# HATTEN LAND LIMITED

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

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**Condensed interim financial statements for the Fourth Quarter and For the Full Financial Year ended 30 June 2023**

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

This announcement has been prepared by Hatten Land Limited (the "Company") and its contents have been reviewed by RHT Capital Pte Ltd (the "Sponsor") for compliance with the relevant rules of the SGX-ST Listing Manual Section B: Rules of Catalist.

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

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## Table of Contents

## A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
### For the financial year ended 30 June 2023

| | Notes | Group Fourth Quarter Ended 30.06.2023 RM'000 | Group Fourth Quarter Ended 30.06.2022 RM'000 | % Change | Group 12 Months Ended 30.06.2023 RM'000 | Group 12 Months Ended 30.06.2022 RM'000 | % Change |
|---|---|---|---|---|---|---|---|
| Revenue | 5 | 15,248 | 31,594 | (51.7) | 30,922 | 55,053 | (43.8) |
| Cost of sales | | 8,877 | (7,531) | N/M | (139) | (18,705) | (99.3) |
| **Gross profit** | | **24,125** | **24,063** | 0.3 | **30,783** | **36,348** | (15.3) |
| Other operating income | | 267 | 145 | 84.1 | 1,232 | 654 | 88.4 |
| Other income / gains | | 72,585 | 21,339 | N/M | 95,608 | 39,839 | N/M |
| **Other items of expense** | | | | | | | |
| General and administrative expenses | | (42,972) | (26,185) | 64.1 | (79,785) | (65,864) | 21.1 |
| Loss on revocation of sales | | (2,511) | (19,381) | (87.0) | (8,382) | (31,392) | (73.3) |
| Other expenses | | - | 12,840 | N/M | (100) | 12,840 | N/M |
| Finance costs | | (12,696) | (14,262) | (11.0) | (48,974) | (45,885) | 6.7 |
| Share of results of the associated company | | (163) | (101) | 61.4 | (535) | (552) | (3.1) |
| **Profit/(Loss) before tax** | 6 | **38,635** | **(1,542)** | N/M | **(10,153)** | **(54,012)** | (81.2) |
| Income (expense) / tax credit | 7 | (863) | 32,478 | N/M | 7,938 | 21,714 | (63.4) |
| **Profit/(Loss) after tax** | | **37,772** | **30,936** | 22.1 | **(2,215)** | **(32,298)** | (93.1) |
| **Other comprehensive income:** | | | | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | | | | |
| Currency translation differences arising on consolidation | | (1,666) | 78 | N/M | (1,261) | (444) | N/M |
| **Total comprehensive profit/(loss) for the period** | | **36,106** | **31,014** | 16.4 | **(3,476)** | **(32,742)** | (89.4) |
| **Profit/(Loss) for the period attributable to:** | | | | | | | |
| Owners of the Company | | 37,777 | 30,858 | 22.4 | (2,199) | (32,230) | (93.2) |
| Non-controlling interests | | (5) | 78 | N/M | (16) | (68) | N/M |
| | | **37,772** | **30,936** | 22.1 | **(2,215)** | **(32,298)** | (93.1) |
| **Total comprehensive profit/(loss) for the period attributable to:** | | | | | | | |
| Owners of the Company | | 36,121 | 30,817 | 17.2 | (3,469) | (32,680) | (89.4) |
| Non-controlling interests | | (15) | 197 | N/M | (7) | (62) | N/M |
| | | **36,106** | **31,014** | 16.4 | **(3,476)** | **(32,742)** | (89.4) |
| **Profit/(Loss) per share attributable to owners of the Company (RM cents per share)** | | **2.03** | **1.69** | | **(0.12)** | **(1.88)** | |

Note: Please refer to Paragraph 3 in Section F - Other information required by Catalist Listing Rule Appendix 7C for further details.

N/M – Not meaningful

## B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 30 June 2023

| | Note | Group 30.06.2023 RM'000 | Group 30.06.2022 RM'000 | Company 30.06.2023 RM'000 | Company 30.06.2022 RM'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 11 | 174,652 | 30,494 | - | - |
| Right-of-use assets | | 32,690 | 43,844 | - | - |
| Investment in subsidiaries | 12 | - | - | 720,132 | 710,739 |
| Investment in associate company | 13 | 21,775 | 22,310 | - | - |
| Trade and other receivables | 14 | 39,712 | 12,030 | - | - |
| Intangible assets | 16 | 9,430 | 7,737 | - | - |
| | | 278,259 | 116,415 | 720,132 | 710,739 |
| **Current assets** | | | | | |
| Development properties | 15 | 563,791 | 455,471 | - | - |
| Contract assets | | 26,934 | 5,382 | - | - |
| Trade and other receivables | 14 | 231,103 | 131,363 | 319,386 | 304,596 |
| Prepayments | | 192 | 172 | 67 | 61 |
| Cash and bank balances | | 2,437 | 11,241 | - | 2,136 |
| | | 824,457 | 603,629 | 319,453 | 306,793 |
| Disposal group assets classified as held for sales | | - | 429,381 | - | - |
| **Total assets** | | 1,102,716 | 1,149,425 | 1,039,585 | 1,017,532 |
| **Liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Lease liabilities | | 16,146 | 14,826 | - | - |
| Loans and borrowings | 17 | 337,919 | 225,284 | 209,926 | 198,365 |
| Income tax payable | | 14,729 | 16,132 | - | - |
| Trade and other payables | 18 | 352,494 | 241,103 | 3,364 | 2,558 |
| Provisions | | 51,050 | 6,332 | - | - |
| Contract liabilities | 19 | 207,139 | 59,849 | - | - |
| | | 979,477 | 563,526 | 213,290 | 200,923 |
| Liabilities directly associated with disposal group classified as held-for-sale | | - | 435,569 | - | - |
| | | 979,477 | 999,095 | 213,290 | 200,923 |
| **Non-current liabilities** | | | | | |
| Lease liabilities | | 26,570 | 36,314 | - | - |
| Loans and borrowings | 17 | 58,955 | 72,826 | - | - |
| | | 85,525 | 109,140 | - | - |
| **Total liabilities** | | 1,065,002 | 1,108,235 | 213,290 | 200,923 |
| **Net assets** | | **37,714** | **41,190** | **826,295** | **816,609** |
| **Equity** | | | | | |
| Share capital | 20 | 328,862 | 328,862 | 1,361,366 | 1,361,366 |
| Accumulated losses | | (234,212) | (231,970) | (535,071) | (544,757) |
| Translation reserve | | (2,301) | (899) | - | - |
| Merger reserve | | (54,827) | (54,827) | - | - |
| Other reserve | | - | (175) | - | - |
| | | 37,522 | 40,991 | 826,295 | 816,609 |
| Non-controlling interest | | 192 | 199 | - | - |
| **Total equity** | | **37,714** | **41,190** | **826,295** | **816,609** |
| **Total equity and liabilities** | | **1,102,716** | **1,149,425** | **1,039,585** | **1,017,532** |

Note: Please refer to Paragraph 3 in Section F - Other information required by Catalist Listing Rule Appendix 7C for further detail.

## C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
## For the financial year ended 30 June 2023

| | Attributable to owners of the Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Accumulated losses | Translation reserve | Merger reserve | Premium paid on acquisition of non-controlling interests | Total equity | Non-controlling interests | Total equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Group** | | | | | | | | |
| **At 1 July 2022** | 328,862 | (231,970) | (899) | (54,827) | (175) | 40,991 | 199 | 41,190 |
| Loss for the period | - | (2,199) | - | - | - | (2,199) | (16) | (2,215) |
| Other comprehensive loss | | | | | | | | |
| Currency translation on consolidation | - | (43) | (1,402) | - | 175 | (1,270) | 9 | (1,261) |
| **Total comprehensive loss for the period** | - | (2,242) | (1,402) | - | 175 | (3,469) | (7) | (3,476) |
| **Balance as at 30 June 2023** | **328,862** | **(234,212)** | **(2,301)** | **(54,827)** | **-** | **37,522** | **192** | **37,714** |
| **At 1 July 2021 (as restated)** | 298,044 | (202,691) | (449) | (79,513) | (3,397) | 11,994 | - | 11,994 |
| Loss for the period | - | (32,230) | - | - | - | (32,230) | (68) | (32,298) |
| Other comprehensive loss | | | | | | | | |
| Currency translation on consolidation | - | - | (450) | - | - | (450) | 6 | (444) |
| **Total comprehensive loss for the period** | - | (32,230) | (450) | - | - | (32,680) | (62) | (32,742) |
| Contribution by and distributions to owners | | | | | | | | |
| Issuance of ordinary shares | 31,023 | - | - | - | - | 31,023 | - | 31,023 |
| shares issuance expenses | (205) | - | - | - | - | (205) | - | (205) |
| Gain on disposal of susbsidiary | - | 30,859 | - | - | - | 30,859 | - | 30,859 |
| Transfer of reserves upon disposal of subsidiary | - | (27,908) | - | 24,686 | 3,222 | - | - | - |
| Contribution from non-controlling interest | - | - | - | - | - | - | 261 | 261 |
| Total transactions with owners in their capital as owners | 30,818 | 2,951 | - | 24,686 | 3,222 | 61,677 | 261 | 61,938 |
| **Balance as at 30 June 2022** | **328,862** | **(231,970)** | **(899)** | **(54,827)** | **(175)** | **40,991** | **199** | **41,190** |

## C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (cont'd)
### For the financial year ended 30 June 2023

**Company**

| | Share capital | Accumulated losses | Total equity |
|---|---|---|---|
| | **RM'000** | **RM'000** | **RM'000** |
| **At 1 July 2022** | 1,361,366 | (544,757) | 816,609 |
| Profit for the period | - | 9,686 | 9,686 |
| **Balance as at 30 June 2023** | **1,361,366** | **(535,071)** | **826,295** |
| **At 1 July 2021** | 1,330,548 | (544,671) | 785,877 |
| Loss for the period | - | (86) | (86) |
| <u>Contributions by and distributions to owners</u> | | | |
| Issuance of ordinary shares | 31,023 | - | 31,023 |
| Share issuance expenses | (205) | - | (205) |
| | 30,818 | - | 30,818 |
| **Balance as at 30 June 2022** | **1,361,366** | **(544,757)** | **816,609** |

## D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
### For financial year ended 30 June 2023

| | Group Fourth Quarter Ended | | Group 12 Months Ended | |
|---|---|---|---|---|
| | 30.06.23 | 30.06.22 | 30.06.23 | 30.06.22 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Cash flows from operating activities** | | | | |
| Profit /(Loss) before tax | 38,635 | (1,542) | (10,153) | (54,012) |
| Adjustments for: | | | | |
| Share of results of associated company | 163 | 102 | 535 | 552 |
| Depreciation of property, plant and equipment | 520 | 393 | 1,228 | 1,144 |
| Depreciation of right-of-use assets | 3,383 | 3,930 | 11,487 | 16,436 |
| Gain on disposal of right-of-use assets | (2) | - | (1,182) | (1,228) |
| Gain on disposal of property, plant and equipment | (49) | - | (49) | - |
| Gain on disposal of subsidiaries | - | (9,525) | (1,012) | (9,525) |
| Impairment loss on trade receivables - credit loss on revocation of sales | 2,511 | 6,630 | 8,382 | 18,641 |
| Currency translation reserve | 36 | - | 28 | - |
| Interest income | (20) | (4,149) | (3,310) | (9,840) |
| Interest expense | 12,696 | 14,262 | 48,974 | 45,885 |
| Reversal of provision, net | (82,513) | (26,906) | (82,513) | (26,906) |
| Unrealised foreign exchange loss | 1,393 | 10,250 | 175 | 10,645 |
| **Operating cash flows before working capital changes** | **(23,247)** | **(6,555)** | **(27,410)** | **(8,208)** |
| Changes in operating assets and liabilities | | | | |
| Intangible assets | 1,335 | 1,571 | - | - |
| Development properties | 729 | (7,314) | 30,026 | (12,848) |
| Contract assets | (4) | 801 | (645) | 159 |
| Contract liabilities | 14,189 | (54,746) | 17,913 | (43,153) |
| Trade and other receivables | 24,023 | 3,483 | 16,325 | 73,627 |
| Trade and other payables | 21,822 | 76,261 | 19,310 | 14,316 |
| **Cash flow generated from operations** | **38,847** | **13,501** | **55,519** | **23,893** |
| Interest paid | (12,777) | (2,304) | (26,763) | (33,927) |
| Interest received | 20 | (5,664) | 3,310 | 27 |
| Income tax paid | (1,074) | (2,680) | (1,885) | (2,210) |
| **Net cash flows generated from / (used in) operating activities** | **25,016** | **2,853** | **30,181** | **(12,217)** |
| **Cash flows from investing activities** | | | | |
| Proceeds from disposal of property,plant and equipment | - | - | 1,180 | - |
| Proceeds from disposal of right-of-use assets | - | 3,279 | - | 3,434 |
| Increase in pledged fixed deposit | - | (1) | - | - |
| Net cash inflow from contributions of NCI in subsidiaries | - | 261 | - | 261 |
| Net cash outflow for the disposal of subsidiary | - | (181) | - | (181) |
| Movement in amount due to associated company | - | (931) | - | (931) |
| Additions to property,plant and equipment and intangible assets | (1,011) | (4,197) | (2,277) | (11,054) |
| **Net cash flows used in investing activities** | **(1,011)** | **(1,770)** | **(1,097)** | **(8,471)** |
| **Cash flows from financing activities** | | | | |
| (Repayment of) / Proceeds from lease liabilities | (6,642) | 3,240 | (8,802) | (4,893) |
| Proceeds from term notes | - | 1,417 | 103 | 1,417 |
| Repayment of term loans and medium term notes | (15,815) | (15,337) | (29,287) | (4,067) |
| Movement in amount due to directors | - | 482 | - | 482 |
| Proceeds from placement shares | - | 15,764 | - | 31,023 |
| Shares issuance expenses | - | (50) | - | (205) |
| **Net cash flows (used in) / generated from financing activities** | **(22,457)** | **5,516** | **(37,986)** | **23,757** |
| **Net increase/(decrease) in cash and cash equivalents** | 1,548 | 6,599 | (8,902) | 3,069 |
| Cash and cash equivalents at the beginning of the period | 889 | 5,815 | 11,339 | 8,272 |
| Effects of exchange rate changes on cash and cash equivalents | - | (2) | - | (2) |
| **Cash and cash equivalents at the end of the period** | **2,437** | **12,412** | **2,437** | **11,339** |
| Cash and bank balances | 2,437 | 12,531 | 2,437 | 11,458 |
| Add: Included in disposal group classified as held-for-sale | - | (119) | - | (119) |
| **Cash and cash equivalents as per above** | **2,437** | **12,412** | **2,437** | **11,339** |

## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
## For the financial year ended 30 June 2023

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

### 1. Corporate information

Hatten Land Limited (the "Company") (Company Registration 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 also incorporated and domiciled in Singapore.

The registered office and principal place of business of the Company is located at 53 Mohamed Sultan Road, #03-01, Singapore 238993.

The principal activity of the Company is that of investment holding.

### 2. Basis of Preparation

The condensed interim financial statements for the twelve months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Malaysian ringgit which is the Company's functional currency.

### 2.1. New and amended standards adopted by the Group

On 1 July 2022, the Company adopted the new or amended SFRS(I)s and Interpretations to SFRS(I)s ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s and INT SFRS(I)s below:

Effective for financial period beginning on 1 January 2023:

- SFRS(I) 1-12: Amendments to SFRS(I) 1-12: International Tax Reform – Pillar Two Model Rules
- SFRS(I) 1-8: Definition of Accounting Estimates
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
- Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for financial periods beginning on or after 1 January 2024:

- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current
- Amendments to SFRS(I) 1-11: Non-current liabilities with covenants

The adoption of these new or amended SFRS(I)s and INT SFRS(I)s did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

### 2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Classification of disposal group classified as held-for-sale

The assets and liabilities relating to a wholly owned subsidiary, Gold Mart Sdn. Bhd. ("GMSB") are presented as disposal group classified as held-for-sale in accordance with SFRS(I) 5 – Non-current Assets Held for Sale and Discontinued Operations.

On 14 February 2023, the Group's wholly owned subsidiary, Hatten MS Pte. Ltd. ("Hatten MS") and GMSB has issued and announced a notice of termination to Tayrona Capital Group Corporation ("Tayrona Capital") to terminate the existing agreement that was entered into in relation to the proposed divestment of GMSB ("Proposed Transaction") as Tayrona Capital had not complied with its obligations in respect of the completion of the Proposed Transaction. As further updated by the Company on 20 March 2023 and 30 April 2023 respectively, the Company has a renewed opportunity to commence and resume the construction work.

As a result, the Group has reclassified the respective assets and liabilities of GMSB previously grouped into held-for-sale to the respective accounts accordingly, maintaining the same classification as before GMSB was accounted for as held-for-sale.

## 3. Going Concern Assumption

For the financial year ended 30 June 2023, the Group incurred a net loss of RM2.2 million. As at 30 June 2023, the Group's total loans and borrowings amounted to RM396.9 million, of which RM337.9 million were classified as current liabilities and exceeded its cash and bank balances of RM2.4 million. The Group's current liabilities of RM979.5 million also exceeded its current asset of RM824.5 million. The Group's net assets reduced to RM37.7 million as at 30 June 2023.

Notwithstanding the above, the financial statements have been prepared on a going concern basis as the Directors believe that the Group can continue as a going concern based on the following factors: -

(a) As the property market in Malaysia undergoes a progressive recovery, the Group remains focused on its core property development business. The Group has continued to reduce its losses and achieve positive operating cash flow for four consecutive quarters, including 4QFY2023. In FY2023, the Group has reduced its loss after tax to RM2.2 million (FY2022: RM32.3 million) and recorded positive operating cash flow of RM30.2 million (compared to negative operating cash flow of RM12.2 million in FY2022).

(b) Comparing to cost value of RM564 million recognised on the statement of financial position, the total market value of the Group's development properties is over RM1.07 billion based on the latest valuation reports that were signed off for 30 June 2022, of which approximately RM703 million comprises unsold completed properties that the Group intends to sell gradually. In addition, the Company's liabilities, in particular the US$25 million (approximately RM110 million) secured bonds are secured by additional hospitality assets provided by a related party of the Company, of which the market value is RM238 million (approximately US$54 million) as at November 2022.

(c) As discussed in section 3, the notable increase in current liabilities is primarily attributed to the impact of GMSB Reclassification (as defined below). Additionally, the provision of RM51 million and contract liability of RM207 million are non-monetary items that arise from accounting treatment in accordance with relevant accounting standards and do not necessitate immediate cash repayment. Out of the current portion of the loans and borrowings, approximately RM210 million pertains to the outstanding principal amount of facilities under the refinancing process of the Fundraising Facilities (as defined below), as announced in the Group's monthly update. The remaining RM128 million pertains to bank facilities that are presently being serviced.

(d) To further enhance the value of the Group's unsold units and for a better monetisation of its assets, the Group's focus is to leverage on the fast-recovering tourism activities in Melaka by developing new concepts and creating more attractions in Melaka. For example, the development of ElementX would be the first-of-its-kind themed around the multiplayer online battle area mobile game, MLBB (Mobile Legends: Bang Bang), which would be positioned as Southeast Asia's first large-scale integrated Esports experiential hub and themed award-winning hotel accommodation. In order to achieve this, the Group needs to collaborate with well-established Esports partners. The Group has inked multiple partnership agreements with top mobile games in Southeast Asia and leading Esports organisations for the development of ElementX. The Group is actively carrying out fundraising exercises. As one of the financing plans being negotiated, the Group is currently in the advanced stages of reaching a definitive agreement for a financing package that includes the funds required to complete the transformation of ElementX, which is likely to be launched in the calendar year of 2023. In addition to the above, the Group has also commenced its marketing and promotion activities on the unsold residential units and the commercial lots which would likely be launched from two quarters after the opening of ElementX and those unsold units are priced collectively at RM18 million and RM591 million respectively.

(e) On 22 March 2023, the Group announced that it has entered into a Strategic Partnership Agreement with Quantum Healthcare Limited ("Quantum") to provide premium healthcare service in Melaka at Imperio Mall @ Hatten City. The Group and Quantum jointly announced on 13 June 2023 the signing of a tenancy agreement. With identified space of more than 210,000 square feet within Imperio Mall@Hatten City, Quantum has committed to lease more than 138,000 square feet of space on Lower Ground Floor, Ground Floor and Mezzanine Floor with the option to lease up to an additional 72,000 square feet on Level 1. Quantum Specialist Centre will be the newest healthcare facility in Melaka with its planned phased opening in second half of 2023.

(f) The re-opening of the economy, interstate and overseas travel will contribute to the recovery of the Group's hospitality and property-related activities in Melaka.

(g) The Group has worked closely with its creditors to extend and/or restructure the repayment plans that included payment structure as well as contra payments with its property units. Besides that, the Group is actively discussing with its banks in relation to the roll-over and extension of the repayment obligations. This aligns the Group's requirements with the current business climate and channels its cashflow for operation purposes.

(h) The Group has embarked on strategic restructuring of its subsidiary, GMSB 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. As announced in the Group's announcements on 14 June 2023 and 30 June 2023, GMSB has successfully obtained the following orders from Kuala Lumpur High Court ("Court") held on 12 June 2023, which includes (i) GMSB shall within 90 days from 12 June 2023 to hold a creditors' meeting to approve a proposed scheme agreement with its unsecured creditors; and (ii) a restraining order to prevent legal proceedings against GMSB, including enforcing security and initiating wind up proceedings over GSMB assets for a period of three (3) months from 12 June 2023, except with leave of Court and subject to terms the Court may impose. The date of creditors' meeting is set on 8 September 2023. The Group will provide additional updates on this matter.

(i) One of the executive directors, who is also a controlling shareholder of the Company, has undertaken to provide necessary financial support, in the form of debt and/or equity, to the Group should it be required to sustain its operations.

Based on the above and the continued support of the Group's lenders and controlling shareholder of the Company, the Board is of the view that it is appropriate to prepare the financial statements on a going concern basis.

## 4. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period from 1 April 2023 to 30 June 2023 ("4QFY2023").

## 5. Segment and revenue information

### 5.1. Segment Information

The entire Group's operations constitute a single operating segment, which is in the business of property development in Malaysia. Since FY2022, the Group started the business in the provision of space, power capacity and technical support for external customers who engaged in crypto mining services.

The total revenue generated for this new business is RM3.1 million, and this represents about 2.45% of the total revenue in FY2023, including both sales to external customers and intersegment sales during the financial year. Accordingly, no business or geographical segment information is presented.

### 5.2. Disaggregation of Revenue

| | **Group** | | **Group** | |
|---|---|---|---|---|
| | **Fourth Quarter Ended** | | **12 Months Ended** | |
| | **30.06.23 RM'000** | **30.06.22 RM'000** | **30.06.23 RM'000** | **30.06.22 RM'000** |
| Revenue from rendering of data room support services | 537 | 1,694 | 3,076 | 1,694 |
| Revenue from sale of development properties | 14,711 | 29,900 | 27,846 | 53,359 |
| | 15,248 | 31,594 | 30,922 | 55,053 |
| Revenue from sale of development properties in Malaysia | | | | |
| - recognised at a point in time | 1,769 | 28,958 | 14,904 | 49,205 |
| - recognised over time | 12,942 | 942 | 12,942 | 4,154 |
| | 14,711 | 29,900 | 27,846 | 53,359 |

## 6. Profit/(Loss) before tax

| | **Group** | | **Group** | |
|---|---|---|---|---|
| | **Fourth Quarter Ended** | | **12 Months Ended** | |
| | **30.06.23 RM'000** | **30.06.22 RM'000** | **30.06.23 RM'000** | **30.06.22 RM'000** |
| Profit/(Loss) for the period is arrived at after charging/(crediting): | | | | |
| Depreciation of property, plant and equipment | 520 | 393 | 1,228 | 1,144 |
| Depreciation of right-of-use assets | 3,383 | 3,930 | 11,487 | 16,436 |
| Gain on disposal of property, plant and equipment | (49) | - | (49) | - |
| Gain on disposal of right-of-use assets | (2) | - | (1,182) | (1,228) |
| Interest expense | 12,696 | 14,262 | 48,974 | 45,885 |

| | | | | |
|---|---|---|---|---|
| Interest income | (20) | (4,149) | (3,310) | (9,840) |
| Loss on revocation of sales | 2,511 | 19,308 | 8,382 | 31,319 |
| Net foreign exchange loss | 20,023 | 14,467 | 22,184 | 14,862 |

## 7. Taxation

The Group calculates the year's income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

| | **Group** | | **Group** | |
|---|---|---|---|---|
| | **Fourth Quarter Ended** | | **12 Months Ended** | |
| | **30.06.23** | **30.06.22** | **30.06.23** | **30.06.22** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Current income tax | | | | |
| - Current year | - | - | - | - |
| - (Under)/Over provision in prior year | (863) | 32,478 | 7,938 | 21,714 |
| | (863) | 32,478 | 7,938 | 21,714 |
| Income tax (expense)/credit recognised in profit or loss | (863) | 32,478 | 7,938 | 21,714 |

## 8. Loss per share attributable to equity holders of the Company

| | **Group Fourth Quarter Ended** | | **Group 12 Months Ended** | |
|---|---|---|---|---|
| | **30.06.23** | **30.06.22** | **30.06.23** | **30.06.22** |
| Profit /(Loss) attributable to owners to the Company (RM'000) | 37,777 | 30,858 | (2,199) | (32,230) |
| Weighted average number of ordinary shares in issue | 1,857,123,228 | 1,828,979,997 | 1,857,123,228 | 1,717,680,954 |
| Basic and fully diluted profit / (loss) per share ("PPS/LPS") (RM'cents) | 2.03 | 1.69 | (0.12) | (1.88) |

*As the Group was in a loss position, the outstanding warrants were not included in the computation of diluted loss per share because these potential ordinary shares were anti-dilutive.

## 9. Net assets value

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **30.06.23** | **30.06.22** | **30.06.23** | **30.06.22** |
| Net asset value attributable to owners to the Company (RM'000) | 37,522 | 40,991 | 826,295 | 816,609 |
| Number of ordinary shares in issue | 1,857,123,228 | 1,857,123,228 | 1,857,123,228 | 1,857,123,228 |
| Net asset value per ordinary share (RM'cents) | 2.02 | 2.21 | 44.49 | 43.97 |

## 10. Related party transactions

For the financial year ended 30 June 2023, the Group had no significant related party transactions apart from interested person transactions as disclosed in Page 27.

## 11. Property, plant and equipment

During the financial year ended 30 June 2023, the Group acquired assets of approximately RM2.3 million (30 June 2022: RM 11.1 million) and does not have any disposal of assets recorded at the end of this financial year. The significant increase in property, plant and equipment compared to financial year ended 30 June 2022 is mainly due to the reclassification of property, plant and equipment that are previously classified as asset held for sales amounting to approximately RM143.2 million arising from the termination of the Proposed Transaction (as set out in Note 2.2 above).

## 12. Investment in subsidiaries

| | Company | |
|---|---|---|
| | **30.06.23** | **30.06.22** |
| | **RM'000** | **RM'000** |
| Unquoted equity shares, at cost | 1,212,708 | 1,203,315 |
| Less: Allowance for impairment loss | (492,576) | (492,576) |
| | **720,132** | **710,739** |

| | Company | |
|---|---|---|
| | **30.06.23** | **30.06.22** |
| | **RM'000** | **RM'000** |
| **Movements in allowance for impairment loss** | | |
| At 1 July | 492,576 | 492,576 |
| Impairment loss charged to profit or loss | - | - |
| At 30 June | **492,576** | **492,576** |

During the financial year ended 30 June 2023, the Company increased the issued and paid-up capital in its wholly owned subsidiary, Hatten Edge Pte Ltd, from S$1 to S$2,899,999 (equivalent to RM9,393,000).

## 13. Investment in associate company

| | Group | |
|---|---|---|
| | **30.06.23** | **30.06.22** |
| | **RM'000** | **RM'000** |
| **Unquoted equity shares, at cost** | | |
| Balance at beginning of financial year | 22,310 | 22,587 |
| Group's share of loss for the financial year | (535) | (277) |
| | **21,775** | **22,310** |

The associated company is measured using the equity method. The activities of the associated company are strategic to the Group. The Group did not receive any dividends from the associated company during the financial year.

In accordance with the sale and purchase agreement between the Company and ECXX, the Company acquired 19,809 ordinary shares in the capital of ECXX, representing approximately 18.54% equity interest in ECXX. The Company has nominated Hatten Technology (S) Pte. Ltd. ("HTPL") to hold the shares in ECXX.

In accordance with the share subscription agreement between HTPL and ECXX, HTPL subscribed for 1,557 new ordinary shares in the capital of ECXX, representing approximately 1.46% equity interest of the enlarged share capital after the issuance of the new ordinary shares by ECXX.

Subsequently, ECXX issued 3,750 ordinary shares to another third-party shareholder on 4 February 2021. As a result, the equity interest held by HTPL in ECXX has been diluted from the initial 20% to 19.3%. ECXX is deemed to be an associated company of HTPL as HTPL has the ability to exercise significant influence over ECXX.

## 14. Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | **30.06.2023** | **30.06.2022** | **30.06.2023** | **30.06.2022** |
| **Current:** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Trade receivables | 153,593 | 56,296 | - | - |
| Amount due from subsidiaries | - | - | 317,416 | 303,500 |
| Amount due from related parties | - | - | 1,454 | - |
| Refundable deposits | 3,254 | 2,311 | - | - |
| GST recoverable | 773 | 670 | - | - |
| Other receivables | 73,471 | 72,086 | 516 | 1,096 |
| Tax recoverable | 12 | - | - | - |
| | 231,103 | 131,363 | 319,386 | 304,596 |
| **Non-current:** | | | | |
| Trade receivables | 39,010 | 11,402 | - | - |
| Refundable deposits | 702 | 628 | - | - |
| | 39,712 | 12,030 | - | - |
| **Total trade and other receivables (current and non-current)** | **270,815** | **143,393** | **319,386** | **304,596** |

The significant changes in trade and other receivables are mainly due to the reclassification of GMSB's disposal group that was previously classified as asset held for sales.

*Trade receivables*

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.

*Amount due from subsidiaries*

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

Other *receivables*

Included in other receivables are amount due from contractors and also consisting of amount holding by joint management body (JMB) Malaysia for the development properties in Malaysia for the strata scheme purpose.

The management of the Group does not foresee any issues with the collection of the outstanding trade receivables as 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.

## 15. Development properties

| | Group | |
|---|---|---|
| | 30.06.2023 RM'000 | 30.06.2022 RM'000 |
| Completed development property | 555,467 | 421,116 |
| Development properties under construction | 8,324 | 8,555 |
| Properties for development representing land carried at cost | - | 25,800 |
| | **563,791** | **455,471** |

The significant changes in development properties are mainly due to the reclassification of GMSB's disposal group that was previously classified as asset held for sales.

## 16. Intangible assets

| | Group | |
|---|---|---|
| | 30.06.2023 RM'000 | 30.06.2022 RM'000 |
| Development cost | 7,700 | 7,737 |
| | **7,700** | **7,737** |

Development cost incurred to-date relates to development costs for building the metaverse and digital platforms. As of 30 June 2023, the development is still in progress and not completed yet. During the financial year ended 30 June 2023, there was no amortisation charge on the development cost incurred to date as the development works have not been completed yet.

## 17. Loan and Borrowings

| | Group | | Company | |
|---|---|---|---|---|
| | 30.06.2023 RM'000 | 30.06.2022 RM'000 | 30.06.2023 RM'000 | 30.06.2022 RM'000 |
| <u>Amount repayable within one year</u> | | | | |
| Secured loan and borrowings | 337,919 | 225,284 | 209,926 | 198,365 |
| <u>Amount repayable after one year</u> | | | | |
| Secured loan and borrowings | 58,955 | 72,826 | - | - |
| Total | 396,874 | 298,110 | 209,926 | 198,365 |

The significant changes in loan and borrowings are mainly due to the reclassification of GMSB's disposal group that was previously classified as asset held for sales.

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

Details of collaterals

The loans and borrowings are secured by the following: -

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

## 18. Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | 30.06.2023 | 30.06.2022 | 30.06.2023 | 30.06.2022 |
| **Current:** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Trade payables | 43,880 | 11,698 | - | - |
| Deposits received | 4,335 | 16,488 | - | - |
| Accruals – third parties | 154,320 | 80,440 | 739 | 997 |
| Accruals – directors | 1,418 | 594 | 1,418 | 118 |
| Amount due to related parties | - | 779 | - | - |
| Amount due to a director | 1,929 | 1,807 | - | - |
| Amount due to non-controlling interests | 1,000 | 1,023 | - | - |
| Amount due to subsidiaries | - | - | 312 | 1,184 |
| Rental payables | 63,699 | 56,316 | - | - |
| Amount due to creditors under scheme arrangement | 30,784 | 30,834 | - | - |
| Amount due to associated company | - | 67 | - | 67 |
| Other payables | 51,129 | 41,057 | 895 | 192 |
| | **352,494** | **241,103** | **3,364** | **2,558** |

The significant changes in trade and other payables are mainly due to the reclassification of GMSB's disposal group that was previously classified as asset held for sales.

*Amount due to related parties, amount due to subsidiaries and amount due to a director*

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

*Amount due to non-controlling interests*

Amount due to non-controlling interests are unsecured, non-interest bearing and repayable on demand. An amount of US$214,000 (approximately RM939,000) will be settled via issuance of the Company's ordinary shares. The remaining balance will 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 8% (2022: 6% to 8%) per annum of the purchase price to the purchasers for a committed lease term of 2 years to 9 years (2022: 2 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.

*Accruals*

Accruals mainly comprised of various accrued operating expenses including but not limited to accrued finance cost, project cost and professional fees.

*Other payables*

Other payables comprised of various operating expenses from numerous suppliers.

*Amount owing to creditors under scheme arrangements*

All the amount owing to intermediate holding company, immediate holding company, fellow subsidiaries, directors' related companies and director by one of the Company subsidiaries, MDSA Ventures Sdn Bhd ("MDSA Ventures") had been transferred to and vested in a Special Purpose Vehicle ("SPV") under the scheme arrangement upon the effective date of the scheme.

Included in amount owing to creditors by MDSA Ventures under scheme arrangement are unsecured creditors, which consists of third-party scheme creditors relating to purchasers of sold units in the mixed development of Hatten City Phase 2 having outstanding Guaranteed Rental Guarantee ("GRR") payables and future GRR claims ("GRR Creditors"), purchasers of sold units in the Development with Liquidated Ascertained Damages claims ("LAD Creditors") and other third-party trade creditors, collectively known as "Scheme Creditors". The total debts owing to the Scheme Creditors had been transferred to and vested in a SPV.

## 19. Contract liabilities

| | **Group** | |
|---|---|---|
| | **30.06.2023** | **30.06.2022** |
| | **RM'000** | **RM'000** |
| Contract liabilities | 207,139 | 59,849 |
| | **207,139** | **59,849** |

Contract liabilities relates to the Group's obligation to transfer goods or services to customers for which the Group has received consideration from customers. The significant changes in trade and other payables are mainly due to the reclassification of GMSB's disposal group that was previously classified as asset held for sales.

## 20. Share capital

| | The Group | | | |
|---|---|---|---|---|
| | 30.06.2023 | | 30.06.2022 | |
| | No. of shares '000 | RM'000 | No. of shares '000 | RM'000 |
| Issued and fully paid ordinary shares | 1,857,123 | 328,862 | 1,857,123 | 328,862 |

The total number of issued shares excluding treasury shares as at 30 June 2023 was 1,857,123,228 (30 June 2022: 1,857,123,228).

The Company did not hold any treasury shares and subsidiary holdings as at 30 June 2023 and 30 June 2022.

As at 30 June 2023, the Company has outstanding warrants of 40,000,000 (30.06.2022: 40,000,000) convertible into 40,000,000 ordinary shares representing approximately 2.2% of the total number of issued shares as at 30 June 2023.

## 21. Subsequent events

There are no known subsequent events which would lead to adjustment to this set of condensed interim consolidated financial statements.

## F. OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES

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

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

**2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**
**(a) updates on the efforts taken to resolve each outstanding audit issue**
**(b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern:-**

The Company's Independent Auditor, Baker Tilly TFW LLP (the "Independent Auditor"), had in their Independent Auditor's Report dated 28 November 2022, expressed, among others, a disclaimer of opinion in respect of:

1. Use of going concern assumption

   The Independent Auditors' report highlighted certain conditions that give rise to material uncertainties surrounding the continuing use of the going concern assumption in preparation of the financial statements.

   Please refer to Section E Note 3 for more information on the Board's view that the Group is able to continue operating as a going concern notwithstanding the Independent Auditors' disclaimer of opinion.

2. Appropriateness of the classification of disposal group classified as held-for-sale:

   The assets and liabilities related to GMSB have been presented as disposal group classified as held-for-sale in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations. There was a delay in the completion of the disposal due to the substantial documentation and time required by the financial institutions involved to approve and process the cross-border payment and this was further exacerbated by the COVID-19 pandemic situation. In view of the delay and also the significant uncertainties with respect to the estimated date of completion of the disposal, the Independent Auditors are unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness of the classification of the disposal group classified as held-for-sale as at 30 June 2022.

   As disclosed in section 2.2 of the Use of Judgements and Estimates of Q3FY2023, the Group's wholly owned subsidiary, Hatten MS and GMSB have issued and announced a notice of termination to Tayrona Capital on 14 February 2023 to terminate the existing agreement that was entered into in relation to the proposed divestment of GMSB. As a result, the Group has reclassified the respective assets and liabilities of GMSB previously grouped into held-for-sale to the respective accounts accordingly, maintaining the same classification as before GMSB was accounted for as held-for-sale.

3. Investment in subsidiaries and amounts due from subsidiaries in the Company's financial statements.

   In view of the material uncertainties on the ability of the Group to continue as going concern and the ability of the subsidiaries in realizing its development properties at expected timings which is inherently uncertain, the Independent Auditors are unable to determine whether any impairment loss is required on the carrying amounts of the Company's investments in subsidiaries and amount due from subsidiaries as at 30 June 2022. Notwithstanding the Independent Auditors' disclaimer of opinion, the investment in subsidiaries and amounts due from subsidiaries were only presented at the Company's financial statements and had been eliminated at the Group's financial statements and therefore, there will be no financial impact on the Group's consolidated statement of financial position and consolidated statement of comprehensive income. In addition, property valuations have been conducted by a third party firm of professional valuers on the development properties as at 30 June 2022 and the estimated market value of the development properties are approximately RM1,107,250,000 (including the development properties of Gold Mart Sdn Bhd). Therefore, the Board is of the view that the amount investment in subsidiaries and amounts due from subsidiaries are fairly presented and the amount due from subsidiaries are recoverable through the sales of the unsold units of the completed properties.

4. Impairment of intangible assets in relation to development costs

The Group has carried out an impairment assessment on the Group's development costs capitalised for its respective projects pertaining to crypto assets exchange platform, metaverse gateway and integrated Esports and gaming experiential hub as at 30 June 2022. The impairment assessment was performed on the respective projects or cash generating units ("CGU") of the Group and management has determined the recoverable amount of the CGU using the value-in-use approach based on the discounted cash flow method. Given that these projects rely significantly on the estimated market prices of cryptocurrency, estimated prices and sales of digital assets, and estimated number of platform users and tourists, there are material uncertainties with respect to the reliability and reasonableness of the key assumptions and estimates that are used in the respective CGU forecasts prepared by the management. The Independent Auditor is unable to obtain sufficient appropriate audit evidence and explanation to satisfy themselves that the key assumptions and estimates used in the respective CGU forecasts prepared by the management can be relied upon and unable to determine whether any impairment loss is required on the carrying amount of the Group's intangible assets in relation to development costs as at 30 June 2022. According to SFRS(I) 1-36 Impairment of Assets, assets are required to be impaired when the recoverable amount is less than the carrying amount, where the recoverable amount represents the higher of value in use ("VIU") or fair value less cost of disposal. The Management performed an impairment assessment on the intangible assets, being development costs of the Group's respective projects pertaining to crypto assets exchange platform, metaverse gateway and integrated Esports and gaming experiential hub and determined the recoverable amount of the development costs using the value-in-use approach based on the discounted cash flow ("DCF") method with projections covering a period of five years. The key assumptions for the VIU calculations include the estimated market prices of cryptocurrency in the crypto assets exchange platform, estimated prices and sales of digital assets in the metaverse gateway, estimated number of platform users and tourists in the integrated Esports and gaming experiential hub, and discount rates applied. The estimated market prices of cryptocurrency are estimated based on management's judgement after taking into the consideration of the latest and historical trends of the cryptocurrency. The estimated prices and sales of digital assets are estimated based on management's judgement after taking into consideration of the prices and sales trends of the digital assets by various competitors of similar nature. The estimated number of platform users and tourists are estimated based on management's judgement after taking into consideration of the popularity of a mobile multiplayer online game of similar concept. Management estimates the discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to these projects. The pre-tax rates used to discount the projected cash flows from these projects pertaining to crypto assets exchange platform, metaverse gateway and integrated Esports and gaming experiential hub are 67.0%, 66.5% and 11.2% respectively. Based on the DCF, the Management estimated that the VIU of respective projects individually and in aggregate was higher than the total carrying amount of the Group's development costs, amounted to RM7.0 million as at 30 June 2022. In addition, the Management has performed sensitivity analysis and is of the view that the change in the estimated recoverable amounts arising from any reasonably possible change in the key assumptions would not cause the recoverable amounts to decrease significantly and result in an impairment loss to be recognised during the financial year. In view of the aforesaid, the Management concluded that no impairment was required of the Group's development costs.

5. Development properties

As at 30 June 2022, the carrying amount of the Group's development properties was RM455.5 million as disclosed in Note 15 to the financial statements. During the financial year ended 30 June 2022, the Group recognised a loss on revocation of sales of RM31.3 million which represents the losses recognised when the Group revoked the sales and purchase agreements on properties purchased by the customers. The properties repossessed by the Group relating to these revocations amounted to approximately RM32.1 million (the "repossessed properties") which are included in development properties in the consolidated statement of financial position as at 30 June 2022. The Independent Auditor is unable to obtain sufficient appropriate audit evidence to satisfy themselves as to whether the repossessed properties are appropriately measured and recognised in accordance with SFRS(I) 1-2 Inventories at the point of repossession. Accordingly, the Independent Auditor is unable to determine whether the carrying amount of the development properties as at 30 June 2022 are fairly stated, and whether any adjustments might have been found necessary in respect of the loss on revocation of sales recognised during the financial year ended 30 June 2022. Notwithstanding the Independent Auditors' disclaimer of opinion, development properties are held as inventories and are measured at the lower of cost and net realisable value.

6. Inability to obtain confirmations from third party bondholders

The Independent Auditor is not able to obtain confirmations from two bondholders amounting to US$10,000,000 and US$6,000,000 (approximately RM44,080,000 and RM26,448,000) respectively, which are included in the audit report as at 30 June 2022 Note 20 as "loan and secured bonds" within the Group's loans and borrowings. Consequently, the Independent Auditor is unable to ascertain the accuracy and completeness of the Group's loans and borrowings and whether there are any additional information or terms which could have an impact on the financial statements that require disclosure. Notwithstanding the Independent Auditors' disclaimer of opinion, the Company has obtained confirmation from another two bondholders amounting to US$8,000,000 and US$1,000,000. The Company has regular meetings with the bondholders to update the process of the refinancing packages and negotiations with the bondholders on the possible repayment obligations for its borrowings. In addition, the bond is secured against an asset owned by a related party of the borrowing entity with an estimated collateral valuation of approximately two times the loan amount.

7. Impairment of the Group's trade and other receivables

As at 30 June 2022, the carrying amount of the Group's trade and other receivables was RM278.1 million (including trade and other receivables of GMSB) as disclosed in Notes 16 and 18 to the financial statements. Management had performed an expected credit loss assessment as at 30 June 2022 and a loss allowance of RM0.07 million was recognised during the current financial year. The Independent Auditor is unable to obtain sufficient appropriate audit evidence on the reasonableness of management's expected credit loss assessment on the carrying amount of the Group's trade and other receivables as at 30 June 2022 and whether any adjustments to the Group's trade and other receivables are necessary. Consequently, the Independent Auditor is unable to determine the appropriateness of the disclosures of credit risk with respect to the Group's trade and other receivables in Note 29(a) to the financial statements. Notwithstanding the Independent Auditors' disclaimer of opinion, the Board is of the opinion that no additional credit loss adjustment is required as the Group's trade and other receivables consist of many individual buyers of property units and there is no material concentration risk from a particular debtor. In addition, in the event of default payment from purchaser, the Group may resume possession of the units and these units can be relisted for sales. The information about the expected credit losses (ECLs) on the Groups trade and other receivables is disclosed in Note 2 and Note 29(a) to the financial statements. The Board has reviewed the methodologies used by the management of the Group to assess the value of the impairment of trade receivables and is of the opinion that the methodologies used to determine the value of the impairment on trade receivables are reasonable. The Board will continue to be prudent in determining the value of impairment of the trade receivables.

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

## 3. Review of the performance of the Group

**A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion on the following: -**

**(a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
**(b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Review of Group performance for the fourth quarter ended 30 June 2023 ("4Q FY2023") as compared to the fourth quarter ended 30 June 2022 ("4Q FY2022")**

Revenue and costs of sales

The Group's revenue reduced by RM16.3 million (or 51.7%) from RM15.3 million in 4Q FY2023 as compared to RM31.6 million 4Q FY2022 was mainly attributed to Group's sales and marketing strategy revision to secure anchor tenants for the Group's malls in 3Q FY2023. The Group shifted towards selling its unsold property units and resulted in an immediate positive effect to the Group in 4Q FY2023. The results from May 2023 and June 2023 have contributed to approximately half of the 4Q FY2023 revenue.

The Group registered a gain on cost of sales of RM8.8 million in 4Q FY2023 as compared to RM7.5 million in 4Q FY2022, breakdown of details below:

| | 4Q FY2023 | 4Q FY2022 |
|---|---|---|
| | RM'million | RM'million |
| Cost of sales, excluding the effect from the variance of gross development cost | (5.8) | (7.5) |
| Effect from the variance of gross development cost | 14.6 | - |
| **Cost of sales, net of the effect from the variance of gross development cost** | **8.8** | **(7.5)** |

The decrease in revised cost of sales (excluding the effect from the variance of gross development cost) was in tandem with the decrease in revenue. The effect from the variance of gross development cost with regards to the reversal of cost of sales in 4Q FY2023 resulted the Group registered a gain on cost of sales of RM8.8 million in 4QFY2023.

Other income/gains

Other income/gains increased by RM51.2 million from RM72.6 million in 4Q FY2023 as compared to RM21.4 million in 4Q FY2022 was mainly due to the reversal of provision for liquidated ascertained damaged (LAD) with regard to the GMSB's restructuring scheme.

General and administrative expenses

General and administrative expenses increased by RM16.8 million (or 64.1%) in 4Q FY2023 from RM26.2 million as compared to RM43.0 million in 4Q FY2022 mainly due to increase in operating expenses arising from cost including salaries, electricity and water expenses.

Impairment loss on trade receivables – credit loss on revocation of sales

The decrease in the impairment loss on trade receivables – credit loss on revocation of sales from RM2.5 million (or 87%) in 4QFY2023 as compared to RM19.38 million in 4Q FY2022 was mainly due to lower revocation of sales from purchasers in 4Q FY2023 as compared to 4Q FY2022.

Other expenses

There is no other expenses registered in 4Q FY2023 as compared to negative RM12.8 million in 4Q FY2022 was mainly due to absence of reversal of development properties in 4Q FY2022.

Finance costs

Finance costs decreased by RM1.6 million (or 11.0%) in 4Q FY2023 from RM12.7 million as compared to RM14.3 million in 4QFY2022 due to enhancement of management in managing the cashflow collaborating the effects on refinancing the existing borrowings.

Income tax expenses/(credit)

The Group registered RM0.9 million income tax expenses in 4Q FY2023 as compared to an income tax credit of RM32.5 million recorded in 4Q FY2022 mainly due to the absence of write back of provision of taxation upon receiving final assessment from the Inland Revenue Board of Malaysia ("IRB") in 4Q FY 2022.

Net profit

As a result of the aforementioned, the Group registered an increase in profit after tax of RM 36.1 million in 4Q FY2023 mainly due to the non-recurring reversal of provision for LAD during the financial year.

**Review of Group performance for the 12 months ended 30 June 2023 ("FY2023") as compared to the 12 months ended 30 June 2022 ("FY2022")**

Revenue and costs of sales

The Group's revenue decreased by RM24.1 million (or 43.8%) from RM55.1 million in FY2023 as compared to RM30.9 million in FY2022. This decrease is mainly attributed to the lower revenue recorded in 3Q FY2023, which resulted from a strategic revision of the sales and marketing strategy and the prioritisation of securing anchor tenants in 3Q FY2023. In May 2023, the Group completed the strategic sales and marketing strategy revision, along with securing certain anchor tenants such as Quantum. Following the completion, the Group shifted its focus and prioritisation towards selling its unsold property units in May and June 2023. This shift yielded an immediate positive effect to the Group in 4Q FY2023. The revenue generated in May and June 2023 has contributed approximately half of the FY2023's total revenue.

| | FY2023<br>RM'000 | FY2022<br>RM'000 | Change<br>(%) |
|---|---|---|---|
| Cost of sales, excluding the effect from the variance of gross development cost | (14,743) | (18,705) | (21) |
| Effect from the variance of gross development cost | 14,604 | - | N/M |
| Cost of sales, net of the effect from the variance of gross development cost | (139) | (18,705) | (99) |

As shown in the table above, the decrease in the cost of sales is mainly attributed to the accounting effect from the variance of gross development cost in GMSB, amounting to RM14.6 million in FY2023. Additionally, the decrease in revenue also further contributed to the reduction in the cost of sales.

Consequently, the Group recorded gross profit amounting to RM30.8 million for FY2023. The decrease is mainly due to the decrease in revenue and accounting effect from the variance of gross development cost in GMSB mentioned above.

Other operating income

Other operating income increased by RM0.6 million (or 88.4%) from RM0.7 million in FY2023 as compared to RM1.2 million in FY2022. This surge is mainly attributed to the rise in tenancy and car park income, driven by the rebound in tourism and hospitality activities at the Group's property assets and the surrounding downtown Melaka area.

Other income/gains

Other income/gains increased by RM55.8 million in FY2023 from RM95.6 million in FY2023 as compared to RM39.8 million in FY2022. This increase is mainly attributed to the reversal of the provision for liquidated ascertained damages (LAD) amounting to RM67.9 million, in relation to the restructuring scheme announced in June 2023. This increase was slightly offset by the non-recurring loss from the disposal of a subsidiary in the 12 months of FY2022, amounting to RM9.5 million.

Loss on revocation of sales

The decrease in loss on revocation of sales was mainly due to lesser termination of the sales occurred in FY2023 compared to FY2022.

Other expenses

The increase in other expenses is mainly attributed to the bad debts written off amounting to RM0.1 million in FY2023, compared to the reversal of impairment in FY2022, amounting to RM12.8 million gain in FY2022.

Finance costs

Finance costs increased by RM3.1 million (or 6.7%) from RM45.9 million in FY2022 to RM49 million in FY2023, mainly due to interest expense on loans in FY2023 compared to FY2022. In FY2022, there was moratorium granted by the financial institutions, resulting in increased accrued interest in the current year.

General and administrative expenses

The general and administrative expenses have increased by RM13.9 million (or 21.1%) from RM65.9 million in FY2022 to RM79.8 million in FY2023, mainly due to rising costs of electricity and other operating expenses in FY2023.

Net loss for the financial year

As a result of the aforementioned factors, the Group reported a loss after tax of RM2.2 million in FY2023, compared to RM32.3 million in FY2022.

**Review for the financial position of the Group as at 30 June 2023 as compared to 30 June 2022**

As disclosed in section 2.2 of the Use of Judgements and Estimates, the Group has reclassified the respective assets and liabilities of GMSB which were previously grouped into held-for-sale to the respective accounts accordingly, maintaining the same classification as before GMSB was accounted for as held-for-sale ("GMSB Reclassification").

| | **Including GMSB Balances** | | | | **Excluding GMSB Balances** | | | |
|---|---|---|---|---|---|---|---|---|
| | **30.06.2023** | **30.06.2022** | **Changes** | | **30.06.2023** | **30.06.2022** | **Changes** | |
| | **RM'000** | **RM'000** | **RM'000** | **%** | **RM'000** | **RM'000** | **RM'000** | **%** |
| | *a* | *b* | *c=a-b* | *d=c/b* | *e* | *f* | *g=e-f* | *h=g/f* |
| **Non-current assets** | 276,529 | 296,498 | (19,969) | -6.7% | 101,023 | 116,415 | (15,392) | -13.2% |
| **Current assets** | 824,457 | 852,927 | (28,470) | -3.3% | 541,942 | 603,629 | (61,687) | -10.2% |
| **Current liabilities** | 979,477 | 996,648 | (17,171) | -1.7% | 624,974 | 563,526 | 61,448 | 10.9% |
| **Non-current liabilities** | 85,525 | 111,587 | (26,062) | -23.4% | 84,699 | 109,140 | (24,441) | -22.4% |

*a* As per Condensed Interim Statements of Financial Position as at 30 June 2023, including GMSB Balances
*b* As per Condensed Interim Statements of Financial Position as at 30 June 2022, including GMSB Balances
*e* As per Condensed Interim Statements of Financial Position as at 30 June 2023, excluding GMSB Balances
*f* As per Condensed Interim Statements of Financial Position as at 30 June 2022, excluding GMSB Balances

The financial position of the Group as at 30 June 2023 was significantly impacted by the effect of GMSB Reclassification, as outlined above. Excluding this reclassification, the variance of the respective line items as shown in the table above in relation to the Group's financial position as at 30 June 2023 compared to 30 June 2022 ranging from -22.4% to 10.9%.

Total assets

Total assets as at 30 June 2023 was RM1,102.7 million as compared to RM1,149.4 million as at 30 June 2022. The decrease of RM46.7 million was mainly due to:-

- decrease of RM11.2 million in right-of-use assets, primarily caused by depreciation charges and disposal of motor vehicles.
- decrease of development properties, attributed to the sale of unsold property units.

The decrease was partially offset by the increase in property, plant and equipment, cash and bank balances as well as current and non-current trade and other receivables.

Total liabilities

Total liabilities as at 30 June 2023 was RM1,065.0 million as compared to RM1,108.2 million as at 30 June 2022. The decrease was mainly due to repayment of lease liabilities, loan and borrowings.

The significant changes in provisions and contract liabilities were due to (i) the reclassification of GMSB's disposal group that was previously classified as asset held for sales; (ii) the reversal of the provision for liquidated ascertained damages, in relation to the restructuring scheme; and (iii) the accounting effect from the variance of gross development cost in GMSB.

Total equity

The net decrease in total equity of the Company amounting to RM3.5 million from RM41.2 million as at 30 June 2022 to RM37.7 million as at 30 June 2023, was mainly due to loss incurred during the period.

**C. Consolidated Statement of Cash Flows (12months FY2023)**

Net cash flows generated from operating activities for the period ended 30 June 2023 amounted to RM30.2 million. This was mainly due to (i) increase in trade and other payable, (ii) development properties that been sold in current financial year, and (iii) accelerated collection on trade and other receivables.

Net cash used in investing activities for the period ended 30 June 2023 of RM1.1 million is mainly due to the additions of property, plant and equipment.

Net cash used in financing activities for the period ended 30 June 2023 of approximately RM38.0 million was mainly due to the repayment of lease liabilities and loans and borrowings.

As a result of the above, the Group recorded a cash and cash equivalent of RM2.4 million as at 30 June 2023.

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

Not applicable. The Group has not previously disclosed any forecast or prospect statements to its shareholders.

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

The Group's prime and strategic properties portfolio in Melaka comprises five integrated mixed-use development projects and a retail mall, with three completed and two in-progress. Melaka's strategic location, situated within close driving distance of major cities such as Kuala Lumpur and Singapore, coupled with its popularity as a tourist destination, have helped preserve the value of the Group's assets. Listed as the UNESCO World Heritage Site, Melaka is one of Malaysia's most popular tourist destinations.

To cater to increasing consumer demand and attract more visitors, the Group has collaborated with partners to create distinctive experiences that are unique not just in Melaka, but in the wider region. As the property market in Malaysia undergoes a progressive recovery, the Group has observed an increase in competition in the market. The Group targets foreign buyers, who typically prefer pristine units and purchase directly from property developers. However, with international travel gradually recovering, foreign buyers are taking longer to return to the market. The Group expects more property sales once its malls are reopened with anchor tenants in the calendar year of 2023.

The Board refers to the previous announcements made on 20 March 2023, 30 April 2023, 1 June 2023, 30 June 2023 and 29 July 2023 ("Previous Announcements") and would like to provide an update on the Company's projects and Fundraising Facilities. *Unless otherwise defined herein or the context otherwise requires, all capitalized terms shall have the same meanings as defined in the Previous Announcements*.

**Update on projects of the Group**

Completed Projects

*1. Hatten City 1*

(i) ElementX
For the transformation of standard shopping centre into dynamic experiential destination that offer visitors a differentiated retail experience, the Group has formed strategic partnerships with a number of established entities, with the aim of reopening the mall with a stronger appeal to both tenants and visitors.

(ii) Hatten Suites/Hatten Place
As announced by the Company on 5 July 2023, the Group is seeking legal advice on the next steps and will continue to collaborate with the relevant creditors to engage in discussions regarding settlement arrangements. The Company will make additional announcements whenever there are significant developments on this project.

*2. Hatten City 2*

(i) Imperio Mall
The Company announced on 22 March 2023 that its wholly owned subsidiary Hatten Edge has entered into a Strategic Partnership Agreement with Quantum to provide premium healthcare service in Melaka at Imperio Mall @ Hatten City. The Company and Quantum jointly announced on 13 June 2023 the signing of a tenancy agreement. With identified space of more than 210,000 square feet within Imperio Mall@Hatten City, Quantum has committed to lease more than 138,000 square feet of space on Lower Ground Floor, Ground Floor and Mezzanine Floor with the option to lease up to an additional 72,000 square feet on Level 1. Quantum Specialist Centre will be the newest healthcare facility in Melaka with its planned phased opening in second half of 2023.

Development Projects

*1. Harbour City*

The Company announced on 14 June 2023 that the following orders were granted to GMSB by the Kuala Lumpur High Court:

(a) GMSB shall call for a creditors' meeting ("Meeting") 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 between the GMSB and its unsecured creditors where the Meeting is to be held within 90 days from 12 June 2023; and

(b) A Restraining Order pursuant to Section 368(1) of the Act restraining all legal proceedings against GMSB including but not limited to enforcement of any security, the commencement or continuing of winding up proceedings and / or any appointment of receiver and/or manager over any and all of the assets of GMSB for a period of three (3) months from 12 June 2023, except with leave of Court and subject to such terms as the Court may impose.

The date of the Meeting has been set on 8 September 2023. The Company will make additional announcements whenever there are significant developments on this matter.

*2. SATORI*

The Company will make additional announcements whenever there are significant developments on this project.

**Update on the Fundraising Facilities of the Group**

Unless otherwise defined, all capitalised terms used below shall bear the same meaning in the previous announcements dated 6 February 2023.

The Company has on 13 April 2023 entered into a Head of Terms with all bondholders of the Bonds and an established international fund manager, in relation to a full settlement of the Bonds ("Fundraising Facilities").

The due diligence works conducted by the international fund manager and its appointed professionals on the Group have progressed smoothly. Consequently, the international fund manager has given its conditional in-principle approval for the Fundraising Facilities. The Company is currently working closely with the international fund manager and its appointed professionals to finalise the definitive agreement. The Company will make such further announcements as and when a definitive agreement is being entered into and when there are material developments.

## 6. Dividend Information

**(a) Whether an interim (final) ordinary dividend has been declared (recommended):**

No.

**(b) (i) Amount per share: ......... cents**
**(ii) Previous corresponding period: ......... cents**

(i) Nil
(ii) Nil

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

Not applicable.

**(d) The date the dividend is payable:**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined:**

Not applicable.

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

No dividend has been declared for FY2023 as the Group is in a loss position for the financial period.

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

The Company had obtained a general mandate from its shareholders for IPTs at an annual general meeting of the Company held on 14 December 2022. For details, please refer to the Company's Appendix to the Annual Report 2022. There were no disclosable IPTs during the financial period ended 30 June 2023.

### 9. Disclosure of Acquisitions and Disposals (including incorporations and sale of shares) under Catalist Rule 706A.

Not applicable. There is no acquisition noted for 4Q FY2023.

On 19 January 2023, the Company's direct wholly owned subsidiary, Hatten MS, completed the disposal of 100% of its shareholding in Admiral Merger Sdn. Bhd. ("AMSB"), a wholly owned subsidiary of HMS, for a cash consideration of RM100. Prior to the transaction, AMSB was dormant, and had no assets or liabilities.

### 10. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Catalist Rule 720(1).

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

## PART II Additional Information Required for Full Year Announcement

### 11. A breakdown of sales ("turnover and earnings")

| | FY2023 RM'000 | FY2022 RM'000 | Change (%) |
|---|---|---|---|
| (a) Sales reported for first half year | 4,876 | 3,219 | 51.5 |
| (b) Operating profit/(loss) after tax before deducting non-controlling interests reported for first half year | (4,332) | (15,298) | (71.7) |
| (c) Sales reported for second half year | 26,046 | 51,834 | (49.8) |
| (d) Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year | 2,117 | (17,000) | N/M |

### 12. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

**(a) Ordinary**
**(b) Preference**
**(c) Total**

Not applicable.

**13. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties and the year the position was first held | Details of changes in duties and position held, if any, during the year |
|---|---|---|---|---|
| Eric Tan Eng Huat | 67 | Father of Tan June Teng Colin@Chen JunTing and Tan Ping Huang Edwin@Chen BingHuang | Corporate Advisor. Responsible for corporate development, strategy and identifying and evaluating merger and acquisition, joint venture and strategic alliance opportunities of Hatten Land Group since 2 July 2018. | Not Applicable |

**BY ORDER OF THE BOARD**
**HATTEN LAND LIMITED**

**Dato' Tan June Teng, Colin**
Executive Chairman and Managing Director
29 August 2023

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