26
8	LU CHAI HONG	45,184,400	2.94
9	CITIBANK NOMINEES SINGAPORE PTE LTD	34,769,816	2.27
10	ERIC TAN ENG HUAT	33,980,400	2.21
11	UOB KAY HIAN PTE LTD	31,098,315	2.03
12	OCBC SECURITIES PRIVATE LTD	9,777,131	0.64
13	CHUA HEE TECK	5,900,000	0.38
14	CHU CHEE HOU MARTIN (ZHU ZHIHAO)	5,300,000	0.35
15	CHAINUP PTE. LTD.	5,010,762	0.33
16	LUM CHUE TAT	4,821,000	0.31
17	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	4,501,526	0.29
18	LEE CHIN FOONG	4,283,516	0.28
19	DBS NOMINEES PTE LTD	3,972,885	0.26
20	TAN LER CHOO	3,909,000	0.25
	Total	**1,448,349,065**	**94.37**

Notice of
Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Hatten Land Limited (the "**Company**") will be held by electronic means on Friday, 30 October 2020 at 9.00 a.m. to transact the following purposes:

AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements of the Company for the financial year ended 30 June 2020 and the Directors' Statement and the Auditors Report thereon. **(Resolution 1)**

2. To re-elect Mr. Foo Jong Han, Rey, a Director retiring pursuant to Article 117 of the Company's Constitution, and who being eligible, will offer himself for re-election. **(Resolution 2)**

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

3. To re-elect Dato' Colin Tan June Teng @ Chen JunTing, a Director retiring pursuant to Article 117 of the Company's Constitution, and who being eligible, will offer himself for re-election. **(Resolution 3)**

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

4. To approve the payment of Directors' Fees of S$187,500 (2019: S$187,500/-) for the year ended 30 June 2020. **(Resolution 4)**

5. To re-appoint Messrs Baker Tilly TFW LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

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

6. To receive and consider the Audited Financial Statements of the Company for the financial year ended 30 June 2020 and the Directors' Statement and the Auditors Report thereon. **(Resolution 6)**

   THE PROPOSED RENEWAL OF THE SHARE ISSUE MANDATE

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

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

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

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

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

Provided always that,

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

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

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

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

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

(Please see Explanatory Note 1)

7. **THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE** **(Resolution 7)**

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

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

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

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

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

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

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

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

c) in this Resolution:

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

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

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

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

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

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

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

(Please refer to the Appendix for details)

8. **THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTION MANDATE** **(Resolution 8)**

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

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

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

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

(Please see Explanatory Note 2)

9. **AUTHORITY TO GRANT OPTIONS AND ISSUE SHARES UNDER THE HATTEN LAND LIMITED EMPLOYEE'S SHARE OPTION SCHEME ("HATTEN ESOS")** **(Resolution 9)**

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

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

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

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

(Please see Explanatory Note 3)

10. **AUTHORITY TO GRANT AWARDS AND ISSUE SHARES UNDER THE HATTEN LAND LIMITED PERFORMANCE SHARE PLAN ("HATTEN PSP")** **(Resolution 10)**

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

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

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

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

(Please see Explanatory Note 4)

BY ORDER OF THE BOARD

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

Notice of
Annual General Meeting

EXPLANATORY NOTES:

1. Ordinary Resolution 6 proposed in item 6 above is to authorise the Directors of the Company from the date of the AGM until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 100 percent of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 50 percent of the issued share capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

2. Ordinary Resolution 8 proposed in item 8 above, if passed, will renew the IPT Mandate for transactions with the interested persons and empower the Directors of the Company from the date of the AGM until the date of the next Annual General Meeting to do all acts necessary to give effect to the Directors of the Company from the date of the AGM until the date of the next Annual General Meeting to do all acts necessary to give effect to the Resolution. This authority will, unless previously revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company. In accordance with the requirements of Chapter 9 of the Catalist Rules, Dato' Tan June Teng Colin @ Chen JunTing and Dato' Tan Ping Huang Edwin @ Chen BingHuang being the "**Interested Persons**" in relation to the IPT Mandate, will abstain from voting, and will ensure that their respective associates abstain from voting, on Ordinary Resolution 8 relating to the proposed renewal of the IPT Mandate.

3. Ordinary Resolution 9 if passed, will empower the Directors of the Company, to offer and grant Options under the Hatten ESOS and to allot and issue shares pursuant to the exercise of such Options under the Hatten ESOS not exceeding fifteen percent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time.

4. Ordinary Resolution 10 if passed will empower the Directors of the Company, to allot and issue Shares pursuant to the vesting of Awards under the Hatten PSP not exceeding fifteen percent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time.

<u>Measures to Minimise Risk of Community Spread of COVID-19</u>

On 3 April 2020, the Singapore Government announced the implementation of circuit breaker measures (enhanced safe distancing measures and closure of non-essential workplace premises) to curb the further spread of COVID-19.

Pursuant to the COVID-19 (Temporary Measures) Act 2020 passed by Parliament on 7 April 2020, the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 issued by the Minister for Law on 13 April 2020 provides legal certainty to enable issuers to make alternative arrangements to hold general meetings where personal attendance is required under written law or legal instruments (such as a company's constitution).

A joint statement issued on 13 April 2020 by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and the Singapore Exchange Regulation providing additional guidance for listed and non-listed entities on the manner in which general meetings are to be conducted during the elevated safe distancing measures period.

In light of the above developments, the Company is arranging for a live webcast of the AGM proceedings (the "**Live AGM Webcast**") which will take place on 30 October 2020 at 9.00 a.m. Shareholders will be able to watch the AGM proceedings through the Live AGM Webcast, and the Company will not accept any physical attendance by shareholders. Any shareholder seeking to attend the AGM physically in person will be turned away.

Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's website at http://www.hattenland.com.sg and SGXNET. The 2020 Annual Report may be accessed at the same website and SGXNET.

<u>Participation in the AGM via live webcast or live audio feed</u>

1. As the AGM will be held by way of electronic means, shareholders will **<u>NOT</u>** be able to attend the AGM in person. All shareholders or their corporate representatives (in the case of shareholders which are legal entities) will be able to participate in the AGM proceedings by accessing a live webcast or live audio feed. To do so, shareholders are required to pre-register their participation in the AGM ("**Pre-registration**") at this link: https://online.meetings.vision/hatten-agm-registration from **9.00 a.m. on 15 October 2020 to 9.00 a.m. 27 October 2020** ("**Registration Deadline**") for verification of their status as shareholders (or the corporate representatives of such shareholders).

2. Investors who hold shares through depository agents (as defined in Section 81SF of the Securities and Futures Act, Chapter 289) and wish to watch the Live AGM Webcast must approach their respective depository agents to pre-register by **5.00 p.m. on 20 October 2020** in order to allow sufficient time for their respective depository agents to in turn pre-register their interest with the Company.

Notice of Annual General Meeting

3. Upon successful verification, each such shareholder or its corporate representative will receive an email by 5.00 p.m. on 28 October 2020. The email will contain instructions to access the live webcast or live audio feed of the AGM proceedings. Shareholders or their corporate representatives must not forward the email to other persons who are not shareholders and who are not entitled to participate in the AGM proceedings. Shareholders or their corporate representatives who have pre-registered by the Registration Deadline in accordance with paragraph 1 above but do not receive an email by 5.00 p.m. on 28 October 2020 may contact the Company's Share Registrar, Tricor Barbinder Share Registration Services at (65) 6236 3550/555 for enquiries.

Voting by proxy

4. Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting. The accompanying proxy form for the Annual General Meeting may be accessed at the Company's website at http://www.hattenland.com.sg and SGXNET.

5. Shareholders who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the Meeting as their proxy to do so on their behalf and must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

6. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 pm on 20 October 2020.

7. The duly executed proxy form must be submitted via one of the following means:

   (a) deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898, or

   (b) submitted by email to sg.is.proxy@sg.tricorglobal.com

   not later than 72 hours before the time set for the Annual General Meeting.

   In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

8. A Depositor shall not be regarded as a member of the Company unless his/her name appears on the Depository Register 72 hours before the time appointed for the Annual General Meeting.

Submission of Questions

9. Shareholders may submit questions relating to the items on the agenda of the AGM via the AGM Registration and Q&A Link. All questions must be submitted by 09.00 a.m. on 27 October 2020:

   (a) via the pre-registration website at https://online.meetings.vision/hatten-agm-registration,

   (b) by email to hattenlandagm@hattengrp.com

10. The Company will endeavour to address the substantial and relevant questions received in advance of the AGM either before or during the AGM. The responses to such questions from shareholders, together with the minutes of the AGM, will be posted on the SGXNET and the Company's website within one month after the date of the AGM.

11. Please note that shareholders will not be able to ask questions at the AGM "**live**" during the webcast and the audio feed, and therefore it is important for shareholders to pre-register their participation in order to be able to submit their questions in advance of the AGM.

Important reminder

12. Due to the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Shareholders are advised to regularly check the Company's website or announcements released on SGXNET for updates on the AGM. Further, in light of the current COVID-19 measures, which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.

Notice of
Annual General Meeting

PERSONAL DATA POLICY

By (a) submitting an instrument appointing the Chairman of the Meeting as a proxy to vote at the AGM and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) administration and analysis of the Company (or its agents or service providers) for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"),

(ii) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as a proxy for the AGM (including any adjournment thereof);

(iii) the processing of the Pre-registration for purposes of granting access to members (or their corporate representatives in the case of members which are legal entities) to the live webcast or live audio feed of the AGM proceedings and providing them with any technical assistance where necessary;

(iv) addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;

(v) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

(vi) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

HATTEN LAND LIMITED

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

IMPORTANT

1. The Annual General Meeting ("**AGM**") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the AGM via electronic means, submission of questions in advance of the AGM, addressing of substantial and relevant questions before or at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Notice of AGM dated 15 October 2020.
3. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on is/her/its behalf at the AGM if such member wishes to exercise his/her/ its voting rights at the AGM.**
4. For investors who have used their CPF/SRS monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
5. CPF/SRS investors are requested to contact their respective Agent Banks for any queries they may have with regard to the appointment of the Chairman of the Meeting as the proxy.

Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

PROXY FORM

*I/We (Name) ______________________ NRIC/Passport No, ______________________ of

(Address) ____

being *a member/members of Hatten Land Limited (the "**Company**"), hereby appoint the Chairman of the Meeting as my/our proxy to vote for me/us at the Annual General Meeting of Hatten Land Limited (the "**Company**") to be held by electronic means on Friday, 30 October 2020 at 9.00 a.m., and at any adjournment thereof.

We have indicated with an "**X**" in the appropriate box against each item below how I/we wish the Chairman of the Meeting as my/our proxy to vote, or to abstain from voting.

No.	Ordinary Resolutions	For	Against	Abstain
1	To receive and consider the Audited Financial Statements of the Company for the financial year ended 30 June 2020 and the Directors' Statement and Auditors' Report thereon.			
2	To re-elect Mr. Foo Jong Han, Rey as Director pursuant to Article 117 of the Company's Constitution.			
3	To re-elect Dato' Colin Tan June Teng @ Chen JunTing as Director pursuant to Article 117 of the Company's Constitution.			
4	To approve the payment of Directors' Fees of S$187,500/- for the financial year ended 30 June 2020			
5	To re-appoint Messrs Baker Tilly TFW LLP as auditors of the Company and to authorise the Directors to fix their remuneration.			
6	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.			
7.	To approve renewal of share buyback mandate			
8.	To approve the renewal of the Interested Person Transaction Mandate			
9.	To approve the allotment and issue of shares under the Hatten Land Limited Employees' Share Option Scheme			
10.	To approve the allotment and issue of shares under the Hatten Land Limited Performance Share Plan			

Note: Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "**For**" or "**Against**" a resolution, please indicate with an "**X**" in the "**For**" or "**Against**" box provided in respect of that resolution. Alternatively, please indicate the number of votes "**For**" or "**Against**" in the "**For**" or "**Against**" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "**X**" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of ordinary shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "**Abstain**" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Dated this ________ day of ________________ , 2020

Total number of Shares in :	No. of Shares held
(a) CDP Register	
(b) Register of Members	

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

IMPORTANT. Please read notes before completing this Proxy From

Notes:-

1. This instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

2. **Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.**

3. The instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, may be

   (a) deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898, or

   (b) submitted by email to sg.is.proxy@sg.tricorglobal.com

   not later than 72 hours before the time set for the Annual General Meeting.

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AFFIX STAMP

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

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In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

5. The Company shall be entitled to reject the instrument appointing the Chairman as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman as proxy lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 October 2020.

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HATTEN LAND LIMITED

Company Registration No. : 199301388D
53, Mohamed Sultan Road, #04-02
Singapore 238993.

Tel: +65 6690 3136
Fax: +65 6690 3139
Website: www.hattenland.com.sg