

HATTEN LAND LIMITED

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

VARIANCE BETWEEN THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 AND THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 DATED 27 OCTOBER 2021

The Board of directors (the “Board” or the “Directors”) of Hatten Land Limited (the “Company”, and together with its subsidiaries, the “Group”) refers to the unaudited full year financial statements announcement for the financial year ended 30 June 2021 (“FY2021”) dated 27 October 2021 (the “Unaudited Full Year Results”).

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”), the Board wishes to highlight that there were certain material differences between the audited financial statements and Unaudited Full Year Results in respect of FY2021 following the finalization of the audit.

Certain material differences and reclassification to the Unaudited Full Year Results were mainly due to the reclassification of the assets and liabilities of Gold Mart Sdn Bhd (“GMSB”) to assets and liabilities held-for-sale in accordance with SFRS(I) 5 – Non-current Assets Held for Sale and Discontinued Operations as a result of the proposed divestment of GMSB.

Details and clarification of the differences are set out in Appendix A of this announcement.

By Order of the Board
HATTEN LAND LIMITED

Dato’ Tan June Teng Colin@ Chen JunTing
Executive Chairman and Managing Director
15 December 2021

This announcement has been prepared by Hatten Land Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited (the “Sponsor”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

Appendix A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
	Financial year ended 30 June 2021			
	Audited RM'000	Unaudited RM'000	Variance RM'000	Note
Revenue	32,031	32,031	-	
Less: Provision for liquidated ascertained damages	(65,023)	(65,023)	-	
	(32,992)	(32,992)		
Cost of sales	(28,277)	(28,277)	-	
Add: Provision for liquidated ascertained damages	1,547	1,547		
Performance bond income received	-	40,909	(40,909)	a
	(26,730)	14,179		
Gross loss	(59,722)	(18,813)		
Other items of income				
Other operating income	160	-	160	b
Other income/gains	81,557	50,412	31,145	c
Interest revenue from non-current trade receivables using the effective interest rate method	6,587	-	6,587	d
Other items of expense				
Selling and marketing expenses	(2,454)	(2,454)	-	
Administrative expenses	(90,268)	(95,197)	4,929	e
Loss on revocation of sales	(17,321)	(17,322)	1	
Impairment loss on property, plant and equipment	(7,565)	(7,565)	-	
Write-down of development properties	(4,494)	(4,494)	-	
Impairment loss on right-of-use assets	(4,175)	(4,175)	-	
Other expenses	(20,703)	(19,999)	(704)	f
Finance costs	(46,828)	(46,828)	-	
Share of results of the associated company	(175)	(2,168)	1,993	g
Loss before tax	(165,401)	(168,603)		
Income tax expense	(3,265)	(3,265)	-	
Loss for the year	(168,666)	(171,868)		
Other comprehensive loss:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences arising on consolidation	(31)	(31)	-	
Currency translation differences arising from associated company	(422)	-	(422)	h
Total comprehensive loss for the year	(169,119)	(171,899)		
Loss for the year attributable to:				
Owners of the Company	(168,666)	(171,868)	3,202	
Non-controlling interests	-	-	-	
Loss for the year	(168,666)	(171,868)		
Total comprehensive loss for the year attributable to:				
Owners of the Company	(169,119)	(171,899)	2,780	
Non-controlling interests	-	-	-	
Total comprehensive loss for the year	(169,119)	(171,899)		

STATEMENTS OF FINANCIAL POSITION FOR THE GROUP					
As at 30 June 2021					
	Audited	Unaudited	Variance		
	RM'000	RM'000	RM'000	Note	
ASSETS					
Non-current assets					
Property, plant and equipment	40,074	183,654	(143,580)	1	
Right-of-use assets	56,529	59,527	(2,998)	1	
Investment in an associated company	22,587	19,805	2,782	2	
Trade and other receivables	27,627	76,643	(49,016)	1	
	<u>146,817</u>	<u>339,629</u>			
Current assets					
Development properties	481,473	625,365	(143,892)	1	
Contract assets	5,383	-	5,383		
Trade and other receivables	179,022	309,432	(130,410)	1	
Prepayments	272	1,344	(1,072)	1	
Cash and cash equivalents	8,070	8,272	(202)	1	
	<u>674,220</u>	<u>944,413</u>			
Disposal group assets classified as held-for-sale	465,767	-	465,767	1	
Total assets	1,286,804	1,284,042			
LIABILITIES					
Non-current liabilities					
Lease liabilities	48,473	52,089	(3,616)	1	
Loans and borrowings	81,020	107,233	(26,213)	1	
Other payables	34,057	34,058	(1)		
Deferred tax liabilities	1	-	1		
	<u>163,551</u>	<u>193,380</u>			
Current liabilities					
Lease liabilities	12,461	13,170	(709)	1	
Loans and borrowings	217,592	286,969	(69,377)	1	
Income tax payable	28,257	42,568	(14,311)	1	
Trade and other payables	268,166	316,720	(48,554)	1	
Provisions	34,455	131,416	(96,961)	1	
Contract liabilities	55,955	281,134	(225,179)	1	
	<u>616,886</u>	<u>1,071,977</u>			
Liabilities directly associated with disposal group classified as held-for-sale	484,902	-	484,902	1	
Total liabilities	1,265,339	1,265,357			
Net assets	21,465	18,685			
Equity					
Share capital	298,044	298,044	-		
Accumulated losses	(193,220)	(196,422)	3,202	2	
Translation reserve	(449)	(27)	(422)	2	
Merger reserve	(79,513)	(79,513)	-		
Other reserve	(3,397)	(3,397)	-		
	<u>21,465</u>	<u>18,685</u>			
Total equity	21,465	18,685			
Total equity and liabilities	1,286,804	1,284,042			
	-	-			

CONSOLIDATED STATEMENT OF CASHFLOWS				
	As at 30 June 2021			
	Audited	Unaudited	Variance	
	RM'000	RM'000	RM'000	Note
Cash flows from operating activities				
Loss before tax	(165,401)	(168,603)	3,202	
Adjustments for:				
Depreciation of property, plant and equipment	1,372	1,676	(304)	
Depreciation of right-of-use assets	27,222	26,898	324	
Gain on disposal of right-of-use assets	(198)	(198)	-	
Gain on disposal of subsidiary	(4,121)	(4,121)	-	
Gain on dilution of interest in an associated company	(1,211)	-	(1,211)	
Loss on termination of joint development agreement	3,971	-	3,971	
Loss on termination of right-of-use assets	20,234	-	20,234	
Loss on modification of lease	132	-	132	
Loss on derecognition of lease liabilities	1,347	-	1,347	
Interest income	(11,053)	(10,640)	(413)	
Interest expense	46,828	48,296	(1,468)	
Impairment loss on property, plant and equipment	7,565	7,565	-	
Impairment loss on right-of-use assets	4,175	4,175	-	
Write-down on development properties	4,494	4,494	-	
Loss on revocation of sales	17,321	-	17,321	
Unrealised foreign exchange gain	(5,590)	(5,579)	(11)	
Amortisation of capitalised costs of obtaining contracts	355	91	264	
Performance bond income	(40,909)	(40,909)	-	
Waiver of debts	(13,855)	-	(13,855)	
Interest revenue from non-current trade receivables using the effective interest rate method	(6,587)	-	(6,587)	
Share of results of an associated company	175	2,168	(1,993)	
Operating cash flows before working capital changes	(113,734)	(134,687)		
Changes in operating assets and liabilities				
Development properties	11,731	11,943	(212)	
Contract assets	(143)	-	(143)	
Contract liabilities	5,973	-	5,973	
Trade and other receivables	128,973	120,559	8,414	
Trade and other payables	15,254	26,137	(10,883)	
Cash flow generated from operations	48,054	23,952		
Interest paid	(32,132)	(19,809)	(12,323)	
Interest received	506	10,640	(10,134)	
Income tax paid	(2,890)	(2,887)	(3)	
Net cash flows generated from operating activities	13,538	11,896		a
Cash flows from investing activities				
Proceeds from disposal of right-of-use assets	427	60	367	
Additions to right-of-use assets	(18)	-	(18)	
Additions to property, plant and equipment	(983)	(2,025)	1,042	
Acquisition of an associated company	(558)	-	(558)	
Decrease in pledged fixed deposit	1,264	1,264	-	
Net cash flows generated from/(used in) investing activities	132	(701)		b
Cash flows from financing activities				
Shares issuance expenses paid	(286)	(284)	(2)	
Proceeds from term loans	7,629	365	7,264	
Repayment of term loans	(7,075)	-	(7,075)	
Proceeds from medium-term notes	15,650	-	15,650	
Repayment of medium-term notes	(15,568)	(6,420)	(9,148)	
Movement in amount due to related parties	(2,524)	-	(2,524)	
Movement in amount due to a director	(1,008)	-	(1,008)	
Repayment of lease liabilities	(11,808)	(4,219)	(7,589)	
Interest paid on lease liabilities	(12,288)	(14,243)	1,955	
Net cash flows used in financing activities	(27,278)	(24,801)		c
Net decrease in cash and cash equivalents	(13,608)	(13,606)	(2)	
Cash and cash equivalents the beginning of the year	21,878	21,878	-	
Effects of exchange rate changes on cash and cash equivalents	2	-	2	
Cash and cash equivalents at the end of the year	8,272	8,272		

Notes:

Consolidated statement of comprehensive income

(a) **Cost of sales**

The decrease was mainly due to reclassification of performance bond income of RM40,909,000 to other income/gains (Please see Note (c)).

(b) **Other operating income**

The increase in other operating income was mainly due to reclassification of rental income from other income/gains.

(c) **Other income/gains**

The increase in other income/gains was mainly due to reclassification of performance bond income of RM40,909,000 from cost of sales. Gold Mart Sdn Bhd ("GMSB") is allowed to set off the sum of RM40,909,000 against the amount payable (non-cash transaction) to the Contractor in respect of the non-renewal of the performance bond by the Contractor according to the Notice of Adjudication, please see Note 34(b) to the financial statement. Hence, the award of the non-renewal of the performance bond by the Contractor is due to the breach of contract by the Contractor and therefore the awarded amount shall be recognised as other income. Besides, there is a gain on dilution of interest in an associated company, ECXX Global Pte. Ltd., mainly due to the issuance of shares by the associated company to a third party shareholder which increase the net asset value of the associated company. In addition, there is also a reclassification of surplus arising from overprovision of rental expenses from other expenses to other income/gains due to termination of rental agreement.

The increase was partially offset by the reclassification of the net foreign exchange gain to administrative expenses.

(d) **Interest revenue from non-current trade receivables using the effective interest rate method**

This item was previously presented under other income/gains and it has been represented as a separate line item in the audited financial statement as required under the SFRS(I) para 82(a).

(e) **Administrative expense**

The decrease in administrative expenses was mainly due to reclassification of net foreign exchange gain from other income/gains.

(f) **Other expense**

The increase of other expense was mainly due to the reclassification of surplus arising from overprovision of rental expenses from other expense to other income/gains due to termination of rental agreement.

(g) **Share of results of the associated company**

The decrease in share of results of the associated company was mainly due to the dilution of equity interest in the associated company.

(h) **Currency translation differences arising from associated company**

The increase in currency translation differences arising from associated company was mainly due to the foreign exchange differences arising from the translation of financial statements of the associated company which is denominated in USD to the functional currency of the Group which is denominated in RM.

Consolidated statements of financial position for the Group

- (1) The variances of the consolidated statements of financial position were caused by the reclassification of the assets and liabilities of Gold Mart Sdn Bhd (“GMSB”) to assets and liabilities held-for-sale in accordance with SFRS(I) 5 – Non-current Assets Held for Sale and Discontinued Operations as a result of the proposed divestment of GMSB. Further details are disclosed in Note 17 to the financial statement.

The affected account balances which have been classified as held-for-sales have been presented as below:

Assets		RM'000	
Property, plant and equipment		142,843	
Right-of-use assets		4,090	
Trade and other receivables		179,055	
Development properties held for sales		116,547	
Contract assets		21,962	
Prepayments		1,068	
Cash and cash equivalents		202	
		<u>465,767</u>	
Liabilities			
Loans and borrowings		95,590	
Lease liabilities		4,324	
Trade and other payables		48,539	
Income tax payable		14,310	
Contract liabilities		206,994	
Provisions		115,145	
		<u>484,902</u>	

- (2) The variances were mainly due to the dilution of equity interest in the associated company - ECXX Global Pte. Ltd. from 20% to 19.3%, resulting in a gain to the Group as explained in Note (c) above and decrease in accumulated losses as the Group recognised a lower share of losses from the associated company. There is also an addition in the translation reserve due to the reclassification from share of results of the associated company.

Consolidated statement of cash flow

a) Net cash flows generated from operating activities

The changes in cash flow in operating activities are mainly due to non-cash items movement in receivable accounts and lease liabilities account such as waiver of debts, interest revenue from non-current trade receivables, loss on revocation of sales, loss on termination of lease etc have been separately presented under adjustment items under cash flows from operating activities. These items were previously presented under changes in working capital. Besides, it is also due to reclassification from interest received to changes in trade and other receivables as certain amount relates to the interest income receivables from purchasers which have not been received as at 30 June 2021. In addition, there is also a reclassification from certain items previously recognised under cash flow used in financing activities to interest paid.

b) Net cash flows generated from/(used in) investing activities

The changes in cash flows in investing activities are mainly due to the reclassification of the addition of the property plant and equipment to right of use assets which is under lease arrangement which was represented under changes in working capital - trade and other payables. On the other hand, it has been partially mitigated by the cash outflow arising from the acquisition of the associated company, which was previously presented under changes in working capital.

c) **Net cash flows used in financing activities**

The changes in cash flows in financing activities are mainly due to the reclassification of certain amount of interest paid to cashflow in operating activities. Besides, it was also due to the change in the presentation for the repayment of and proceeds from medium term note to gross figure for MDSA Resources Sdn Bhd made a repayment of RM15,568,000 via the first tranche second issuance amounting to RM15,650,000 on 23 September 2020. Also, the repayment of lease liabilities and movement in amount due to related parties and a director were previously presented under changes in working capital.