

**HATTEN LAND LIMITED**  
(Company Registration No: 199301388D)  
(Incorporated in the Republic of Singapore)

**Unaudited Financial Statements Announcement**  
**For Full Year Ended 30 June 2020**

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

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

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

	Notes	Group Fourth Quarter Ended		%	Group 12 Months Ended		Change
		30/6/2020 RM'000	30/6/2019 RM'000 (Restated)		30/6/2020 RM'000	30/6/2019 RM'000 (Restated)	
Revenue	8a	(32,961)	134,011	N/M	109,447	338,933	(67.7)
Cost of sales	8b	18,422	12,395	48.6	(70,556)	(138,817)	(49.2)
<b>Gross profit</b>		<b>(14,539)</b>	<b>146,406</b>	N/M	<b>38,891</b>	<b>200,116</b>	<b>(80.6)</b>
Other income/gains	8c	9,712	(943)	N/M	26,116	22,300	17.1
<b>Other items of expense</b>							
Other expenses	8d	(58,638)	-	N/M	(58,638)	-	N/M
Selling and marketing expenses	8e	(916)	(1,395)	(34.3)	(4,156)	(8,576)	(51.5)
General and administrative expenses	8f	(120,396)	(50,487)	N/M	(195,832)	(101,308)	93.3
Finance costs	8g	(26,233)	(12,890)	N/M	(52,158)	(37,396)	39.5
<b>(Loss)/profit before tax</b>		<b>(211,010)</b>	<b>80,691</b>	N/M	<b>(245,777)</b>	<b>75,136</b>	N/M
Income tax credit/(expenses)	8h	9,517	(59,800)	N/M	14,816	(63,675)	N/M
<b>(Loss)/profit after tax<sup>#</sup></b>		<b>(201,493)</b>	<b>20,891</b>	N/M	<b>(230,961)</b>	<b>11,461</b>	N/M
<b>Other comprehensive income:</b>							
<u>Items that may be reclassified subsequently to profit or loss</u>							
Foreign currency translation		7	5	40.0	(1)	5	N/M
<b>Total comprehensive (loss)/ income</b>		<b>(201,486)</b>	<b>20,896</b>	N/M	<b>(230,962)</b>	<b>11,466</b>	N/M
<b>(Loss)/profit for the period attributable to:</b>							
Owners of the Company		(201,479)	19,386	N/M	(230,936)	9,956	N/M
Non-controlling interests		(14)	1,505	N/M	(25)	1,505	N/M
		<b>(201,493)</b>	<b>20,891</b>	N/M	<b>(230,961)</b>	<b>11,461</b>	N/M
<b>Total comprehensive (loss)/income for the period attributable to:</b>							
Owners of the Company		(201,472)	19,391	N/M	(230,937)	9,961	N/M
Non-controlling interests		(14)	1,505	N/M	(25)	1,505	N/M
		<b>(201,486)</b>	<b>20,896</b>		<b>(230,962)</b>	<b>11,466</b>	

**Note:**

<sup>#</sup> The Group reported a loss after tax in FY2020 of RM230.9 million as compared to a profit of RM11.5 million FY2019. The loss after tax in FY2020 included non-recurring items of impairment losses and write down of RM102.0 million, financial impact arising from the adoption of new accounting policy SFRS(I) 16 Leases of RM53.0 million and credit loss for the revocation of sales from the purchasers of RM40.1 million, in aggregate amounting to RM195.1 million. Please refer to the Paragraph 8 for further details.

N/M - Not Meaningful

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

	Group			Group		
	Fourth Quarter Ended		%	12 Months Ended		%
	30/6/2020	30/6/2019 (Restated)		30/6/2020	30/6/2019 (Restated)	
	RM'000	RM'000	Change	RM'000	RM'000	Change
Profit/(loss) for the period is arrived at after charging/(crediting):						
Depreciation of property, plant and equipment	1,284	1,262	1.7	4,852	4,463	8.7
Depreciation of right-of-use assets	36,093	-	N/M	36,093	-	N/M
(Gain)/loss on disposal of property, plant and equipment	-	(124)	N/M	(2,266)	(47)	N/M
Loss on write-off of property, plant and equipment	19	-	N/M	19	-	N/M
Interest expense	26,233	11,883	N/M	52,158	36,389	43.3
Interest income	(474)	82	N/M	(1,509)	(2,180)	(30.8)
Impairment loss on propety,plant and equipment	61,149	-	N/M	61,149	-	N/M
Impairment loss on development properties	13,234	-	N/M	13,234	-	N/M
Impairment loss on trade receivables	18,519	-	N/M	18,519	-	N/M
Write down of development properties	9,218	-	N/M	9,218	-	N/M
Unrealised foreign exchange (gain)/loss	(971)	2,547	N/M	6,194	4,122	50.3

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

	Note	Group		Company	
		30/6/2020 RM'000	30/6/2019 (Restated) RM'000	30/6/2020 RM'000	30/6/2019 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	8i	197,471	242,872	-	-
Right-of-use assets	8j	109,690	-	-	-
Investment in subsidiaries		-	-	1,113,370	1,203,315
Deferred tax assets		209	-	-	-
Other receivables		607	605	-	-
		<u>307,977</u>	<u>243,477</u>	<u>1,113,370</u>	<u>1,203,315</u>
<b>Current assets</b>					
Development properties	8k	640,574	678,795	-	-
Contract assets		-	3,267	-	-
Trade and other receivables	8l	494,258	583,793	299,318	278,240
Prepayments		3,795	4,503	158	131
Cash and bank balances		23,141	28,484	840	269
		<u>1,161,768</u>	<u>1,298,842</u>	<u>300,316</u>	<u>278,640</u>
<b>Total assets</b>		<b>1,469,745</b>	<b>1,542,319</b>	<b>1,413,686</b>	<b>1,481,955</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Loans and borrowings	8m	273,155	328,832	192,464	186,055
Lease liabilities	8n	36,566	-	-	-
Income tax payable		42,317	47,296	-	-
Trade and other payables		370,598	292,174	4,007	2,452
Provisions		41,734	58,561	-	-
Contract liabilities		307,331	309,466	-	-
		<u>1,071,701</u>	<u>1,036,329</u>	<u>196,471</u>	<u>188,507</u>
<b>Net current assets</b>		<b>90,067</b>	<b>262,513</b>	<b>103,845</b>	<b>90,133</b>
<b>Non-current liabilities</b>					
Loans and borrowings	8m	132,612	87,692	-	-
Lease liabilities	8n	74,045	-	-	-
Other payables		32,251	29,923	-	-
Deferred tax liabilities		-	12,416	-	-
		<u>238,908</u>	<u>130,031</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>		<b>1,310,609</b>	<b>1,166,360</b>	<b>196,471</b>	<b>188,507</b>
<b>Net assets</b>		<b>159,136</b>	<b>375,959</b>	<b>1,217,215</b>	<b>1,293,448</b>
<b>Equity</b>					
Share capital		267,425	252,719	1,299,929	1,285,223
(Accumulated losses)/Retained earnings		(25,383)	206,120	(82,714)	8,225
Translation reserve		4	5	-	-
Merger reserve		(79,513)	(79,513)	-	-
Other reserves		(3,222)	(3,222)	-	-
		<u>159,311</u>	<u>376,109</u>	<u>1,217,215</u>	<u>1,293,448</u>
Non-controlling interest		(175)	(150)	-	-
<b>Total equity</b>		<b>159,136</b>	<b>375,959</b>	<b>1,217,215</b>	<b>1,293,448</b>
<b>Total equity and liabilities</b>		<b>1,469,745</b>	<b>1,542,319</b>	<b>1,413,686</b>	<b>1,481,955</b>

Note: The restatements made are related to transactions arose in the preceding financial year ended 30 June 2019. Hence, there is no change to the third consolidated statement of financial position as at the beginning of the preceding financial year of 1 July 2018 and it is not presented.

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

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

As at 30/06/2020		As at 30/06/2019	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
273,155	-	328,832	-

**Amount repayable after one year**

As at 30/06/2020		As at 30/06/2019	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
132,612	-	87,692	-

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

**Details of collaterals**

The loans and borrowings are secured by the following: -

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

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

	<b>Group</b>	
	<b>12 Months Ended</b>	
	<b>30/6/2020</b>	<b>30/6/2019</b>
	<b>(Restated)</b>	
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
(Loss)/profit before tax	(245,777)	75,136
Adjustments for:		
Depreciation of property, plant and equipment	4,852	4,463
Depreciation of right-of-use assets	36,093	-
(Gain)/loss on disposal of property, plant and equipment	(2,266)	(47)
(Gain)/loss on write off of property, plant and equipment	19	-
Interest income	(1,509)	(2,180)
Interest expense	52,158	36,389
Impairment loss on property, plant and equipment	61,149	-
Impairment loss on development properties	13,234	-
Impairment loss on trade receivables	18,519	-
Unrealised foreign exchange (gain)/loss	6,194	4,122
Amortisation of capitalised transaction costs	3,405	4,874
<b>Operating cash flows before working capital changes</b>	<b>(53,929)</b>	<b>122,757</b>
<b>Change in working capital</b>		
Decrease/(increase) in:		
Development properties	24,987	4,693
Trade and other receivables and contract assets	74,990	57,475
Increase/(decrease) in:		
Trade and other payables and contract liabilities	61,793	50,242
<b>Cash flow generated from operations</b>	<b>107,841</b>	<b>235,167</b>
Interest paid	(35,263)	(36,389)
Interest received	1,509	2,180
Income tax paid	(2,786)	(17,385)
<b>Net cash flows generated from operating activities</b>	<b>71,301</b>	<b>183,573</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	3,874	972
Increase in pledged fixed deposit	(37)	(55)
Additions to property, plant and equipment	(19,292)	(88,651)
Acquisition of subsidiary	-	1
<b>Net cash flows from used in investing activities</b>	<b>(15,455)</b>	<b>(87,733)</b>
<b>Cash flows from financing activities</b>		
Proceeds from term loans	85,370	52,248
Repayment of lease liabilities	(52,067)	-
Repayment of obligations under finance leases	(1,385)	(3,060)
Repayment of term loans and medium term note	(107,503)	(175,914)
Dividend paid on ordinary shares	(567)	(1,053)
Proceeds from placement shares	14,706	-
<b>Net cash flows generated used in financing activities</b>	<b>(61,446)</b>	<b>(127,779)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5,600)</b>	<b>(31,939)</b>
Cash and cash equivalents at the beginning of the period	27,250	58,808
Effects of exchange rate changes on cash and cash equivalents	227	387
<b>Cash and cash equivalents at the end of the period</b>	<b>21,877</b>	<b>27,257</b>
Cash and bank balances	23,141	28,484
Less: Pledged fixed deposit	(1,264)	(1,227)
Cash and cash equivalents as per above	<b>21,877</b>	<b>27,257</b>

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

	Attributable to owners of the Company							
	Share capital	Retained earnings	Translation reserve	Merger reserve	Premium paid on acquisition of non-controlling interests	Equity attributable to owners of the Company, total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>								
<b>At 1 July 2019</b>	252,719	206,120	5	(79,513)	(3,222)	376,109	(150)	375,959
Loss for the year	-	(230,936)	-	-	-	(230,936)	(25)	(230,961)
<u>Other comprehensive income</u>								
Foreign currency translation reserve	-	-	(1)	-	-	(1)	-	(1)
Total comprehensive (loss)/ income for the year	-	(230,936)	(1)	-	-	(230,937)	(25)	(230,962)
<u>Distributions to owners</u>								
Issuance of placement shares	15,531	-	-	-	-	15,531	-	15,531
Placement shares expenses	(825)	-	-	-	-	(825)	-	(825)
Dividend on ordinary shares	-	(567)	-	-	-	(567)	-	(567)
Total transactions with owners in their capital as owners	14,706	(567)	-	-	-	14,139	-	14,139
<b>Balance as at 30 June 2020</b>	<b>267,425</b>	<b>(25,383)</b>	<b>4</b>	<b>(79,513)</b>	<b>(3,222)</b>	<b>159,311</b>	<b>(175)</b>	<b>159,136</b>
<b>At 1 July 2018</b>	252,719	197,217	-	(79,513)	-	370,423	2,575	372,998
Profit for the year	-	9,956	-	-	-	9,956	1,505	11,461
<u>Other comprehensive income</u>								
Foreign currency translation reserve	-	-	5	-	-	5	-	5
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>9,956</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>9,961</b>	<b>1,505</b>	<b>11,466</b>
<u>Contribution by and distributions to owners</u>								
Dividend on ordinary shares	-	(1,053)	-	-	-	(1,053)	-	(1,053)
Acquisition of non-controlling interest without a change in control	-	-	-	-	(3,222)	(3,222)	(4,230)	(7,452)
<b>Balance as at 30 June 2019</b>	<b>252,719</b>	<b>206,120</b>	<b>5</b>	<b>(79,513)</b>	<b>(3,222)</b>	<b>376,109</b>	<b>(150)</b>	<b>375,959</b>
<b>Company</b>								
	Share capital	Retained earnings	Total equity					
	RM'000	RM'000	RM'000					
<b>At 1 July 2019</b>	1,285,223	8,225	1,293,448					
Loss for the year	-	(90,372)	(90,372)					
<u>Contributions by and distributions to owners</u>								
Issuance of placement shares	15,531	-	15,531					
Placement shares expenses	(825)	-	(825)					
Dividend on ordinary shares	-	(567)	(567)					
	14,706	(567)	14,139					
<b>At 30 June 2020</b>	<b>1,299,929</b>	<b>(82,714)</b>	<b>1,217,215</b>					
<b>At 1 July 2018</b>	1,285,223	6,093	1,291,316					
Profit for the year	-	3,185	3,185					
<u>Contributions by and distributions to owners</u>								
Dividend on ordinary shares	-	(1,053)	(1,053)					
	-	(1,053)	(1,053)					
<b>Balance as at 30 June 2019</b>	<b>1,285,223</b>	<b>8,225</b>	<b>1,293,448</b>					

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

	Number of issued shares	Share capital RM
Balance as at 31 March 2020	1,434,596,353	267,424,247
<b>Balance as at 30 June 2020</b>	<b>1,434,596,353</b>	<b>267,424,247</b>

As at 30 June 2019, the Company had a convertible loan due of an aggregate amount of US\$20,000,000, which may be converted into approximately 77,142,857 new fully paid ordinary shares of the Company based on a fixed conversion price of S\$0.35 per share (assuming an exchange rate of US\$1: S\$1.35). On 10 October 2019, the convertible loan had matured and the lender has decided not to convert the loan into conversion shares. For more information, please refer to the Company's announcement dated 10 October 2019. As at 30 June 2020, the Company does not have any outstanding convertibles.

The Company does not have any treasury shares and subsidiary holdings as at 30 June 2020 and 30 June 2019.

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

	As at 30/6/2020	As at 30/6/2019
Total number of issued shares	1,434,596,353	1,378,096,353

The Company does not have any treasury shares as at 30 June 2020 and 30 June 2019.

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

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

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

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

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

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

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

Not applicable.

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

Not applicable as the disclaimer of opinion in the Auditors Report for the Company's latest financial statements for financial year ended 30 June 2019 relates only to the use of going concern assumption.

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

The Group has applied the same accounting policies in the financial statements for the current financial year compared with those of the audited financial statements for the financial year ended 30 June 2019 except for the adoption of SFRS(I) 16 on Leases as mentioned in Paragraph 5 below.

Due to the change of estimates in the method of computation of revenue which is concurred by our auditor and certain capitalised costs in previous years were expensed out in the financial year ended 30 June 2019, the Company had restated its consolidated financial results of the Group for the financial year ended 30 June 2019, and the statement of financial position as of that date. The effects of the restatement resulted in a decrease in the total comprehensive profit for the year by RM8.9 million for the financial year ended 30 June 2019, and a decrease in the net assets of the Group by RM8.9 million.

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

The Group has adopted SFRS(I) 16 with effect from 1 July 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption and has not restated comparatives for the financial year ended 30 June 2020 reporting period. On adoption of SFRS(I) 16 Leases, the Group has recognised (i) right-of use assets of RM109.7 million and lease liabilities of RM110.6 on 1 July 2019 in the balance sheet; (ii) interest expense on the lease liability and depreciation on the right-of-use asset in the income statement.

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

	Group Fourth Quarter Ended		Group 12 Months Ended	
	30/6/2020	30/06/2019 (Restated)	30/6/2020	30/06/2019 (Restated)
(Loss)/profit attributable to owners of the Company(RM'000)	(201,479)	19,386	(230,936)	9,956
Weighted average number of ordinary shares in issue	1,434,596,353	1,378,096,353	1,410,823,129	1,378,096,353
Basic and fully diluted (loss)/earnings per share ("EPS")(RM'cents)	(14.04)	1.41	(16.37)	0.72

**Note:**

The fully diluted EPS for the period ended 30 June 2020 and 30 June 2019 were the same as the basic EPS as the convertible loan had matured and the lender has decided not to convert the loan into conversion shares.



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

	Group		Company	
	30/6/2020	30/6/2019	30/6/2020	30/6/2019
Net asset value attributable to owners of the Company (RM'000)	159,311	376,109	1,217,215	1,293,448
Number of ordinary shares in issue	1,434,596,353	1,378,096,353	1,434,596,353	1,378,096,353
Net asset value per ordinary share (RM'cents)	11.10	27.29	84.85	93.86

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

#### **Consolidated Statement of Comprehensive Income**

The Group's operation and financial results for FY2020 were adversely impacted by the ongoing COVID-19 pandemic in a few key areas, including lower property sales, delay in project construction progress, sales revocation and impairment losses.

Review of Group performance for the fourth quarter ended 30 June 2020 ("4Q FY2020") as compared to the fourth quarter ended 30 June 2019 ("4Q FY2019")

- (a) The Group registered a negative revenue of RM33.0 million in 4Q FY2020, breakdown of details below:-

	RM'million
Revenue from project sales in 4Q FY2020	6.5
Less:	
Provision for liquidated ascertained damages arising from late delivery and handover of the property units in Harbour City project	(17.7)
Change of revenue estimates in the method of computation of revenue	(21.8)
<b>Revenue for 4Q FY2020</b>	<b>(33.0)</b>

Group's revenue decreased by RM166.9 million in 4Q FY2020 as compared to 4Q FY2019 was mainly due to the following reasons:

- lower sales of our projects as compared to 4Q FY2019 due to decrease in property viewings and purchase closures;
- lower revenue recognised from Harbour City project due to slower project's construction progress in 4Q FY2020 as compared to 4Q FY2019. This was mainly caused by suspension of construction by the main-contractor due the legal dispute;
- provision for liquidated ascertained damages arising from late delivery and handover of the property units in Harbour City project to the purchasers amounting to RM17.7 million, which the Group intends to counter claim against the main-contractor; and
- change of estimates in the method of computation of revenue resulting in decrease in revenue amounting to RM21.8 million.

- (b) The Group registered a positive cost of sales of RM18.4 million in 4Q FY2020 mainly due to the following reasons: -

- counter claim from the contractor of liquidated ascertained damages arising from the late delivery and handover of the property units in the Harbour City project;
- reversal of overprovision of costs in prior period for the Hatten City project; and
- change of estimates in the method of computation of revenue.

- (d) Other expense increased by RM58.6 million due to adjustment on credit loss for the revocation of sales from the purchasers of RM40.1 million and impairment loss on trade receivables of RM18.5 million.
- (g) The higher general and administrative expenses were mainly due to:-
- the depreciation of right-of use assets of RM36.1 million arising from the adoption of SFRS(I) 16 Leases;
  - Impairment loss on property, plant and equipment of RM61.1million;
  - Impairment loss on development properties for the Group's completed project of RM13.2 million;
  - Development properties write down of RM9.2 million relates to the disposal of land by one of the Group's subsidiaries.

These increases were partially offset by the decline in operating expenses arising from the cost cutting measures implemented by the Group.

Review of Group performance for the year ended 30 June 2020 ("FY2020") as compared to the year ended 30 June ("FY2019")

- (a) The Group generated revenue from project sales approximately of RM157.6 million in FY2020. Its revenue decreased by RM229.5 million to RM109.4 million in FY2020 as compared to RM338.9 million in FY2019 mainly due to the following reasons:
- Lower sales of our projects compared to FY2019 , in particular in 2H FY2020, due to decrease in property viewings and purchase closures;
  - lower revenue recognised from Harbour City project, in particular in 2H FY2020, due to slower project's construction progress in FY2020 as compared to FY2019. This was mainly caused by the COVID-19 pandemic resulted in a shortage of construction labour of the main-contractor of Harbour City and suspension of construction by the main-contractor due the legal dispute;
  - higher provision for liquidated ascertained damages of RM6.1 million arising from late delivery and handover of the property units in Harbour City project to the purchasers, which the Group intends to counter claim against the main-contractor; and
  - change of estimates in the method of computation of revenue resulting in decrease in revenue.
- (b) The decrease in cost of sales was in tandem with the decrease in revenue. The Group recorded gross profit of RM38.9 million for the FY2020, which was RM161.2 million lower than the preceding year with gross profit margin of 35.5% in FY2020 was lower as compared to 59.0% in FY2019 mainly due to higher discount and promotional rebates to purchaser to secure sales and the provision for liquidated ascertained damages.
- (c) Other income /gains increased by RM3.8 million due to increase in forfeiture income charged to purchasers arising from the revocation of sales and reversal of over provision for tax penalty. The increase was partially offset by lower rental income from Hatten Place and Elements Mall as both properties have been closed since the implementation of the Movement Control Order by the Government of Malaysia on 18 March 2020.
- (d) Other expense increased by RM58.6 million due to adjustment on credit loss for the revocation of sales from the purchasers of RM40.1 million and impairment loss on trade receivables of RM18.5 million.
- (e) Selling and marketing expenses decreased by RM4.4 million in FY2020 mainly due to lower sales and marketing activity for the ongoing and completed projects.
- (f) The higher General and administrative expenses were mainly due to:-
- the depreciation of right-of use assets of RM36.1 million arising from the adoption of SFRS(I) 16 Leases;
  - Impairment loss on property, plant and equipment of RM61.1million;
  - Impairment loss on development properties for the Group's completed project of RM13.2 million and
  - Development properties write down of RM9.2 million relates to the disposal of land by one of the Group's subsidiaries

These increases were partially offset by the decline in operating expenses arising from the cost cutting measures implemented by the Group.

- (g) Finance costs increased by RM14.7 million in FY2020 mainly due to adoption of SFRS(I) 16 Leases which resulted in the recognition of interest expense on lease liabilities of RM16.2 million, partially offset by lower interest expenses relating to loans and borrowing.

- (h) Income tax expenses decreased was to due reversal of over provision in prior year and lower provision for taxation for this financial year as a result of lower profit.

As a result of the aforementioned, the Group reported a loss after tax in FY2020 of RM230.9 million as compared to a profit of RM11.5 million FY2019. The loss after tax in FY2020 included non-recurring items of impairment losses and write down of RM102.0 million, financial impact arising from the adoption of new accounting policy SFRS(I) 16 Leases of RM53.0 million and credit loss for the revocation of sales from the purchasers of RM40.1 million, in aggregate amounting to RM195.1 million.

### **Consolidated Statement of Financial Position**

Review for the financial position of the Group as at 30 June 2020 as compared to 30 June 2019

- (i) Property, plant and equipment decreased by RM45.4 million to RM197.5 million as at 30 June 2020 compared to RM242.9 million as at 30 June 2019 was mainly due impairment loss on property, plant and equipment offset by additional construction work in progress for car park and theme park for Harbour City and Satori Projects.
- (j) Right-of-use assets as at 30 June 2020 was RM109.7 million. This attributable to the recognition of right-of-use assets arising from adoption of SFRS(I) 16 Leases in balance sheet without restatement of comparative amounts for the period prior to its first adoption.
- (k) Development properties decreased by RM38.2 million to RM640.6 million as at 30 June 2020 compared to RM678.8 million as at 30 June 2019 was mainly due to impairment loss on development properties for the Group's completed projects and sales of properties.
- (l) Trade and other receivables decreased by RM89.5 million to RM494.3 million as at 30 June 2020 as compared to RM583.8 million as at 30 June 2019 was mainly due to better collections during the financial year and impairment loss on trade received provided during the financial year.
- (m) Loans and borrowings (current and non-current) decreased by RM10.8 million to RM405.7 million as at 30 June 2020 from RM416.5 million as at 30 June 2019 mainly due to repayment during the financial year net of proceeds from bank loans.
- (n) Lease liabilities (current and non-current) as at 30 June 2020 was RM110.6 million. This is attributable to the recognition of right-of-use assets arising from the adoption of SFRS(I) 16 Leases in balance sheet without restatement of comparative amounts for the period prior to its first adoption.

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

Review of Statement of Cash Flows for FY2020 as compared to FY2019

The Group reported net cash flows from operating activities of RM71.3 million mainly due to decrease in development properties, trade and other receivables and contract assets as well as increase in trade and other payables.

The Group recorded net cash flows used in investing activities of RM15.4 million mainly due to acquisition of new property, plant and equipment.

The Group recorded net cash flows used in financing activities of RM61.4 million mainly due to repayment of loan and borrowings and lease liabilities and offset by proceeds from term loans and placement shares.

As a result of the above, the Group's cash and cash equivalent decreased by RM5.3 million to RM21.9 million as at 30 June 2020.

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

The Company had on 25 August 2020 issued a profit guidance and the results for the full year ended 30 June 2020 is consistent with the guidance issued.

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

Reflecting the unprecedented impact of the stringent containment measures to control the COVID-19 pandemic globally and domestically, the Malaysian economy contracted by 17.1% in the second quarter of 2020<sup>(1)</sup>, which marks the largest contraction since the Asian financial crisis more than two decades ago and second quarterly contraction of the Malaysia economy in a row<sup>(2)</sup>. Given the significant headwinds to growth arising from COVID-19, the Government of Malaysia and Bank Negara Malaysia have introduced large countercyclical policy measures to mitigate the economic impact of the pandemic<sup>(3)</sup>.

Due to weak market and consumer sentiments, the property market will remain challenging and lackluster. The extent and duration of the impact will depend on factors such as how quickly the pandemic is contained and economy can recover. Against the backdrop, the Company has implemented various initiatives to preserve cash, bolster our balance sheet and fortify our business resiliency including:-

- The Group will continue to focus on monetising its property inventories. As announced on 11 August 2020, the Company has signed an agreement with Tayrona Capital Pte Ltd relating to the Harbour City project. Subject to the completion of the transaction, it is expected to generate net proceeds of US\$59.760 million for the Company;
- Subsidiary company MDSA Resources Sdn Bhd and MDSA Ventures Sdn Bhd have embarked on restructuring exercise to strengthen their balance sheet and restructure its legacy contractual obligations to achieve a more sustainable capital structure in line with the current business climate. Details of the restructuring exercise will be provided in due course;
- Subsidiary company Hatten Technology (S) Pte Ltd has completed its acquisition of 20% stake in ECXX Global Pte Ltd ("ECXX"). ECXX has obtained approval from the Monetary Authority of Singapore ("MAS") for admission to the Fintech Sandbox Express under a Recognised Market Operator (RMO) regime. With the approval from the MAS, ECXX targets to launch a blockchainbased securities exchange platform, ecxx.co, that offer various asset-based digital securities, such as real estate, private equity, venture capital and investment funds to institutional and accredited non-individual investors. The Group will work with ECXX to explore on how to monetize its real estate property.

Source:

(1) [https://www.bnm.gov.my/files/publication/qb/2020/Q2/Q2\\_en.pdf](https://www.bnm.gov.my/files/publication/qb/2020/Q2/Q2_en.pdf)

(2) <https://www.businesstimes.com.sg/government-economy/malaysias-economy-shrinks-most-since-1998-asia-crisis>

(3) <https://www.bnm.gov.my/ar2019/emr-summary.php>

**11. Dividend**

**If a decision regarding dividend has been made:-**

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

No.

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

Nil.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

No dividend has been declared for FY2020 as the Group wishes to conserve its cash for the purpose of the Group's development and operations.

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

The Company had obtained a general mandate from its shareholders for IPTs at an annual general meeting of the Company held on 23 November 2019. For details, please refer to the Company's Appendix to the Annual Report 2019. Save as disclosed below, there were no IPTs that exceeded S\$100,000 during the financial year ended 30 June 2020.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		Group RM'000	Group RM'000
Hatten Properties Sdn. Bhd.	1	-	1,641
Montane Construction Sdn. Bhd.	2	-	1,251
Temasek Blooms Sdn. Bhd.	3	731	-
Hatten Place Sdn Bhd.	4	-	7,383
Lianbang Ventures Sdn.Bhd.	5	1,374	-

Note:

- (1) Hatten Properties Sdn. Bhd. is a company wholly owned by Dato' Tan June Teng Colin @ Chen JunTing and Dato' Tan Ping Huang Edwin @ Chen BingHuang and their associates.
- (2) Montane Construction Sdn. Bhd. is a company wholly owned by Tan Ler Choo, the aunt of Dato' Colin and Dato' Edwin. Transactions with Montane Construction Sdn Bhd were included under the IPT general mandate for prudence and good corporate governance although these transactions do not fall within the ambit of "interested person transactions" under Chapter 9 of the Catalist Rules.
- (3) Temasek Blooms Sdn Bhd is a company wholly owned by Dato' Tan June Teng Colin @ Chen JunTing and Dato' Tan Ping Huang Edwin @ Chen BingHuang and their associates.
- (4) Hatten Place Sdn Bhd is a company wholly owned by Dato' Tan June Teng Colin @ Chen JunTing and Dato' Tan Ping Huang Edwin @ Chen BingHuang and their associates.
- (5) Lianbang Ventures Sdn Bhd is a company indirectly wholly owned by Dato' Tan June Teng Colin @ Chen JunTing and Dato' Tan Ping Huang Edwin @ Chen BingHuang.

**14. Disclosure of Acquisition (including incorporations and sale of shares under Catalist Rule 706A.**

The Company's subsidiary Hatten Technology (S) Pte Ltd has on 29 June 2020 entered into agreements to acquire 20% equity interest in ECXX Global Pte. Ltd. Please refer to the SGX announcement dated 29 June 2020 for further details. The acquisition of 20% interest in ECXX Global Pte. Ltd has been completed on 18 August 2020

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

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

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

- 16. Segmented revenue and results for operating segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for immediately preceding year.**

For FY2020 and FY2019, the entire Group's operations constitute a single operating segment, which is in the business of property development in Malaysia. Accordingly, no business or geographical segment information is presented.

- 17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to paragraph 8.

- 18. A breakdown of sales as follows:**

	<b>FY2020</b>	<b>FY2019 (Restated)</b>	<b>Change</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Sales reported for first half year	135,172	109,523	23.4
Profit/(loss) after income tax before deducting non-controlling interests reported the first half year	2,824	(7,889)	N.M
Sales reported for second half year	(25,725)	229,410	N.M
(Loss)/profit after income tax before deducting non-controlling interests reported the second half year	(233,785)	19,350	N.M

- 19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:**

	<b>FY2020 S\$</b>	<b>FY2019 S\$</b>
Ordinary	-	179,152
Preference	-	-
Total	-	179,152

FY2019's final dividend of S\$179,152 was calculated based on 0.013 Singapore cent per share and the number of ordinary shares in issue of 1,378,096,353 as at 30 June 2019.

20. 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 substantial shareholders 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
Lu Chai Hong	56	Mother of Tan June Teng Colin@Chen JunTing and Tan Ping Huang Edwin@Chen BingHuang	Senior Manager, Office Admin & Human Resources. Responsible for office administration and human resource functions since 31 August 2017.	Not applicable
Eric Tan Eng Huat	63	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  
28 August 2020

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

---

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

*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.*