ANNUAL REPORT 2019

HATTEN 惠胜 LAND

Content

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

This Annual Report 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 Annual Report.

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.

Corporate Profile

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

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

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

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

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

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

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

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

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

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

Hatten Land also has two upcoming integrated development projects:

1. MICC (Melaka International Convention Centre): mixed development including a shopping mall, cineplex, convention hall, an auditorium, meeting rooms, a hotel block and a serviced apartment block.

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

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

Milestones

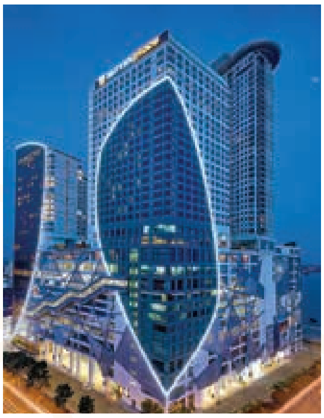
2006

Flagship Project
Largest Mall in Melaka
Dataran Pahlawan
Melaka Megamall
("DPMM")

2008

Completion of
the Expansion
of **DPMM**

2011



Hatten City
Phase 1
Sales Launch

2012

Completion of
Hatten Square
and **Hatten Hotel**

Hatten City
Phase 2
Sales Launch

2013

Vedro
by The River
Sales Launch

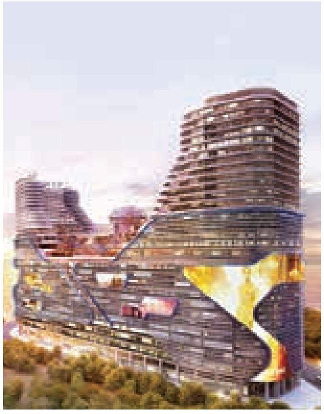
2015

Completion of
Terminal Pahlawan

Completion of
Estadia Hotel

Harbour City
Phase 1
Sales Launch

2016



Completion of
Hatten City
Phase 1

Harbour City
Phase 2
Sales Launch

2017

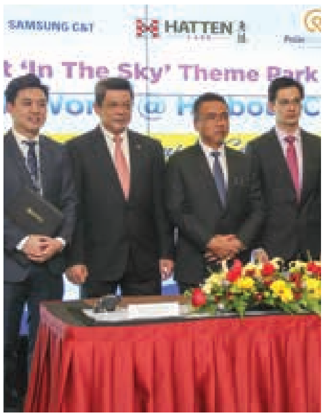
Listed on
Singapore Exchange

Satori Sales Launch

Completed Acquisition
of MICC Project

Completion of
Vedro by the River

2018



Incorporated Hatten
Commercial Management

Unveiled Southeast Asia's
First Proptech Blockchain
for Hotels and Retail Malls

Water Theme Park @
Harbour City Collaboration
Agreement Signing with
Samsung C&T Corporation
and Polin Waterparks

2019

5 Star Award for **Satori**
"Best Mixed-use
Development,
Malaysia" at the Asia
Pacific Property Awards
2019-2020

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors of Hatten Land Limited ("Hatten Land") or ("the Group"), I am pleased to present the Annual Report and Audited Financial Statements for the financial year ended 30 June 2019 ("FY2019").

Poised for Resilient Performance amid Challenging Environment

Stellar quality, great value for customers and innovative designs. These are the three key mantras of Hatten Land, an acclaimed property developer based in Melaka, Malaysia. The Group has come a long way since its inception and has gained praises internationally for its unique and well-received portfolio of integrated residential, hotel and commercial developments. To date, we have won over 50 awards and accolades in recognition of the Group's quality developments, innovative designs and avant-garde architectural concepts. Hatten Land strives to continuously build quality properties for our customers at affordable and competitive prices. We also remain steadfast to achieving good corporate governance as well as ensuring prudent and efficient operations management.

Our performance in the financial year ended 30 June 2019 (FY2019) is well-reflective of the management's leadership and the clear strategy direction. Hatten Land has successfully registered an improved financial performance in FY2019 and our operations remain resilient amid the soft property sector conditions. Despite the weak market sentiment and the slower pace of economic growth, our ongoing developments in Melaka such as Harbour City and Satori as well as the now-completed Unicity in Seremban have continued to see a good response from our buyers.

DATO' COLIN TAN JUNE TENG

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

Moving forward, the Group foresees continued challenges in the operating environment given the property market slowdown and the difficulties of Malaysian buyers in securing financing for properties due to strict loan requirements. However, Hatten Land will realign its strategies to weather the obstacles in the industry.

To strengthen its financial position, Hatten Land announced its first equity placement since listing in October 2019 through a placement to Mr Yang Tse Pin. Mr Yang has more than 30 years of experience in the building construction and property development industries. Through the years, Mr Yang has established expertise and experience in the business of facility management and properties management agent.

Currently, Hatten Land is in the midst of actively expanding its operations, in line with its aim to accelerate its growth momentum in the near to medium-term. In line with our pursuit to go global, we ventured into the property market in Melbourne, Australia with our maiden overseas project of a mixed-use development comprising retail and hospitality units. This was followed by the incorporation of a joint venture company Hatten Wellness China Pte. Ltd. to explore property development opportunity in China. We also plan to expand our footprint in the Southeast-Asian region, moving forward. In addition, the Group is also actively looking to acquire new companies in order to spur our inorganic growth.

FINANCIAL PERFORMANCE REVIEW

In FY2019, Hatten Land has registered a good set of financial results underpinned by improved property sales and higher rental income, despite soft market conditions and a more moderate economic growth in Malaysia.

The revenue increased by 14.2% year-on-year (y-o-y) to RM340.5 million in FY19 due to higher revenue recorded from our Harbour City, Satori and Unicity projects, although the increase in revenue was partially offset by the lower revenue recorded from slowdown in sales of the remaining unsold units of Hatten City Phase 2 projects. The Group's net profit improved significantly to RM20.4 million in FY2019 from a restated net profit of RM4.7 million a year earlier.

Hatten Land continues to enjoy a sturdy balance sheet in FY2019, supported by total assets of RM1.55 billion (FY2018: RM1.58 billion). The Group's net asset value per share grew 3.2% to RM27.9 as at 30 June 2019, a reflection of our strengthening financial position.

PROPOSED DIVIDEND

As our way to show our gratitude to our shareholders for their continued faith and support in Hatten Land, the Board is pleased to propose a dividend of 0.013 Singapore cent per share for FY2019.

PROJECTS IN THE PIPELINE & CORPORATE DEVELOPMENTS

Harbour City

This is a mixed development which aims to change Melaka's tourism landscape by incorporating the elements of retail, hospitality and entertainment. Spanning about six acres and built on two kilometres of seafront land in Pulau Melaka, Harbour City comprises Harbour City Mall, a water theme park and three hotel blocks. Launched in 2015, the estimated GDV of Harbour City is RM2.2 billion. The development is slated for completion in the 2nd quarter of FY2020.

Satori

Designed to be a "sanctuary in the city", Satori is the first wellness-themed integrated development in the historical city of Melaka. The two-acre development, which was launched in July 2017, consists of a hotel, serviced residences and retail mall, which seeks to make a definitive statement on the wellness theme. The services and facilities offered in Satori's suite of over 50 wellness facilities include a one-stop fitness and aqua gym, health food outlets, yoga rooms, sea salt spas and mud baths, an infinity pool and sky lounge, amongst others.

Satori is estimated to have a GDV of RM243 million and is expected to be completed by the 4th quarter of FY2020. As of end-June 2019, Satori Suites's take-up rate stood at 84.8% while 21.9% of Satori Serviced Residences have been sold.

Melaka International Convention Centre (MICC)

The MICC is one of Hatten Land's upcoming projects, which is slated to be developed into an integrated mixed development that will comprise a shopping mall, cineplex, convention hall, an auditorium, meeting rooms, a hotel block and a serviced apartment block. To be located in Melaka, the convention centre will be developed on a 9.34-acre land with an estimated GDV of RM942 million.

The Cyberjaya Project

The project, which is estimated to have a GDV of over RM3 billion, will mark Hatten Land's first venture into medical tourism. The 25.55 acres development will be carried out in three phases, comprising retail, offices, residential and hospitality units as well as a hospital.

New Recurring Income Stream

Hatten Land's new mall management arm that was unveiled in April 2018 – Hatten Commercial Management Sdn. Bhd – has begun to contribute to the Group's top line from the 4th quarter of FY2019. The new business will complement Hatten Land's property development business and will provide an alternative revenue stream over the long run.

PROSPECTS

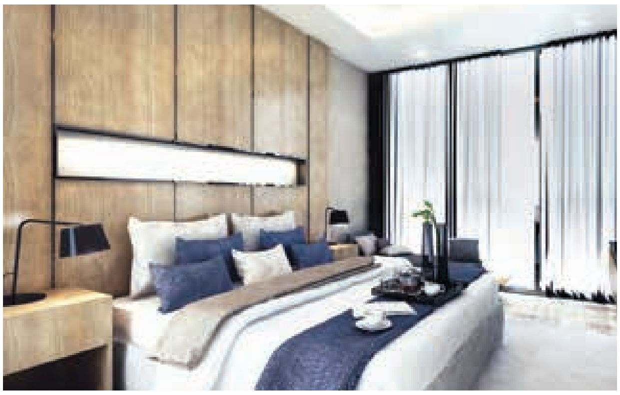
The Malaysian property market is expected to stabilise over the next two years, riding on the improvement in sentiment and the measures introduced by the government to spur real estate demand. These factors, among others, will likely boost sales in the property sector, which has been affected by the high number of unsold property units.

The country's resilient economy performance is also expected to remain a key catalyst for the continued growth in the demand for properties in Malaysia. The World Bank projects the Malaysian economy to expand by 4.6% annually between 2019 to 2021, amid the moderation in global growth. Meanwhile, the central bank's recent move to slash the benchmark overnight policy rate by 25 basis points is expected to reduce borrowing costs and spur property purchases moving forward.

However, in the near-term, the Malaysian property market is expected to continue witnessing challenges such as high land prices and the difficulties faced by Malaysian property buyers to secure financing due to strict loan requirements. These challenges are expected to have an impact on the Group's operations, although Hatten Land strives to minimise the effects through its strategies.

In line with our pursuit to go global, our maiden overseas project in Melbourne Australia is expected to achieve a significant milestone of obtaining the revision of planning permit for the development in FY2020. We are also hopeful that the Group's joint venture company for the China market Hatten Wellness China Pte. Ltd. will deliver some attractive property development opportunities in FY2020 for the Group's consideration.

To complement our overseas expansion plans which will be instrumental in raising Hatten Land's brand reach and build stronger track record, we continue to be supported by our unbilled property sales amounting to approximately RM379.9 million as of 30 June 2019. This amount is expected to be recognised as the ongoing projects reach completion stage.



Barring any unforeseen circumstances, the Board is cautiously optimistic about the Group's financial performance for FY2020.

APPRECIATION

I would like to convey my sincere appreciation to Hatten Land's Board of Directors for their advice and commitment in steering the Group forward. I also wish to extend my gratitude to the Group's employees, investors, financiers, customers and suppliers. Hatten Land's success today is made possible on the back of our continued contribution and unwavering support over the years.

The Group will continue to emphasise in maximising value for our shareholders and build an accommodative working environment for our employees as we pursue our ultimate aim to deliver quality and design-rich properties for our customers.

DATO' COLIN TAN JUNE TENG
Executive Chairman and Managing Director

各位敬爱的股东，

在此，我谨代表惠胜置地（“惠胜置地”或“集团”）董事局提呈这份截至2019年6月30日财政年（“财年”）年度报告和经审核财务报表 。

在具有挑战性环境中表现稳健

惠胜置地三个主要核心价值是为客户提供卓越品质、物超所值和设计新颖的产品。惠胜置地是一家总部位于马来西亚马六甲的著名房地产开发公司。该集团自成立以来，历经了一段漫长的道路，所推出的综合住宅、酒店和商业发展项目具有独特性，因此深获市场好评，也让公司在国际上获得不少赞誉。

至今，我们已荣获超过50个奖项和荣誉，以表彰集团的项目品质、创新设计与前卫的建筑概念。惠胜置地将持续推出可负担和具有价格竞争力的项目，为客户不断建造高品质房产。我们也将坚持达到良好的公司治理，确保营运管理有效而谨慎。

我们在2019财年的业绩表现，充分反映管理层的领导能力以及明确的策略方向。我们成功改善2019财年的业绩表现，即使房市表现疲软，我们的业务依然保持稳健。尽管市场疲弱，经济增长放缓，然而，我们在马六甲的现有项目例如豪曝湾和Satori，以及芙蓉市已经建竣的Unicity持续受到买家好评。

放眼未来，鉴于房市放缓以及房贷收紧，导致大马消费者难以获得房屋贷款。因此，本集团预计，整个市场环境将持续面临挑战。然而，惠胜置地将重新调整策略，以克服行业中的所有障碍。

为了巩固财务状况，惠胜置地宣布了自2019年10月上市以来的首次私募计划，那就是向Yang Tse Pin配股。他在建筑和房地产开发拥有30多年经验。多年来，他也在设施管理和物业管理代理业务方面累计专业的知识与经验。

目前，惠胜置地正积极扩展业务，以期在短中期加速成长。为了冲出国际市场，我们将首度进行海外扩展，进军澳洲墨尔本房地产。该计划涉及混合零售与住宿单位。随后，我们也成立联营公司Hatten Wellness China Pte. Ltd.在中国探索房地产发展的机会。我们也计划持续扩大东南亚版图。此外，本集团亦积极寻求新商机，以刺激外部增长。

财务表现回顾

集团在2019财年营业额按年增长14.2%至3亿405万令吉的佳绩，这主要归功于豪曝湾、Satori和Unicity项目的销售额大幅增加，即使部分营业额仍然被惠胜之都第二期未出售单位所抵销。在2019财年，集团净利从去年的467万令吉，飙涨至2,036万令吉。

惠胜置地2019财年的财务表现仍然强劲，其总资产为15亿5,000万令吉（2018财年：15亿8,000万令吉）。截至2019年6月30日，集团的每股净资产值增长3.2%至27令吉90仙，反映了我们强劲的财务状况。

拟议股息

为了感激股东们对惠胜置地的持续信任，董事局拟议2019财年每股派发0.013新加坡仙分股息。

发展中项目和企业发展

豪曝湾

这是一项混合产业项目，旨在透过结合零售、酒店和娱乐元素来改变马六甲的旅游面貌。豪曝湾占地约六英亩，坐落在马六甲岛海滨两公里处，其中包括豪曝湾购物中心，水上主题乐园和三栋酒店。豪曝湾于2015年推介，发展总值预计为22亿令吉，料在2020财年第二季竣工。

Satori

Satori的设计概念为“城市境外”，是马六甲古城首个以健康为主题的综合开发产业项目。这个占地两英亩的产业项目于2017年7月动工，以健康为主题，内含酒店、服务式公寓和零售购物中心。Satori拥有50多个健康设施，包括一站式的健身和水上健身馆、保健食品商店、瑜伽室、海盐水疗馆和泥浴，无边际泳池和空中休息室等等。

Satori的发展总值估计为2亿4,300万令吉，预计将在2020财政年第四季完成。截至2019年6月底，Satori Suites的认购率高达84.8%，而Satori服务式公寓的认购率为21.9%。

马六甲国际会展中心 (MICC)

MICC是惠胜置地接下来的其中一项发展项目，这是一个综合产业项目，其中包括购物中心、电影院、会议厅、礼堂、会议室、酒店大楼和服务式公寓。该会展中心将设在马六甲，占地9.34英亩，发展总值估计为9亿4,200万令吉。

赛城项目

该项目的发展总值估计超过30亿令吉，象徵著惠胜置地首次涉足医疗旅游业。该占地25.55英亩的发展项目将分成三期，其中包括零售、办公室、住宅和酒店以及医院。

全新经常性收入来源

惠胜置地在2018年4月成立的新购物中心管理部门Hatten Commercial Management私人有限公司，从2019财年第四季开始为集团贡献收入。这项新业务将补足惠胜置地的房地产开发业务，并且作为集团长远的替代收入来源。

未来展望

我们预计大马房市将在未来两年内趋于稳定，这要归功于市场氛围改善，以及政府在刺激房产需求所采取的措施。这些因素很可能会改善受到大量未出售房产所影响的产业销售。

马来西亚房产需求持续增长，相信是国家强劲经济表现的主要催化剂。根据世界银行预测，在全球经济放缓的情况下，大马经济将在2019年至2021年之间每年增长4.6%。同时，央行最近将基准隔夜政策利率下调25个基点，预计将减少借贷成本，进而刺激房产购买率。

然而，在短期内，大马房市预计将持续面临挑战，比如土地价格高昂，买家难以获得融资。尽管惠胜置地努力透过采取适当的策略来减轻影响，但预计这些挑战将对集团的营运产生部分影响。

为了配合我们进军全球，我们在澳洲进行的首个海外项目有望成功创下一个重要的里程碑，从而修正2020财年发展计划许可。我们也希望集团在中国市场的联营公司Hatten Wellness China Pte. Ltd.能够在2020财年，为集团提供一些可考虑且有吸引力的房地产开发机会。

我们在海外的扩张计划有助于提升惠胜置地的品牌影响力，并且建立更强劲的业绩记录。我们的表现将继续受到明确的成长策略支撑，截至2019年6月30日，集团未入帐销售大约是3亿7990万令吉。一旦部分项目竣工，该数据将进一步获得确认。

排除一切未知因素，董事局对本集团2020财年的财务表现抱持谨慎乐观的态度。

致谢

在此，我仅向惠胜置地的董事局表示衷心感谢，他们为集团的成长给予许多建议和承诺。我也要向集团员工、投资者、银行家、客户和供应商致谢。多年以来，有赖于大家努力为公司贡献和给予坚定的支持，惠胜置地才有今日的成就。

鉴于我们所追求的终极目标是提供有品质与设计丰富的产业给客户，我们务必继续为股东创造最大价值，为员工营造一个舒适的工作环境。

拿督陈俊廷
执行主席兼董事经理

REVENUE

RM340.5 MILLION

RM298.1 million in FY2018

PROFIT BEFORE INCOME TAX

RM84.0 MILLION

RM11.6 million in FY2018

PROFIT NET OF TAX

RM20.4 MILLION

RM4.7 million in FY2018

NON-CURRENT ASSETS

RM243.5 MILLION

RM184.9 million in FY2018

CURRENT ASSETS

RM1,311.1 MILLION

RM1,391.1 million in FY2018

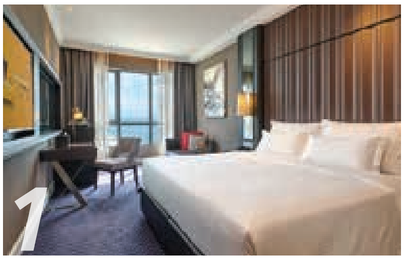
TOTAL EQUITY

RM384.9 MILLION

RM373.0 million in FY2018

Development Profile

Phase 1



1 - Hatten Place 2 - SkyDeck 3 - Overview Building (Night View) 4 - Overview Building (Day View)

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

PROPERTY INFORMATION

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

Land Size
Approximately 6 acres

Estimated GDV
RM2.3 billion

Developer
MDSA Resources Sdn. Bhd.

HATTEN City
THE CITY OF VIBRANCE

Phase 2

IMPERIO MALL 皇营广场

IMPERIO RESIDENCES 皇营湾

1 - Overview Building (Day View) 2 - 13th Floor (Children Playground) 3 - Cascading Steps 4 - Infinity Pool

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

PROPERTY INFORMATION

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

Land Size
Approximately 4 acres

Estimated GDV
RM1.6 billion

Developer
MDSA Ventures Sdn. Bhd.

UNICITY

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

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

PROPERTY INFORMATION

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

Land Size
1.96 acres

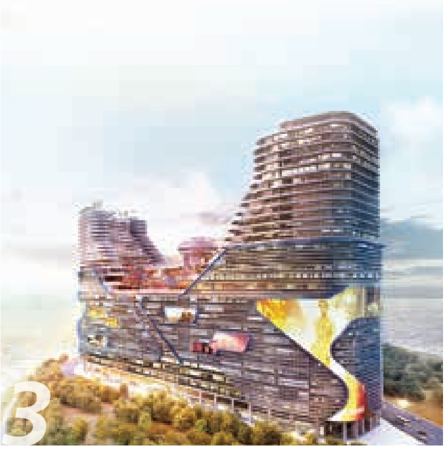
Estimated GDV
RM299 million

Developer
Velvet Valley Sdn. Bhd.

豪暻灣

HARBOUR CITY

@ PULAU MELAKA



1 - Water Theme Park 2 - Retail Floor 3 - Overview Building (Day View) 4 - Construction Progress as at September 2019

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

Location	Land Size	Estimated GDV	Developer
Pulau Melaka (fronting the Melaka Straits)	Approximately 6 acres	RM2.2 billion	Gold Mart Sdn. Bhd.

1 - Overview Building (Day View) 2 - Night View From Melaka River 3 - Overview Building (Night View)

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

Location	Land Size	Estimated GDV	Developer
Kee Ann Road (along Melaka River)	Approximately 2 acres	RM293 million	MDSA Vedro Development Sdn. Bhd.

SATORI

SANCTUARY IN THE CITY

1 - Overview Building (Day View) 2 - Swimming Pool 3 - Spa 4 - Construction Progress as at September 2019

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

Location
No. H.S. (D) 85293, No. PT 861 and No. H.S. (D) 85294, No. PT 862, Kawasan Bandar XXXIX, Daerah Melaka Tengah, Melaka (formerly known as No. PN 14975, No. Lot 850, Kawasan Bandar XXXIX, Daerah Melaka Tengah, Melaka)

Land Size
Approximately 2 acres

Estimated GDV
RM265 million

Developer
Prolific Properties Sdn. Bhd.

MICC Project

1 - Sky Lounge 2 - Overview Building (Night View)

The MICC (Melaka International Convention Centre) Project is slated to be developed into an integrated mixed development.

PROPERTY INFORMATION

Location
Kawasan Bandar I,
Daerah Melaka Tengah,
Melaka

Land Size
Approximately
9.34 acres

Estimated GDV
RM942 million

Developer
Prolific Revenue Sdn. Bhd.

Cyberjaya Project

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

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

PROPERTY INFORMATION

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

Land Size
25.55 acres

Estimated GDV
RM3.0 billion

Developer
Admiral Merger Sdn. Bhd.

Board of Directors

DATO' COLIN TAN JUNE TENG
Executive Chairman and
Managing Director

Present Directorships
(Listed Companies)
Hatten Land Limited

Past Directorships (3 years)
(Listed Companies)
Nil

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

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

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

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

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

Present Directorships
(Listed Companies)
Hatten Land Limited

Past Directorships (3 years)
(Listed Companies)
Nil

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

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

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

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

DATO' WONG KING KHENG
Lead Independent Director

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

Past Directorships (3 years)
(Listed Companies)
Nil

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

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

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

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

MR. LOH WENG WHYE
Independent Director

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

Past Directorships (3 years)
(Listed Companies)
XinRen Aluminum Holdings Limited
Leeden Limited
China New Town Development Company Ltd

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

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

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

MR. FOO JONG HAN REY
Independent Director

Present Directorships
(Listed Companies)
Hatten Land Limited

Past Directorships (3 years)
(Listed Companies)
Nil

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

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

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

Key Management

MR. CHONG FOH SIONG
Head of Development
Management

Chong Foh Siong joined the Group in April 2007. Upon the listing of Hatten Land Limited, he was appointed the Head of Development Management and is responsible for project development and its administration. Besides leading the project and design teams on the execution of all projects, ensuring that the planning and execution of projects meet specified quality requirements, he also reviews, identifies and develops related strategies and initiatives for the projects.

Mr. Chong brings more than 30 years of industry experience to the Group. From 1994 to 2007, he was Senior Architectural Assistant at Akitek AAP. From 1982 to 1994, he was working at Akitek KHP. At both architecture firms, he was responsible for project coordination and administration, including submission of plans to various authorities for approval and ensuring that all works carried out are in accordance with specific standards, codes, guidelines and regulations. Mr. Chong graduated from the Federal Institute of Technology (Institut Teknologi Federal) with a Technical Diploma in Architecture in 1981.

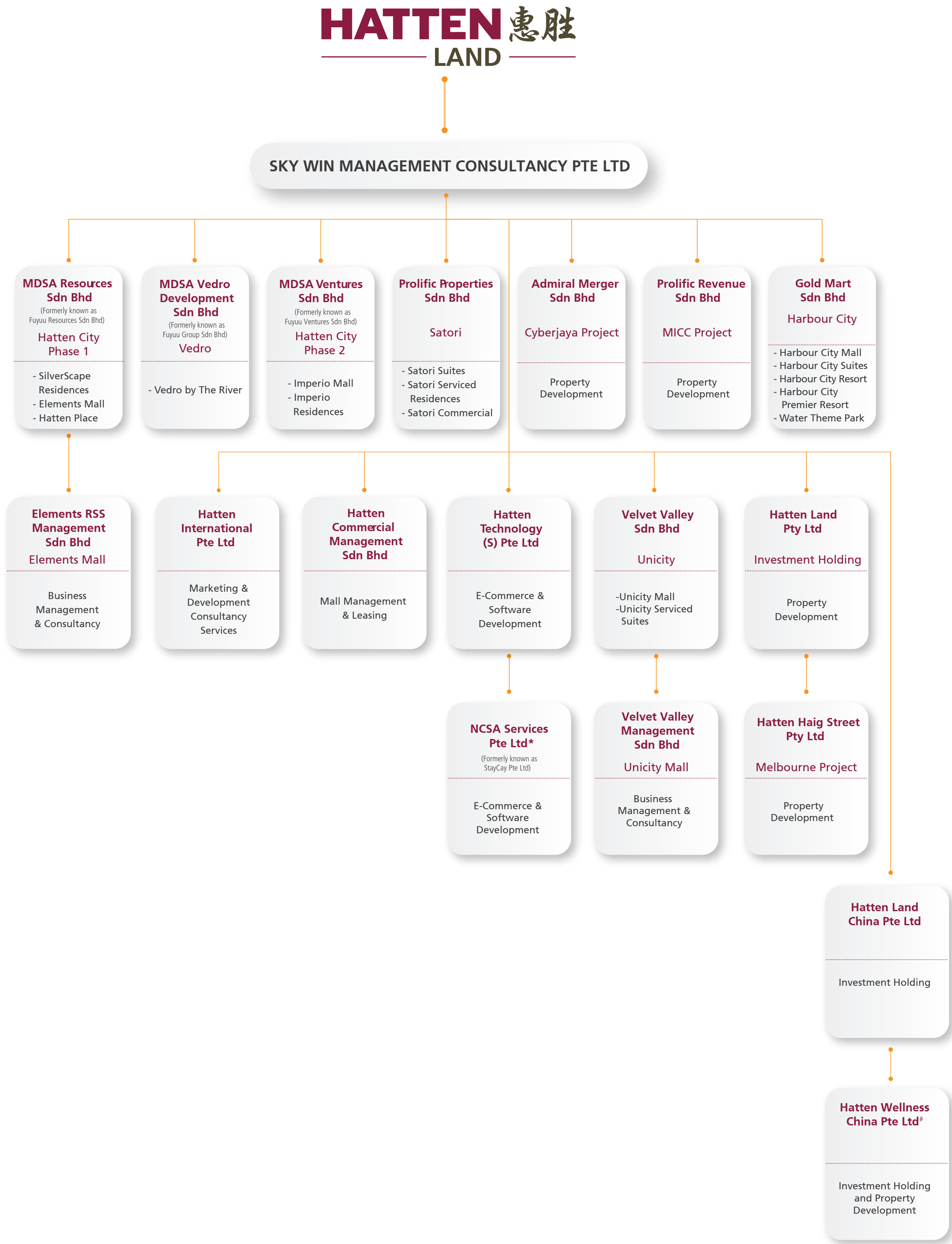
MR. CLARENCE CHONG
Head of Business Development
and Corporate Finance

Clarence Chong was appointed as Head of Business Development and Corporate Finance on 9 October 2017. He is responsible for expanding the company's vision and objectives by developing new business development initiatives and organising future ventures into new territories and sectors. He also oversees corporate finance and investor relations.

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

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

Group Structure



NOTE: All Subsidiaries above are 100% owned, except for the following: –

* NCSA Services Pte Ltd *(Formerly known as StayCay Pte Ltd)* which is 85% owned.

\# Hatten Wellness China Pte Ltd which is 55% owned.

WINNER OF OVER 50 PRESTIGIOUS PROPERTY AWARDS SINCE 2011

A total commitment to excellence is paramount to reaching the ultimate in performance. Focusing on delivering quality and exclusive integrated projects, Hatten has received continuous prestigious acknowledgement with an award winning track record of over 13 years.

Corporate Information

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

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

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

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

COMPANY SECRETARIES
Lotus Isabella Lim Mei Hua
Lee Bee Fong

REGISTERED OFFICE
Company Registration No.: 199301388D
53 Mohamed Sultan Road
#04-02
Singapore 238993
Tel: (65) 6690 3136
Fax: (65) 6690 3137
Website: www.hattenland.com.sg

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

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

AUDITOR
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-In-Charge
Lee Wei Hock (Appointed since financial year ended 30 June 2017)

GROUP CORPORATE COMMUNICATIONS
Tan Shieh Lyi

ABOUT THIS REPORT

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

This is the second sustainability report published by Hatten Land.

The report discusses our sustainability performance for the financial year ended 30 June 2019 ("FY2019"). It has been prepared in accordance with the globally accepted and widely used Global Reporting Initiative ("GRI") Standards: Core option and looks at the portfolio in Malaysia.

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

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

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

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

BOARD STATEMENT

Last year, Hatten Land published its first sustainability report. As a company that seeks to continuously evolve and improve, we are pleased to share the progress in our sustainability journey with our stakeholders.

We continue to focus on sustainability and wellness in our new and upcoming developments. For example, Cyberjaya in Kuala Lumpur is being developed as a Sustainable Smart City development. As advocated by the Malaysian government, this involves greater integration of digital features such as smart building metering and Iot technology to help monitor, control and ultimately, minimise resource consumption. Another of our developments, Satori, has integrated wellness features such as green spaces and circadian lighting to maximise the well-being of our tenants. These are the small and big measures we are taking to be more sustainable.

This year, Hatten Land has also made a big push to engage with its employees and communities. Through our newly formed Happy Committee, we have promoted team building, festive and cultural celebrations and small but meaningful initiatives. We are taking these steps to help our employees feel valued and part of the extended Hatten Land family.

We are especially proud of the launch of the first ever food bank in Melaka in our development, Terminal Pahlawan, in collaboration with Kechara. Our corporate social responsibility activities leverage our core assets including our buildings and our staff. For example, we regularly support children's homes in Melaka by organising exciting, joyous outings at our developments with entertainment, food and presents.

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

SUSTAINABILITY AT HATTEN LAND

Our Core Values, Principles, Vision and Mission

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

INNOVATION
We take initiative to solve problems by thinking outside the box

UNITED
We work together to deliver impeccable products and services

EXCELLENCE
We strive to achieve excellence at all time

HOSPITABLE
We put people first in everything we do

INTEGRITY
We earn our reputation by adhering to the highest ethical standards and conducts

Stakeholder Engagement

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

Stakeholder	Frequency	Method	Topics raised	Our response
Employees	– Annual	– Appraisals – Town halls – Innovation surveys	– Training & development – Occupational health and safety – More engagement and happy culture	– Open communication – Mid-management trainings – Employee engagement survey launched – Happy Committee formed
Investors	– Annual – Quarterly	– Annual report – Quarterly release of company results – Circulars, notices, announcements – Annual general meetings	– Financial performance – Corporate governance	– Risk management framework – Corporate Governance Report
Customers	– Ad hoc	– Social media – In-person feedback	– Product quality – Data protection – Wellness features in our developments – Responsible marketing	– Quick response and resolution of issues – Data protection framework
Regulators/ Government	– Ad hoc	– Regulator site visits, inspections	– Health and safety compliance – Environmental compliance – Labour standards – SGX listing requirements	– Regulator site visits/ inspections – Improvement on safety manual
Contractors	– Continuous	– On-site meetings	– Product quality – Occupational health & safety	– On-site meetings

Table 1: Stakeholder engagement table for Hatten Land

SUSTAINABILITY AT HATTEN LAND

Sustainability Governance

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

Materiality Assessment

In FY2018, we conducted our materiality assessment through peer benchmarking, industry review and an internal survey to establish what our stakeholders consider to be our greatest impacts on the environment, economy and society. Our selected material topics are divided across three pillars as shown in Figure 2.

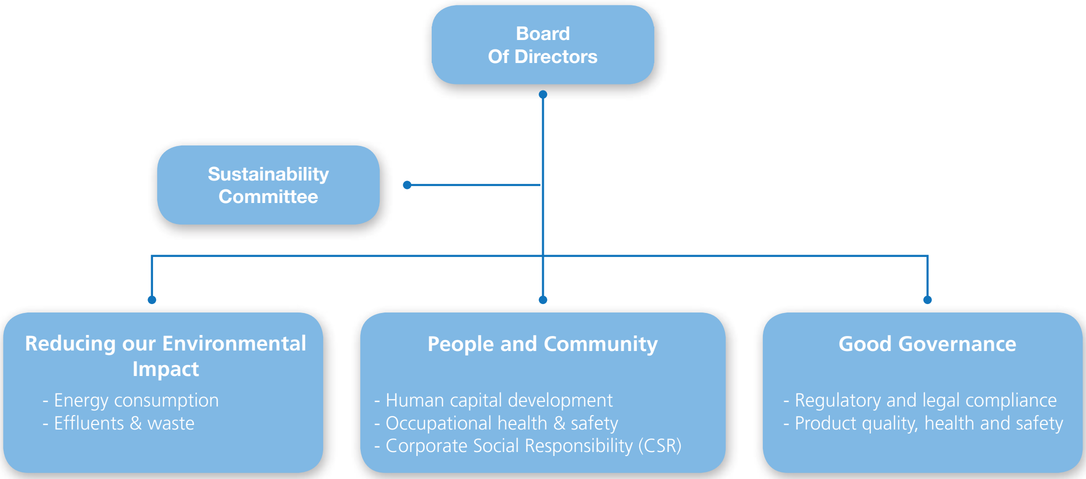


Figure 1: Sustainability committee governance structure

Material Topics	GRI Standard Reported	Impact Boundary
Reducing our Environmental Footprint		
Energy Consumption	GRI 302: Energy	– Managed properties
Effluents and waste	GRI 306: Effluents & Waste	
People and Community		
Human Capital Development	GRI 401: Employment GRI 404: Training & Education	– All operations
Occupational Health & Safety	GRI 403: Occupational Health and Safety	– Corporate offices – Developments under construction
CSR		– Communities
Good Governance		
Product Quality, Health and Safety	GRI 416: Customer Health and Safety	– All developments
Regulatory and Legal Compliance	GRI 205: Anti-corruption GRI 419: Socioeconomic Compliance	– All operations

Figure 2: Materiality Assessment

Reducing Our Environmental Impact

ENERGY CONSUMPTION

Why is this material

As a responsible property developer, we are aware that our developments have a long-term effect on the landscape and the communities they are built in. As such, Hatten Land aims to begin including environmentally friendly building features in its property developments to contribute towards environmental sustainability. In doing so, we seek to contribute in mitigating climate change, its associated regulatory and physical risks, and reduce our operational costs.

How we manage our energy

In order to improve our energy use profile and reduce the environmental impact of our buildings and practices, we have adopted LED lighting and timers to minimise unnecessary electricity use during daylight hours, energy-saving features such as 'sleep mode' for elevators and motion sensors for escalators to make sure they are only operating when needed. These energy saving practices are in line with our FY2018 target.

In FY2018, we engaged an energy consultant to better understand energy consumption patterns and identify avenues for greater efficiency in Elements Mall. However, the energy audit will only yield useful results when the Mall is at 70%-80% occupancy. This will result in a more accurate picture of the energy patterns of the building at capacity and therefore, a more effective plan for reduction in the future.

We are also currently investigating energy management practices during the construction stage of our developments. In FY2019, we became aware of lights being left on unnecessarily overnight in some unoccupied areas of our under construction developments. In light of this, we will continue to work with our contractors to minimise wastage in the future.

Our performance

In FY2019, we implemented some energy saving initiatives as per our FY2018 target. As a result of these initiatives, we have seen an overall reduction in our total energy consumption.

Total Energy Consumption

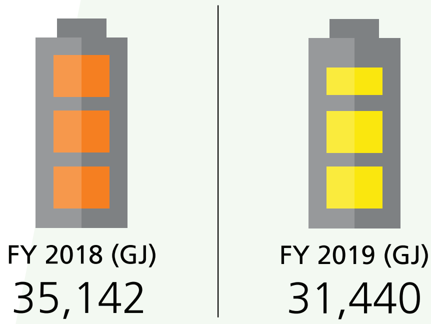


Table 2: Energy consumption for Hatten City Phase 1 and 2 for FY2019

Targets

- We endeavour to explore more sustainable features in the design phase of our properties, including the use of sustainable materials, smart building systems, energy efficient lighting and renewable energy.
- We aim to provide high quality spaces, which include green features as much as possible, to benefit our customers, tenants, residents and our environment.
- We will engage an external energy efficiency consultant once our properties have achieved greater occupancy.

EFFLUENTS AND WASTE

Why is this material

We generate construction-related waste as well as waste from the day-to-day activities of our operations. As landfill capacity has been a major topic of concern in Malaysia, we must play our part by reducing our waste output and overall environmental footprint.

How we manage our waste

At our construction sites, we aim to enforce sustainable waste disposal methods. For example, we engage with third party specialists to remove our concrete, steel, debris and timber waste, and recycle it as much as possible. We also sprinkle water to prevent dust arising from waste and debris at our sites. We also use dust sheets and screens to control noise and dust produced from our sites.

At our offices, our employees are urged to minimise paper wastage at work. For example, through double-sided printing and reusing single-sided copies for printing drafts. Additionally, we have conveniently placed recycling boxes at every department, replaced all staplers in the office with paperclips, and discourage employees from using plastic water bottles in office.

We are currently exploring better waste management practices for our retail properties. For example, we would like to introduce waste segregation options for tenants by bringing in recycling bins and educating tenants on how to use them.

Our performance

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

Hazardous	Total Waste Disposal	Non-Hazardous
None		732 tonnes

Table 3: Waste consumption for Hatten City Phase 1 for FY2019

Targets

- We aim to introduce recycling waste segregation practices once we reach higher occupancy rates.
- We aim to begin tracking waste on our construction sites.

People & Community

HUMAN CAPITAL DEVELOPMENT

Why is this material

At Hatten Land, our employees are our greatest asset. We rely on their creativity, commitment to quality and determination to be the best in their field to maintain our high standards and keep our customers happy. As such, we are committed to protecting the continuous professional development, personal growth and well-being of all our employees.

How we manage our talent

Training and development

In order for business to flourish and expand, it is imperative to have a highly skilled and experienced workforce. As such, we seek to facilitate the employees' career progression and development, and continuously work on improving our human capital management.

The appraisal process is an integral component in determining the development journey of our employees. We are working to improve the appraisal process by making it more comprehensive, particularly for our management staff through more upward feedback mechanisms. Currently, we have appraisals for our management every other month, and appraisals for other staff every month. The feedback and information gathered in these sessions is used to guide training plans and adjust the key performance indicators (KPIs) for the following year. In FY2019, the business heads attended a KPI workshop to set targets and develop insightful strategy for each of the business units for the following year.

EMPLOYEE PROFILE

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

113 59

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

The appraisal and engagement process is supplemented with regular training programmes. We train our HR staff so that they can perform important training sessions on an array of valuable and relevant topics such as customer service, presentation (eg. professional attire and grooming), as well as communication skills. Every year, our Property Investment staff receive a day-long training on sales skills, negotiation, accounting and company & market knowledge.

Training and development of our employees promises satisfactory growth journeys, increasing their job satisfaction, and helping our business to prosper.

Examples of training modules held in FY2019:

- √ Briefing on Money Services Business (MSB) Industry in Shopping Malls
- √ Digital Marketing in Customer Experience
- √ Strata Management Training

Employee engagement, welfare and well-being

Because our employees are our biggest assets, we look out for their wellbeing and welfare. We provide medical benefits, hospitalisation, and insurance benefits to all our employees. We take pride in the fact that we are a family-friendly organisation and extend our healthcare benefits to selected employees' immediate family members.

Performance

In FY2019, we achieved our FY2018 target of launching our first employee engagement survey. The aim of the survey is to better understand our employees' experience at work, their thoughts, needs and ambitions. One key finding was that staff sought a more engaged and 'fun' work culture. We formed the "Happy Committee" to show our care. Through the Committee, "Happy Agents" volunteer to foster a happier environment, engaging with staff through activities such as internal sports competitions, festive gatherings and celebrations, events to celebrate diversity, and programmes to inspire both physical and mental health & wellness.

HAPPY COMMITTEE

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

Some of the examples include the celebration of Chinese New Year, where all employees wore traditional Chinese outfits. For our Christmas celebration, employees pitched in to spearhead their very own Christmas video, which included all of the staff singing. For Halloween, the office was decorated to feel spooky and festive, and all staff came in costumes. Everyone participated in inter-departmental trick or treating. Other holidays and festive seasons that were celebrated include Deepavali and Hari Raya.

The Committee adds inspirational quotes on the walls and paints hop-scotch games on the floor to bring a smile to our employees' faces.

Top: Hatten Unity Games & Datuk Wira Eric Tan Challenge;
Bottom: Deepavali Festive Celebration in Hatten

Another initiative to encourage a more engaged and lighter setting is our Casual Breakfast Fridays. Every Friday, staff has the option to dress casually if they feel like. To kick off the day, employees have a weekly meeting over breakfast. We find that this new initiative helps everyone feel more relaxed, share more openly, and feel more connected to their work community. Similarly, every Wednesday, the Head of Departments have a breakfast meeting with the Executive Chairman to encourage a more laidback and amicable exchange of work items.

Physical well-being is as important as mental and emotional well-being, so the Committee brought in a health specialist to help some of our interested employees commit to a weight loss effort together. In FY2020, we will be hosting City Games, an interdepartmental sporting competition to keep up the happy, healthy trend.

Performance

	Singapore		Melaka	
Levels	M	F	M	F
Senior	3	0	4.99	5.11
Middle	0	29	5.18	5.54
Executive	14	6	4.51	4.47
Non-Executive	0	0	4.54	4.88

Table 5: Average hours of employee training

We have successfully achieved our FY2018 target of implementing an employee engagement survey.

Targets

- We aim to introduce more places for written feedback, such as feedback boxes where employees can drop in feedback notes anonymously.
- We also aim to make our appraisals more comprehensive with more integrated upward feedback.
- Within the next year, we are undertaking succession planning initiatives where the Head of Departments can establish their next-in-line in five years' time. We also plan to implement the LEAD Programme (6 – 12 month training) as a part of the succession planning. The training will include development of soft skills like Business English and leadership.

WORKPLACE HEALTH AND SAFETY

Why is this material

The safety and health of our employees, especially those who work on our construction sites, is very important to us. Without them we would be unable to build and run our properties and developments. Therefore, their safety is of utmost importance to us.

How we manage the safety of our workers

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

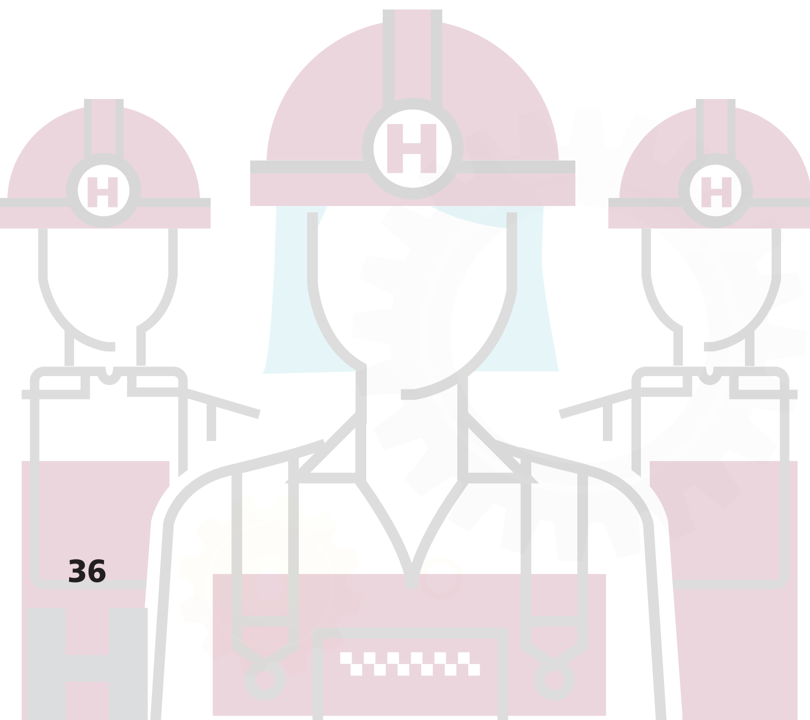
Over and above our internal inspections, the Department of Occupational Safety and Health (JKKP) continues to inspect our sites for safety and compliance.

Performance

In FY2019, we met our FY2018 target of having no recordable work-related injuries and no high-consequence work-related injuries.

Targets

We will continue with our Zero Accident Vision and look at areas to improve our Safety and Health policy.



CSR AND PHILANTHROPY

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

Why is this material

Hatten Land is a responsible corporate citizen. We are grateful for the communities we operate in, and acknowledge that their well-being is linked closely to our own success. Our valued employees, customers and contractors come from the communities we operate in. We work hard to show our respect and appreciation, and leverage our key assets – our physical properties, our F&B facilities, and our human capital – to assist them.

Core focus

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

Giving back to our communities

In FY2019, we were involved in several community outreach programmes. Hatten Land believes in fostering a rich cultural diversity and sustainable community. Being able to leverage our core business into our CSR initiatives is a source of great gratification for Hatten Land and Hatten Cares.

" A Better Tomorrow Starts With Us"

Website: www.hattengrp.com/hattencares

DATE	CSR INITIATIVE	OUTCOME
Nov 2018	Christmas Charity	Children from the Orang Asli tribe (an indigenous group from Peninsular Malaysia) were treated to ice cream, a movie and were brought to the highest sky deck in Melaka.
Jan 2019	Back to School Charity	Working in partnership with Immanuel Home for aboriginal children, we distributed school supplies, bags, stationary, books, shoes and socks to over 200 children. We also treated them to a home cooked lunch with a featured appearance by Santa.
Feb 2019	Charming Zhang Zou Traditional Chinese Event (3-Day Event)	During this event, a whole day was dedicated to a group in need: the elderly, orphans and the disabled. This event provided entertainment from festive performers and participants were treated to *ang pao*. Hatten Land staff provided volunteers for assistance.
Mid-March 2019	Melaka Food Bank Opening	In collaboration with Kechara (a local food waste and food distribution charity), Hatten Land opened the first food bank in Melaka.
March 2019	Recycling Drive With Earth Hour	During Earth Hour, all Hatten Land owned and managed hotels and malls switched off lights for an hour. In conjunction with Earth Hour CSR programmes, the mall launched 'Green Footprint Earth Hour 2019' with a total collection of 531kg on recyclable load.
May 2019	Hari Raya Festival With Orphanage	Hatten Land invited 40 children to their hotel for iftar, to break Ramadan fast in the evening. This event included a live band, clown appearances, goodie bags, *ang paos* and a movie screening.
May 2019	Hari Raya Festival – Clean Up & Charity	In partnership with waste collector, SW Corp, Hatten Land volunteers visited low-income, suburban areas to help clean up beneficiaries ' homes and neighbourhoods in preparation for the festive season. Additionally, volunteers distributed 2 months' worth of provisions, such as staple food items, to households.

Table 6: CSR Initiatives Table

Case: Melaka Food Bank

In March 2019, Hatten Land sponsored Melaka's first Food Bank at Terminal Pahlawan, in collaboration with Kechara, a local food waste and food distribution charity.

Kechara uses its food distribution network to collect fresh and packaged food from partner supermarkets, hotels, restaurants and shopping malls to provide for urban poor. This food is stored at the Food Bank at Hatten Land's mixed development, Terminal Pahlawan.

Hatten Land is honoured to work with Kechara and support underprivileged populations by increasing access to food and nutrition, while also reducing food waste.

Top: (1&2) Christmas Charity with children from the Immanuel Home;
Bottom: (3,4 & 5) Opening of the Melaka Food Bank

Targets

- In FY2020, continue sponsorship of TedX Jonker Street event with a larger audience and space in Hatten Place.
- Improve tracking of measuring outputs of our initiatives.

REGULATORY AND LEGAL COMPLIANCE

Why is this material

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

Employee code of conduct & whistle-blowing policy

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

Service quality

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

Our sales and client facing staff take great pride in their professionalism and the good relationships they have with our customers. We pay particular attention to training our sales staff to guarantee exceptional levels of service. Through the use of a customer relationship management (CRM) system, our sales teams effectively track and manage their clientele. Daily morning meetings ensure any feedback from the day before can be integrated by all sales personnel, and that they are up-to-date on any changes in market information or offers. This information is also regularly updated in our online systems that are used by both internal and external sales personnel to minimise the chance of any marketing mistakes. We also work closely with third party real estate agents to ensure that they deliver a consistent and correct message to our buyers.

Each quarter, we conduct a market survey to understand our customer needs, competitor pricing, general market data and property values. This allows us to effectively target and streamline our operations and offerings.

When pursuing our advertising and marketing avenues, we adhere strictly to our Group Corporate Communications policy that is based on the Housing Development Act (HDA) Malaysia. This governs what can and cannot be included or excluded from our brochures, for example, minimum and maximum pricing, area and location. The Majlis Bandaraya Melaka Bersejarah (MBMB), Melaka's housing development Ministry, approves all materials before they can be made public.

We host advertising and marketing events throughout the year, particularly throughout festive seasons, locally and internationally, to advertise our offerings.

Customer data

The personal information collected by our sales staff, advertising and marketing activities, is handled very carefully. Our sales teams are trained on the proper and safe handling of personal data. The data collected is secured in the CRM system, access to which is restricted.

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

Performance

In FY2019, we met our FY2018 target of having no significant fines in the economic and social areas.

Targets
We aim to maintain our strong rate of compliance and have no fines in the economic and social areas in the next year.

PRODUCT QUALITY, HEALTH AND SAFETY

Why is this material

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

Building quality and safety

We aspire to create properties based on the concept of wellness. For our development, Satori, we have followed guidelines for the Melaka Green Seal.

Satori's building materials are:

- Ion generating
- Anti-oxidation
- Anti-radiation
- Asbestos free

We have employed a wellness consultant to guide us in our endeavour to create wellness focused developments. For example, the lighting in Satori building will be synced to circadian rhythms. Circadian lighting mimics the behaviour of natural sunlight in terms of colour and brightness, following the natural sleeping and waking cycles of the human body. This lighting system can positively affect human health and productivity.

To ensure high standards of safety, our sites undergo structural tests, bend testing, and concrete slump testing to make sure our buildings are of the highest quality. Similarly, the third party also perform QLASSIC (Malaysian Construction Industry Standards) assessment at our sites and ascertains their safety.

We also have a proven method of tracking and addressing any defects or complaints during or post construction. During the design stages, inputs from the operations and maintenance teams are included to optimise design and development for building function, space, storage, and maintenance requirements. In this way, we continue evolving to higher standards of quality and user-friendliness.

Our Smart Sustainable City Solution: Cyberjaya, Kuala Lumpur

The Eleventh Malaysia Plan (2016-2020) earmarked 'green growth' as one of the six game changers expected to alter the trajectory of the nation's growth.

A smart sustainable city meets the needs of its present inhabitants, without compromising the ability for other people or future generations to meet their needs, and thus, does not exceed local or planetary environmental limitations, and is supported by Information and Communications Technologies (ICT) .

Hatten Land aims to be one of the pioneers in establishing sustainable and smart buildings in the city. This mixed development will seek to integrate green landscape features as a key functionality, as well as smart sustainable solutions like building management systems for real-time, digital metering and IoT technology to help monitor, control and minimise resource consumption, as well as motion sensor lighting, amongst other green features. With our proposed development, Cyberjaya in KL, we focus on wellness within the building and its surroundings.

This development is still in the consultation phase and we are working with the Malaysian government to help achieve the Smart Sustainable Cities vision, with an anticipated completion date of 2025.

Performance

In FY2019, we met our FY2018 target of having no reported incidents of non-compliance with regulations concerning the health and safety impacts of products and services.

Targets

- We aim to maintain our track record of zero incidents of non-compliance with health and safety regulations.
- We aim to gain QLASSIC certification and potentially GBIC for some of our developments.

LIST OF MEMBERSHIPS, STANDARDS AND CHARTERS

- ISO 9001, ISO 14001 and ISO 18001 Certification
- Melaka Green Seal
- QLASSIC (Malaysian Construction Industry Standards)
- Persatuan Pengurusan Kompleks Malaysia (PPK) – *Malaysia Shopping Malls Association*

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General disclosures (2016)		
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102-2	Activities, brands, products, and services	Corporate Profile, 4
102-3	Location of headquarters	About this Report, 29
102-4	Location of operations	About this Report, 29
102-5	Ownership and legal form	Group Structure, 26
102-6	Markets served	Corporate Profile, 4
102-7	Scale of the organisation	Sustainability at Hatten Land, 29
102-8	Information on employees and other workers	People and Community, 34
102-9	Supply chain	About this Report, 29
102-10	Significant changes to the organisation and its supply chain	No significant changes
102-11	Precautionary Principle or approach	N/A
102-12	External initiatives/charters	List of Memberships, Standards and Charters, 40
102-13	Membership of associations	List of Memberships, Standards and Charters, 40
102-14	Statement from senior decision-maker	Board Statement, 29
102-16	Values, principles, standards, and norms of behaviour	Sustainability at Hatten Land, 30
102-18	Governance structure	Sustainability at Hatten Land, 31
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102-46	Defining report content and topic boundaries	Sustainability at Hatten Land, 31
102-47	List of material topics	Sustainability at Hatten Land, 31
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	No changes
102-50	Reporting period	About this Report, 29
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302-4	Reduction of energy consumption	Reducing our Environmental Footprint, 32
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103-1/2/3	Management Approach	People and Community, 34-35
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103-1/2/3	Management Approach	Good Governance, 40
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Good Governance, 40
GRI Standard: Socioeconomic Compliance (2016)		
103-1/2/3	Management Approach	Good Governance, 39
419-1	Non-compliance with laws and regulations in the social and economic area	Good Governance, 39

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES

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

This corporate governance report, set out in tabular form, outlines the Company's corporate governance structures and practices that were in place during the financial year ended 30 June 2019 ("**FY2019**"), with specific reference made to the principles of the Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**").

This report should be read in totality, instead of being read separately under each principle of the Code. The Board noted the revised Code of Corporate Governance issued on 6 August 2018 ("**Revised Code**"), which is only effective from the Company's financial year commencing 1 January 2019, and will endeavor to comply with the Revised Code once it is effective.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td rowspan="2">General</td><td>(a) Has the Company complied with all the principles and guidelines of the Code?

If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</td><td>The Company has complied with the principles and guidelines as set out in the Code and in the Guide, where applicable.

Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.</td></tr>
<tr><td>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?</td><td>Not applicable. The Company did not adopt any alternative corporate governance practices in FY2019.</td></tr>
<tr><td colspan="3">BOARD MATTERS</td></tr>
<tr><td colspan="3"><u>The Board's Conduct of Affairs</u></td></tr>
<tr><td>1.1</td><td>What is the role of the Board?</td><td>As at the date of this Annual Report, the Board has five Directors and comprises the following:

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

Corporate Governance

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>Notes:
(1) Appointed as an Independent Director of the Company on 28 October 1996. During the successful acquisition of Sky Win Management Consultancy Pte Ltd, Dato' Wong was re-appointed as an Independent Director of the Company on 24 January 2017.
(2) Appointed as an Independent Director of the Company on 16 January 2006. During the successful acquisition of Sky Win Management Consultancy Pte Ltd, Mr Foo was re-appointed as an Independent Director of the Company on 24 January 2017.
The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principle functions include:
• To review and advise on the Group's policies and procedures;
• To align the interests of the Board and management with that of shareholders and balance the interests of all stakeholders;
• To oversee the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures and internal controls;
• To review and approve significant acquisitions and disposals, material borrowings and fund raising exercises;
• To review performance and succession planning of the key management personnel; and
• To ensure compliance with all laws and regulations as may be relevant to the business.</td></tr>
<tr><td>1.2</td><td>All Directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.</td><td>All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.</td></tr>
<tr><td>1.3</td><td>Has the Board delegated certain responsibilities to committees? If yes, please provide details.</td><td>The Board has delegated certain responsibilities to the various Board committees, namely the Audit and Risk Committee (the "ARC"), the Remuneration Committee (the "RC") and the Nominating Committee (the "NC") (collectively, the "Board Committees") with clearly defined terms of reference. The compositions of the Board Committees are as follows:
<table>
<tr><th></th><th>ARC</th><th>RC</th><th>NC</th></tr>
<tr><td>Chairman</td><td>Dato' Wong King Kheng</td><td>Foo Jong Han Rey</td><td>Loh Weng Whye</td></tr>
<tr><td>Member</td><td>Loh Weng Whye</td><td>Dato' Wong King Kheng</td><td>Dato' Colin Tan</td></tr>
<tr><td>Member</td><td>Foo Jong Han Rey</td><td>Loh Weng Whye</td><td>Dato' Wong King Kheng</td></tr>
<tr><td>Member</td><td>–</td><td>–</td><td>Foo Jong Han Rey</td></tr>
</table></td></tr>
</table>

Corporate Governance

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1.4</td><td>Have the Board and Board Committees met in the last financial year?</td><td>The Board meets on a quarterly basis, and as and when circumstances require. In FY2019, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below.
<table>
<tr><th></th><th>Board</th><th>ARC</th><th>NC</th><th>RC</th></tr>
<tr><td>No. of Meetings</td><td>4</td><td>4</td><td>2</td><td>2</td></tr>
<tr><td colspan="5">No. of Meetings attended by the Respective Directors</td></tr>
<tr><td>Dato' Colin Tan</td><td>4</td><td>4*</td><td>2</td><td>2*</td></tr>
<tr><td>Dato' Edwin Tan</td><td>4</td><td>4*</td><td>2*</td><td>2*</td></tr>
<tr><td>Dato' Wong King Kheng</td><td>4</td><td>4</td><td>2</td><td>2</td></tr>
<tr><td>Mr Loh Weng Whye</td><td>4</td><td>4</td><td>2</td><td>2</td></tr>
<tr><td>Mr Foo Jong Han Rey</td><td>4</td><td>4</td><td>2</td><td>2</td></tr>
</table>
Note:
* Attendance by invitation

The Company's constitution (the "Constitution") allows for meetings to be held through telephone, video-conference, or any other form of audio, audio-visual, electronic or instantaneous communication by which all persons participating in the meeting are able to hear and be heard by all other participants.</td></tr>
<tr><td>1.5</td><td>What are the types of material transactions which require approval from the Board?</td><td>Matters that require the Board's approval include, amongst others, the following:
• significant acquisition and disposal of assets;
• material borrowings and fund raising exercises;
• share issuance and proposal of dividends;
• budgets, financial results announcements, annual report and audited financial statements; and
• material interested person transactions.</td></tr>
<tr><td rowspan="2">1.6</td><td>(a) Are new Directors given formal training? If not, please explain why.</td><td>All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of director of a listed company. To obtain a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational sites and meet with key management personnel.</td></tr>
<tr><td>(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?</td><td>All Directors are updated regularly on any new developments in regulatory, legal and accounting frameworks that are of relevance to the Group through participation in courses, seminars and workshops funded by the Company. The external auditors, Ernst and Young LLP ("External Auditors") update the Directors on the new revised financial reporting standards on an annual basis.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the Directors are circulated to all Directors by the Company Secretary. The Board, is also updated, from time to time, when new laws or regulations affecting the Group are introduced.

The Directors are also encouraged to attend seminars and training courses that will assist them in executing their obligation and responsibilities as directors of the Company.</td></tr>
<tr><td>1.7</td><td>Upon appointment of each director, has the Company provided a formal letter to the director, setting out the director's duties and obligations?</td><td>Formal letters of appointment are furnished to the newly-appointed directors, upon their appointments during the financial year, stating among other matters, the roles, obligations, duties and responsibilities as a member of the Board.</td></tr>
</table>

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Composition and Guidance		
2.1 2.2 3.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Guidelines 2.1 and 2.2 of the Code are met as the Independent Directors made up the majority of the Board. As Dato' Colin Tan is both the Executive Chairman and Managing Director, Dato' Wong King Kheng is appointed as the Lead Independent Director, complying with Guideline 3.3 of the Code.
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	Yes, the NC had reviewed and the Independent Directors had also confirmed their independence in accordance with the Code during the NC meeting held on 27 August 2019. All Independent Directors have also provided their independence declaration.
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.	Save for Mr Foo Jong Han Rey and Dato' Wong King Kheng (as further elaborated in Guideline 2.4 below), there are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Please refer to Guideline 2.4 below.
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	Yes. Both Mr Foo Jong Han Rey and Dato' Wong King Kheng have served on the Board for more than nine years. Dato' Wong King Kheng was appointed as an Independent Director of the Company on 28 October 1996, prior to the completion of the acquisition of Sky Win Management Consultancy Pte Ltd ("**RTO**") on 24 January 2017. Mr Foo Jong Han Rey was appointed as an Independent Director of the Company on 16 January 2006, prior to the RTO. The Board (save for Dato' Wong King Kheng and Mr Foo Jong Han Rey) had subjected the independence of Dato' Wong King Kheng and Mr Foo Jong Han Rey to particularly rigorous review and were of the opinion that notwithstanding the appointment of Dato' Wong King Kheng and Mr Foo Jong Han Rey as independent directors of the Company since 1996 and 2006 respectively, their independence is not affected taking into consideration the following: (a) the previous board of the Company, including Dato' Wong King Kheng and Mr Foo Jong Han Rey, (the "**Previous Board**") had stepped down from the Company upon the completion of RTO. The subsequent appointments of Dato' Wong King Kheng and Mr Foo Jong Han Rey as Independent Directors were approved by shareholders at the extraordinary general meeting held on 20 January 2017; (b) save for Dato' Wong King Kheng and Mr Foo Jong Han Rey, none of the directors of the Previous Board were appointed to the current Board; (c) Prior to the RTO, the Company was in the business of franchising, marketing and retailing of lifestyle sporting goods, footwear, equipment, apparel and accessories, which was disposed off and ceased to be a part the Group (the "**Disposed Business**"). The current business of the Group, being property development, is completely different and not related to the Disposed Business. There is no business relationship between the Disposed Business and the property development business of the Group;

Corporate Governance

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>(d) Neither of Dato' Wong King Kheng and Mr Foo Jong Han Rey have any existing business or professional relationship of a material nature with the Group, the Directors of the Previous Board, the Directors of current Board and/or substantial shareholders of the Group;
(e) Dato' Wong King Kheng and Mr Foo Jong Han Rey are not in any way related to the controlling shareholders, Directors and key management of the Group; and
(f) Dato' Wong King Kheng and Mr Foo Jong Han Rey with their relevant financial and legal backgrounds and experience respectively continue to value add to the Board.</td></tr>
<tr><td>2.5</td><td>Has the Board examine its size and decide on what it considers an appropriate size for the Board, which facilitates effective decision making?</td><td>The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's businesses, and the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, believes that its current board size and the existing composition of the Board Committees effectively serve the Group. It provides sufficient diversity without interfering with efficient decision-making.</td></tr>
<tr><td>2.6</td><td>(a) What is the Board's policy with regard to diversity in identifying Director nominees?</td><td>The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.</td></tr>
<tr><td></td><td>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</td><td>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:
<table>
<tr><th></th><th>Number of Directors</th><th>Proportion of the Board (%)</th></tr>
<tr><td>Core Competencies</td><td></td><td></td></tr>
<tr><td>• Accounting or finance</td><td>2</td><td>40.0</td></tr>
<tr><td>• Business management</td><td>5</td><td>100.0</td></tr>
<tr><td>• Legal or Corporate Governance</td><td>2</td><td>40.0</td></tr>
<tr><td>• Relevant industry knowledge or experience</td><td>3</td><td>60.0</td></tr>
<tr><td>• Strategic planning experience</td><td>5</td><td>100.0</td></tr>
<tr><td>• Customer-based experience or knowledge</td><td>3</td><td>60.0</td></tr>
</table></td></tr>
<tr><td></td><td>(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</td><td>The Board has taken the following steps to maintain or enhance its balance and diversity:
• Review by the NC at least once a year to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
• Evaluation by the Directors at least once a year of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.</td></tr>
</table>

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
2.7	How have the Non-Executive Directors: (a) constructively challenge and help develop proposals on strategy; and (b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance?	The Board, particularly the Non-Executive Directors (including the Independent Directors), must be kept well informed of the Group's business and be knowledgeable about the industry the Group operates in. To ensure that the Non-Executive Directors are well supported by accurate, complete and timely information, they have unrestricted access to management, and have sufficient time and resources to discharge their oversight functions effectively. This enables the Non-Executive Directors to constructively challenge and help develop proposals on strategy and also review the performance of management in meeting agreed goals and objectives, and extend guidance to management. The Non-Executive Directors' objective judgement on corporate affairs and collective experience and knowledge are invaluable to the Group and allows for the useful exchange of ideas and views.
2.8	Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?	The Non-Executive Director (including Independent Directors) discuss and/or meet on a need basis without the presence of the management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors. The Non-Executive Director (including Independent Directors) have met and/or discussed informally on various occasions without the presence of management in FY2019.
Chairman and Chief Executive Officer		
3.1 3.2 3.3	Are the duties between Chairman of the Board and Managing Director segregated?	The Board recognises the Code's recommendation that the Chairman of the Board ("**Chairman**") and the Managing Director should be separate persons to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Board is of the opinion that the present Group structure and business scope does not warrant a meaningful split of the roles of the Chairman and the Managing Director. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence. Dato' Colin Tan is the Executive Chairman and Managing Director of the Company. As Executive Chairman, Dato' Colin Tan exercises control over the quality, quantity and timeliness of the flow of information between management and the Board. As the Managing Director, Dato' Colin Tan has full executive responsibilities of the overall business directions and operational decisions of the Group. All major decisions made by the Executive Chairman and Managing Director are reviewed by the Board and his remuneration package is reviewed periodically by the RC. Dato' Wong King Kheng, the Lead Independent Director of the Company, will meet periodically with the other Non-Executive Directors without the presence of the other Directors and management, and provide feedback to the Executive Chairman and Managing Director after such meetings. He will also be an independent channel of communication for shareholders who have concerns and for which contact with the Executive Chairman and Managing Director or the management has failed or is inappropriate.
3.4	Have the Independent Directors met in the absence of other Directors?	Led by the Lead Independent Director, the Independent Directors will meet in the absence of the other Directors as and when circumstances warrant. In FY2019, the Independent Directors had met and/or discussed informally on various occasions without the presence of other Directors in FY2019.

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Membership		
4.1 4.2	What are the duties of the NC?	The responsibilities of the NC include the nomination of Directors, determining the independence of a Director and deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director. The criterion for independence is based on the definition as set out in the Code. The NC is responsible for the following: (a) Reviewing and making recommendations to the Board on all appointments, board re-nominations, re-elections and removal of all Directors of the Company, having regard to the relevant Director's contribution and performance and taking into account their respective commitments outside the Group; (b) Reviewing and determining a suitable size, structure and composition of the Board which facilitates effective decision-making, after taking into consideration the scope and nature of the operations of the Group; (c) In deciding the composition of the Board, to take into account the future requirements of the Group, the appropriate balance and diversity of skills, experience, gender and core competencies, such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, and knowledge of the Group that the Board requires to function competently and efficiently; (d) Ensuring that all members of the Board submit themselves for re-nomination and re-election at regular intervals and at least once in every three (3) years; (e) Determining on an annual basis whether a Director is independent; (f) Determining and recommending to the Board the maximum number of listed company board representations which any Director may hold; (g) Reviewing the training and professional development programmes for the Board; (h) Developing a process for evaluation of the performance of the Board and assessing the performance of the Board and contribution of each Director to the effectiveness of the Board; and (i) Reviewing and approving, jointly with the RC, any new employment of related persons and the proposed terms of their employment.
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its Directors? What are the reasons for this number?	Although some of the Board members have multiple board representations and other principal commitments, the NC is satisfied that the Directors have devoted sufficient time and attention to the Group. The NC is of the view that setting a maximum number of listed board representations that any Director may hold is not necessary as all the Directors are able to devote to the Company's affairs in light of their other commitments. However, as a general guideline to address time commitments that may be faced, a Director who holds more than five listed company board representations (including the appointment with Company) will consult the Chairman of the NC before accepting any new appointments as a Director.
	(b) If a maximum has not been determined, what are the reasons?	Refer to above.
	(c) What are the specific considerations in deciding on the capacity of directors?	The considerations in assessing the capacity of Directors include the following: • Expected and/or competing time commitments of Directors; • Geographical location of Directors; • Size and composition of the Board; • Nature and scope of the Group's operations and size; and • Capacity, complexity and expectations of the other listed directorships and principle commitments held.

Corporate Governance

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td>(d) Have the Directors adequately discharged their duties?</td><td>The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately for FY2019.</td></tr>
<tr><td>4.5</td><td>Are there alternate Directors?</td><td>No. The Company currently does not have any alternate directors.</td></tr>
<tr><td>4.6</td><td>Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.</td><td>The following table sets out the process for selecting and appointing new directors:
<table>
<tr><td>1.</td><td>Determination of selection criteria</td><td>The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience, knowledge or gender to complement and strengthen the Board and increase its diversity.</td></tr>
<tr><td>2.</td><td>Search for suitable candidates</td><td>The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants or the Singapore Institute of Directors where necessary.</td></tr>
<tr><td>3.</td><td>Assessment of shortlisted candidates</td><td>The NC would meet and interview the shortlisted candidates to assess their suitability.</td></tr>
<tr><td>4.</td><td>Appointment of director</td><td>The NC would recommend the selected candidate to the Board for consideration and approval.</td></tr>
</table>
The following table sets out the process for re-electing incumbent directors:
<table>
<tr><td>1.</td><td>Assessment of director</td><td>• The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and
• The NC would also consider the current needs of the Board.</td></tr>
<tr><td>2.</td><td>Re-appointment of director</td><td>Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</td></tr>
</table>
Each member of the NC will abstain from voting on any resolution and making any resolutions and/or participating in any deliberations of the NC in respect of the assessment of his performance or nomination for re-election as a Director.</td></tr>
</table>

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
4.7	Please provide the following key information regarding the Directors'. • Academic and professional qualifications; • Shareholding in the Company and its related corporation; • Board committees served on (as a member or chairman), date of first appointment and last re-appointment as a Director; • Directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments; • Indicate which Directors are executive, non-executive or considered by the NC to be independent; and • The names of the Directors submitted for appointment or re-appointment should also be accompanied by such details and information to enable shareholders to make informed decisions.	The key information of the Directors, including their profiles and directorships, are set out on pages 22 to 24 of this Annual Report under section Board of Directors and page 64 to 71 of this Annual Report under section Disclosure of Information on Directors Seeking Re-election. The shareholdings of the Directors of the Company are set out on page 72 of this Annual Report. None of the Directors hold shares in the subsidiaries of the Company. Dato' Edwin Tan and Dato' Wong King Kheng will be retiring by rotation and seeking re-appointment at the forthcoming annual general meeting ("**AGM**") to be held on 23 November 2019 are stated in the Notice of AGM in this Annual Report.
Board Performance		
5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?	The performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board are as follows: (i) Board composition and size (ii) Board Committees (iii) Board functions and processes (iv) Board meetings (v) Communications (vi) Standards of Conduct (vii) Board Compensation The Board is of the opinion that it is more meaningful to evaluate the Board and the Board Committees as a whole. However, moving forward, the Board may consider evaluating each Director, where such evaluation is appropriate or necessary.
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	The evaluation of the Board and Board Committees was conducted by way of questionnaire. Whilst an individual evaluation was not carried out to assess whether each Director continues to contribute effectively and demonstrates commitment to his role and duties, the NC took notice of each Director's record of attendance and participation, his candour, performance and overall contribution to the Board and the Group; as well as his/her ability to adequately carry out the duties expected while performing his/her roles in other companies or in other appointments. No external facilitator was used in the evaluation process.
	(b) Has the Board met its performance objectives?	Yes, the Board has met its performance objectives.

Corporate Governance

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td colspan="3">Access to Information</td></tr>
<tr><td>6.1
6.2
10.3</td><td>What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?</td><td>
<table>
<tr><th></th><th>Information</th><th>Frequency</th></tr>
<tr><td>(a)</td><td>Updates to the Group's operations and the markets in which the Group operates in</td><td>Quarterly</td></tr>
<tr><td>(b)</td><td>Quarterly and full year financial results</td><td>Quarterly</td></tr>
<tr><td>(c)</td><td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td><td>As and when, relevant</td></tr>
<tr><td>(d)</td><td>Reports on on-going or planned corporate actions</td><td>As and when, relevant</td></tr>
<tr><td>(e)</td><td>Internal auditors' report(s)</td><td>As and when, available</td></tr>
<tr><td>(f)</td><td>Research report(s)</td><td>As and when, requested</td></tr>
<tr><td>(g)</td><td>Shareholding statistics</td><td>As and when, requested</td></tr>
</table>
Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</td></tr>
<tr><td>6.3
6.4</td><td>What is the role of the Company Secretary?</td><td>All Directors have separate and independent access to the Company Secretary. The Company Secretary, or her representatives, attends all Board meetings and is responsible to ensure that the Board procedures are followed. It is the Company Secretary's responsibility to ensure that the Company complies with requirements of all applicable rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act (Chapter 50) of Singapore and the Catalist Rules. The Company Secretary is also responsible for the proper maintenance of the records of Board and Board Committees meetings.

The appointment and the removal of the Company Secretary are subject to the Board's approval.</td></tr>
<tr><td colspan="3">REMUNERATION MATTERS</td></tr>
<tr><td colspan="3">Developing Remuneration Policies</td></tr>
<tr><td>7.1
7.2
7.4</td><td>What is the role of the RC?</td><td>The RC is guided by key terms of reference as follows:
(a) review and recommend to the Board, in consultation with management, a framework for all aspects of remuneration for the Directors and key management personnel of the Group, and determine specific remuneration packages for each executive Director and key management personnel;
(b) perform an annual review of the remuneration of the employees who are immediate family members of the Directors or the Chief Executive Officer (or equivalent position), whose remuneration exceeds S$50,000 per annum to ensure transparency on their remuneration packages;
(c) review and approve any bonuses, pay increments and/or promotions for these employees;
(d) review the Company's obligations arising in the event of termination of the executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and
(e) review and approve jointly with NC any new employment of related persons and the proposed terms of their employment.</td></tr>
<tr><td>7.3</td><td>Were remuneration consultants engaged in the last financial year?</td><td>No remuneration consultants were engaged by the Company in FY2019.

The RC has access to expert professional advice on human resource matters as and when there is a need to consult externally.</td></tr>
</table>

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Level and Mix of Remuneration		
8.1	What are the measures for assessing the performance of Executive Directors and key management personnel?	In its deliberations of the remuneration packages of the Executive Directors and key management personnel, the RC takes into consideration their responsibilities, skills, expertise and contribution, industry practices and norms in compensation in addition to the Company's relative performance. No Director or key management personnel will be involved in deciding his own remuneration.
8.2	Are there long-term incentive schemes for Executive Directors and key management personnel?	The Company had adopted Hatten Land Limited Performance Share Plan ("**PSP**") as well as Hatten Land Limited Employees' Share Option Scheme ("**ESOS**") at the annual general meeting held on 25 October 2018. The PSP and ESOS provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Both PSP and ESOS are administered by the RC comprising three directors, Mr Foo Jong Han Rey, Dato' Wong King Kheng and Mr Loh Weng Whye.
8.3	How is the remuneration for non-executive directors determined?	The remuneration of the Non-Executive Directors (including Independent Director) is determined by their contributions to the Company, taking into account factors such as efforts and time spent as well as their responsibilities on the Board and Board Committees, if applicable. The Directors' fees of the Non-Executive Directors are subject to approval by shareholders at each annual general meeting.
8.4	Are there any contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company?	The Executive Chairman and Managing Director, Dato' Colin Tan, as well as the Deputy Managing Director and Executive Director, Dato' Edwin Tan have each entered into a service agreement with the Company on 24 January 2017 for a period of three (3) years, renewable automatically thereafter for periods of two (2) years each, unless otherwise terminated. The service agreement provides for termination by either the Executive Chairman or the Company upon giving no less than three months' notice. Both Dato Colin Tan and Dato' Edwin Tan are also entitled to receive Director's fees, which are subject to approval by shareholders at each AGM. The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key management personnel in certain circumstances as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking statements) as well as the actual results of its Executive Directors and key management personnel.
Disclosure on Remuneration		
9	What is the Company's remuneration policy?	The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link on total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
9.1 9.2	Has the Company disclosed each Director's and the Managing Director's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	The breakdown for the remuneration of the Directors in FY2019 is as follows: (see table below) Taking into consideration the highly competitive business environment, the nature of the industry and the confidentiality of the Group's remuneration policies, the Board is of the view that providing full disclosure of the remuneration of each individual Director and key management personnel is not in the best interests of the Group and may adversely affect talent attraction and retention. There are no termination, retirement, post-employment benefits that may be granted to the Directors.
9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Save for the Executive Directors, the Company only has 2 top key management personnel as at 30 June 2019. (see table below) **Note:** (1) Resigned as Chief Executive Officer of Hatten Retail Division on 04 March 2019 There are no termination, retirement, post-employment benefits that may be granted to the top key management personnel.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the Managing Director).	The aggregate remuneration of the above key management personnel (who are not Directors or the Managing Director) for FY2019 amounted to RM2,649,000.

	Remuneration earned through (%):				
	Base/ Fixed Salary	**Variable or performance related income/ bonus**	**Director Fees**	**Benefits**	**Total (S$)**
S$500,000 to S$750,000					
Dato' Colin Tan	77	–	4	19	100
Dato' Edwin Tan	73	–	4	23	100
Below S$250,000					
Dato' Wong King Kheng	–	–	100	–	100
Loh Weng Whye	–	–	100	–	100
Foo Jong Han, Rey	–	–	100	–	100

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

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>9.4</td><td>Is there any employee who is an immediate family member of a Director or the Managing Director, and whose remuneration exceeds S$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the Managing Director.</td><td>Dato' Colin Tan and Dato' Edwin Tan are brothers and their respective remuneration for FY2019 are disclosed in the table above.

Datin' Wira Lu Chai Hong, Head of Department, Office Admin & Human Resources of the Company, is the mother of Dato' Colin Tan and Dato' Edwin Tan. Her remuneration for FY2019 is in the bands of S$50,000 to S$99,999.

Datuk Wira Eric Tan, Corporate Advisor of the Company, is the father of Dato' Colin Tan and Dato' Edwin Tan. His remuneration for FY2019 is in the bands of S$400,000 to S$450,000.

Save for the above, there was no other employee who is an immediate family member of a Director or the Managing Director, and whose remuneration exceeds S$50,000 during FY2019.</td></tr>
<tr><td>9.5</td><td>Please provide details of the employee share scheme(s).</td><td>The Company has adopted a PSP as well as an ESOS at the annual general meeting held on 26 October 2017. Details of the PSP and ESOS can be found in the Company's appendix dated 11 October 2017 to the Annual Report 2017. Since the adoption of the PSP and ESOS, no options and/or awards have been granted under the PSP and ESOS respectively.</td></tr>
<tr><td>9.6</td><td>(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.</td><td>The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution toward the overall performance of the Group in FY2019. Their remuneration is made up of fixed and variable compensation. The fixed compensation consists of an annual base salary and allowances. The variable compensation, in the form of bonus, is based on the level of achievement of corporate and individual performance objectives, amongst others.

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

Under the service agreements, Dato' Colin Tan and Dato' Edwin Tan are entitled to a performance based incentive payable by the Company in certain circumstances. Please refer to the section on "Service Agreements" in the Company's circular dated 29 December 2016 for further details.</td></tr>
<tr><td></td><td>(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?</td><td>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:
<table>
<tr><th></th><th>Short-term Incentives
(such as performance bonus)</th><th>Long-term Incentives
(such as PSP and ESOS)</th></tr>
<tr><td>Performance Conditions</td><td>1. Leadership
2. People development
3. Commitment
4. Teamwork</td><td>The performance conditions used to determine the entitlement under the proposed PSP and ESOS. Details of the PSP and ESOS can be found in the Company's Appendix dated 11 October 2017 to the Annual Report 2017.</td></tr>
</table></td></tr>
<tr><td></td><td>(c) Were all of these performance conditions met? If not, what were the reasons?</td><td>The RC has reviewed and satisfied that the performance conditions were met in FY2019. After weighing the Group's expansion plan, the RC is of the view that no incentive shall be granted to Executive Directors and key management personnel for FY2019.</td></tr>
</table>

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
ACCOUNTABILITY AND AUDIT		
Accountability		
10.1 10.2	The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.	The Board understands its accountability to the shareholders on the Group's position, performance and progress. The objectives of the presentation of the annual audited financial statements, full-year and quarterly results to its shareholders are to provide the shareholders with a balanced and understandable analysis and explanation of the Group's financial performance and position and prospects. The management understands its role to provide all members of the Board with a balanced and understandable assessment of the Group's performance, position and prospects. As such, the management provides the Board with appropriately detailed information on the Company's performance, position, and prospects on quarterly basis and when deem appropriate. The management is also accountable to the Board and maintains regular contact and communication with the Board including preparing and circulation to the Board of quarterly and full year financial statements of the Group. These enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.
Risk Management and Internal Controls		
11.1	The Board should determine the Company's levels of risk tolerance and risk policies, and oversee management in the design, implementation and monitoring of the risk management and internal control systems.	The Board has ultimate responsibility for maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets. The Board approves the key management policies and ensures a sound system of risk management and internal controls. In addition to determining the approach to risk governance, the Board sets and instils the right risk-focused culture throughout the Group for effective risk governance. The system of internal controls and risk management systems are intended to provide reasonable but not absolute assurance against material misstatement or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of business risk. The Board is also responsible for governance of risk management, and determining the Company's levels of risk tolerance and risk policies. The Board consults with the External Auditors and internal auditors of the Company ("**Internal Auditors**") to determine the risk tolerance level and corresponding risk policies.
11.2 11.4	The Board should, at least annually, review the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.	The ARC evaluates the findings of the External Auditors and Internal Auditors on the Group's internal controls annually. The External Auditors, in the course of conducting their annual audit procedures on the statutory financial statements, also reviewed the Group's significant internal financial controls to the extent of their scope as laid out in their audit plan. Any material non-compliance and internal financial control weaknesses noted by the external auditors are reported to the ARC together with the external auditors' recommendations. The management would then take appropriate actions to rectify the weaknesses highlighted.

Corporate Governance

<table>
<tr><th>Guideline</th><th colspan="2">Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td rowspan="2">11.3</td><td>(a)</td><td>In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.</td><td>The Board, with the concurrence of the ARC, is of the view that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective in FY2019. The bases for the Board's and ARC's view are as follows:
1. Assurance had been received from the Managing Director and Senior Group Manager (refer to Section 11.3(b) below);
2. Key management personnel regularly evaluates, monitors and reports to the ARC on material risks;
3. Discussions were held between the ARC and auditors in the absence of the key management personnel to review and address any potential concerns; and
4. Work performed by the Internal Auditors and External Auditors.</td></tr>
<tr><td>(b)</td><td>In respect of the past 12 months, has the Board received assurance from the Managing Director and the Chief Financial Officer (or equivalent) as well as the internal auditors that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?</td><td>The Board has obtained the following assurance from the Managing Director and Senior Group Manager:
1. the financial records of the Group have been properly maintained and the financial statements for FY2019 give a true and fair view of the Group's operations and finances;
2. risk management systems and internal control systems were properly maintained;
3. material information relating to the Company was disclosed on a timely basis for the purposes of preparing financial statements; and
4. the Company's risk management systems and internal control systems were adequate and effective in FY2019.
The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.
The Board, with the concurrence of the ARC, is of the opinion that the Group's internal controls and risk management systems are effective and adequate to address the financial, operational, compliance and information technology risks of the Group in its current business environment.</td></tr>
<tr><td>12.1
12.3
12.4</td><td colspan="2">What is the role of the ARC?</td><td>The ARC is guided by the following key terms of reference:
(a) review the scope of the audit plans of the External Auditors, the results of the External Auditors and Internal Auditors' examination and their evaluation of internal accounting control systems, their letter to management and the management's response to ensure that appropriate follow-up measures are taken to satisfactorily address internal control weaknesses, if any;
(b) review the quarterly and annual financial statements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules, and any other relevant statutory or regulatory requirements;
(c) review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
(d) review the risk profile of the Company, its internal control and risk management procedures, including financial, operation, compliance and information technology controls and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board;</td></tr>
</table>

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		(e) ensure co-ordination between the external and internal auditors and the management and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary); (f) commission and review the findings of investigations by Internal Auditors or External Auditors into matters where there is any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response; (g) consider the appointment, remuneration, terms of engagement or re-appointment of the External Auditors and Internal Auditors and matters relating to the resignation or dismissal of the auditors; (h) make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the External Auditors, and approve the remuneration and terms of engagement of the External Auditors; (i) review and recommend to the Board any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules; (j) together with the Conflict Resolution Committee (the "**CRC**"), review any potential conflict of interests that may arise in respect of any Director(s) of the Company for the time being; (k) review the scope and results of the external audit, and the independence and objectivity of the External Auditors; (l) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made thereto from time to time; and (m) assess the performance of the financial director and/or the financial controller (as the case may be), for the relevant period, on an annual basis to determine his or her suitability for the position. In addition to the above, the ARC is empowered to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which are or is likely to have a material impact on our Group's operating results and/or financial position. The Independent Directors also constitute the Company's CRC. The CRC's primary role is to review conflicts or potential conflicts of interests that may arise from time to time in the course of the Group's business or operations between the Group and any controlling shareholder, director or key management personnel of the Group and/or their associates. The CRC has the power to appoint an independent adviser to advise on and recommend procedures to resolve or mitigate such conflict or potential conflict of interests, so as to enable the CRC to discharge its duties to the shareholders. The independent adviser may also be called on to provide an opinion as to whether the procedures recommended by the CRC to resolve or mitigate conflicts or potential conflicts are carried out in an appropriate and effective manner. Please refer to the section on "Potential Conflicts of Interest" in the Company's circular dated 29 December 2016 for further details.
12.2	Are the members of the ARC appropriately qualified to discharge its responsibilities?	The Board is of the view that the ARC members possess the relevant accounting or related financial management expertise to discharge their responsibilities. The members collectively have many years of experience in accounting and audit, business and financial management, law and engineering. The Board considers that the members of the ARC are appropriately qualified to discharge the responsibilities of the ARC.

Corporate Governance

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>12.5</td><td>Has the ARC met with the auditors in the absence of key management personnel?</td><td>The ARC has met the Internal Auditors and External Auditors on various occasions without the presence of management for FY2019.</td></tr>
<tr><td rowspan="3">12.6</td><td>Has the ARC reviewed the independence of the external auditors?</td><td>The ARC has reviewed the non-audit services provided by the External Auditors and is satisfied that the nature and extent of such services would not prejudice the independence of the External Auditors, and has recommended to the Board the re-appointment of Ernst and Young LLP as External Auditors of the Company at the forthcoming AGM.</td></tr>
<tr><td>(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.</td><td>The breakdown of the fees paid/payable to the external auditors for FY2019 is as follows:<table><tr><th></th><th>RM</th><th>% of total</th></tr><tr><td>Audit fees</td><td>597,000</td><td>89</td></tr><tr><td>Non-audit fees</td><td>77,000</td><td>11</td></tr><tr><td>Total</td><td>674,000</td><td>100</td></tr></table></td></tr>
<tr><td>(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the ARC's view on the independence of the external auditors.</td><td>The ARC reviews the independence of the External Auditors annually. The ARC also conducted a review of non-audit services provided by the External Auditors and is stratified that the nature and extend of such services do not prejudice the independence and objectivity of the External Auditors. The ARC is satisfied with the External Auditors' confirmation of their independence.</td></tr>
<tr><td>12.7</td><td>Does the Company have a whistle-blowing policy?</td><td>The Company has put in place a whistle-blowing policy to provide an avenue through which employees and external parties may report or communicate, in good faith and in confidence, any concerns relating to financial and other matters, so that independent investigation of such matters can be conducted and appropriate follow-up action can be taken. The ARC ensures that the whistle-blowing policy is properly implemented.

The whistle-blowing procedure is intended to be used for serious and sensitive issues. Serious concerns relating to financial reporting, unethical or illegal conduct can be reported to the Chairman of the ARC via a designated email at whistleblow@hattenland.com.sg. The action to be taken will depend on the nature of the concern. Initial inquiries will be made by the Chairman of the ARC to determine whether an investigation is appropriate, and the form that it should take. Some concerns may be resolved by agreed action without the need for investigation. If investigation is necessary, the ARC will direct an independent investigation to be conducted on complaint received. The Board will receive a report stating the complaint received and findings of investigation, as well as a follow-up report on actions taken by the ARC. The Company will update the complainant of the actions taken in respect of the complaint within two weeks. Subject to any legal constraints, the complainant will be notified about the outcome of any investigations.

The Company shall maintain the confidentiality of the whistle-blower(s) to the fullest extent reasonably practicable within the legitimate needs of the law and any ensuing evaluation or investigation. Complainant(s) who make a report in good faith will be protected from reprisals, victimization or harassment.

There were no whistle-blowing reports received in FY2019.</td></tr>
<tr><td>12.8</td><td>What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?</td><td>The ARC had been briefed by the External Auditors on changes in accounting standards and issues which are relevant to the Group and have a direct impact on the Group's financial statements.</td></tr>
</table>

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.9	Are any of the members of the ARC (i) a former partner or director of the Company's existing auditing firm or auditing corporation within the previous 12 months and (ii) hold any financial interest in the auditing firm or auditing corporation?	None of the ARC members (i) is a former partner or director of the Company's existing auditing firm or auditing corporation in the previous 12 months and (ii) holds any financial interest in the auditing firm or auditing corporation.
Internal Audit		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	The ARC's responsibility in overseeing that the Group's risk management system and internal controls is complemented by its outsourced Internal Auditor, PricewaterhouseCoopers LLP. The Internal Auditor reports directly to the Chairman of the ARC on audit matters. The Internal Auditor plans its audit work in consultation with, but independently of, the management, and its yearly plan is submitted to the ARC for review and approval prior to the beginning of the financial year. The Internal Auditor has full access to all the Company's documents, records, properties and personnel including access to the ARC. The ARC is satisfied that Internal Auditor is adequately qualified (given, *inter alia*, its adherence to Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.
Shareholders' Rights		
14.1	The Company should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the company or its business which would be likely to materially affect the price or value of the Company's shares.	The Company believes in regular and timely communication with shareholders as part of the Group's effort to help shareholders better understand the Group's business. The Company does not practice selective disclosure. In line with its continuous listing obligations, the Board's policy is that all shareholders should be equally and timely informed of all major developments that impact the Company and/or the Group. It is also the Board's policy that all material corporate news, strategies and announcements are promptly and accurately disseminated through SGXNET, so as to enable shareholders to make informed decisions in respect of their investments in the Company.
14.2	The Company should ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures that govern general meetings of shareholders.	Shareholders are encouraged to attend shareholders' meetings to stay informed of the Company's strategy and goals. Notice of the meeting is dispatched to shareholders, together with annual report or a circular, at least 14 days, or 21 days (as the case may be), before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either formally or informally before or at the shareholders' meetings. All shareholders are entitled to vote at the shareholders' meetings in accordance with the established voting rules and procedures. The Company shall conducts poll voting for all resolutions tabled at the shareholders' meetings. The rules, including the voting process, shall be explained by the scrutineers at such shareholders' meetings.
14.3	The Company should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.	The Company's Constitution allows an individual shareholder to appoint not more than two proxies to attend and vote on his or her behalf at the general meetings. Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the shareholders' meetings, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Communication with Shareholders		
15.1	Does the Company have an investor relations policy?	The Company currently does not have an investor relations policy. However, the Company has engaged an external investor relations adviser, WeR1 Consultants Pte Ltd, to carry out investor relations activities in tandem with our in-house Group Corporate Communications team.
15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Shareholders, the investment community, media and analysts are kept informed of the Group's performance, progress and prospects and major developments of the Company on a timely basis through various communication as follows: (1) Announcements, including quarterly and full-year financial results announcements, via SGXNET; (2) Annual reports and notices of AGM; (3) Company's general meetings; (4) Investor/analyst briefings; and (5) Corporate website of the Company at www.hattenland.com.sg. The Company also solicits feedback from and addresses the concerns of shareholders via the Company's corporate website at www.hattenland.com.sg
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Such communications are handled by in-house Group Corporate Communications Department.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at www.hattenland.com.sg.
15.5	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends on the shares will depend on, among other things, the Group's operating results, financial conditions, cash flows, expected future earnings, capital expenditure programme(s) and investment plans, the terms of the Group's borrowing arrangements (if any) and other factors deemed relevant by the Directors.
	Is the Company is paying dividends for the financial year? If not, please explain why.	The Board has recommended a final tax-exempt (one-tier) dividend of 0.013 Singapore cent per ordinary share for FY2019, which will be subject to shareholders' approval at the forthcoming annual general meeting.
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	The Company's Constitution does not allow for abstentia voting at general meetings of shareholders as authentication of shareholder identity information and other related security issues continue to be a concern. The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the shareholders' meetings. The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless of exigencies. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries by our shareholders. The Company will make available minutes of general meetings to shareholders upon their request. Each item of special business included in the notice of the general meetings will be accompanied by explanation of the effects of a proposed resolution. All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.

Corporate Governance

COMPLIANCE WITH APPLICABLE CATALIST RULES

Catalist Rule	Rule Description	Company's Compliance or Explanation
712, 715 or 716	Appointment of auditors	The Company confirms its compliance with Rule 712 and Rule 715 of the Catalist Rules.
1204(8)	Material contracts	There were no material contracts entered into by the Group involving the interest of the Managing Director, any Director, or controlling shareholder.
1204(10)	Confirmation of adequacy of internal controls	The Board and the ARC are of the opinion that the Group's internal controls were adequate and effective to address the financial, operational, compliance and information technology risks in FY2019 based on the following: • assurance had been received from the Managing Director and Senior Group Manager (refer to Section 11.3(b) above); • Key management personnel regularly evaluates, monitors and reports to the ARC on material risks; • Discussions were held between the ARC and auditors in the absence of the key management personnel to review and address any potential concerns; and • Work performed by the Internal Auditors and External Auditors.
1204(10C)	ARC's comment on Internal Audit Function	The AC is satisfied that the Company's internal audit function is • sufficiently independent to carry out its role; • conducted effectively as management has provided full co-operation to enable Internal Auditors to perform its function; • adequately resourced to perform the work for the Group; and • has the appropriate standing within the Company.
1204(17)	Interested persons transaction ("**IPT**")	The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the ARC and they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The following are IPTs with value more than S$100,000 transacted during FY2019.

Name of interested person	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]	–	4,609
Montane Construction Sdn. Bhd.[2]	–	61,493
Temasek Blooms Sdn. Bhd.[3]	731	–
Hatten Place Sdn Bhd[4]	–	10,527
Hatten Hotel (Melaka) Sdn. Bhd.[5]	1,066	–

Corporate Governance

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
		Notes: (1) Hatten Properties Sdn. Bhd. is a company wholly owned by Dato' Tan June Teng Colin @ Chen JunTing and Dato' Tan Ping Huang Edwin @ Chen BingHuang and their associates. (2) Montane Construction Sdn. Bhd. is a company wholly owned by Tan Ler Choo, the aunt of Dato' Colin and Dato' Edwin. Transactions with Montane Construction Sdn. Bhd. were included under the IPT general mandate for prudence and good corporate governance although these transactions do not fall within the ambit of "interested person transactions" under Chapter 9 of the Catalist Rules. (3) Temasek Blooms Sdn. Bhd. is a company wholly owned by Dato' Tan June Teng Colin @ Chen JunTing and Dato' Tan Ping Huang Edwin @ Chen BingHuang and their associates.
1204(19)	Dealing in securities	The Company has adopted an internal policy which prohibits the Directors and officers of the Group from dealing in the securities of the Company while in possession of price-sensitive information. All Company, its Directors and officers of the Group are prohibited from dealing in the Company's securities during the period commencing two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full year financial statements respectively, and ending on the date of the announcement of the relevant results. The Company, its Directors and officers of the Group are also reminded to observe the insider trading laws at all times even when dealing in securities within permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.
1204(21)	Non-sponsor fees	For FY2019, the Company paid to its sponsor, UOB Kay Hian Private Limited non-sponsor fees of S$39,000 for advisory services rendered.
1204(22)	Use of proceeds	There were no outstanding proceeds arising from initial public offering and/or any offerings pursuant to Chapter 8 of the Catalist Rules.

Disclosure of Information on Directors Seeking Re-election

Dato' Tan Ping Huang Edwin and Dato' Wong King Kheng are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 23 November 2019 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

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

	DATO' TAN PING HUANG EDWIN	DATO' WONG KING KHENG
Date of appointment	24 January 2017	24 January 2017
Date of last re-appointment	26 October 2017	26 October 2017
Age	37	66
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Dato' Tan Ping Huang Edwin for re-appointment as Executive Director of the Company. The Board has reviewed and concluded that Dato' Tan Ping Huang Edwin possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Dato' Wong King Kheng for re-appointment as Non-Executive Director of the Company. The Board has reviewed and concluded that Dato' Wong King Kheng possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive Dato' Tan Ping Huang Edwin is responsible for the overall management and strategy of the Group.	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Deputy Managing Director	Lead Independent Director, Chairman of the Audit and Risk Committee and Member of the Nominating Committee and Remuneration Committee
Professional qualifications	Bachelor of Science (Finance) from University of Dublin	Graduated from the Institute of Chartered Accountants in England and Wales
Working experience and occupation(s) during the past 10 years	Executive Director & Deputy Managing Director of Hatten Group Sdn. Bhd. (2008 to August 2016) Executive Director & Deputy Managing Director of MdSA Resources Sdn Bhd (formerly known as Fuyuu Resources Sdn. Bhd.) (September 2016 to December 2016) Executive Director & Deputy Managing Director of Gold Mart Sdn. Bhd. (January 2017 to present)	Managing Partner of KK Wong & Associates, Chartered Accountants (2000 to present)

Disclosure of Information on Directors Seeking Re-election

	DATO' TAN PING HUANG EDWIN	DATO' WONG KING KHENG
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest: 978,091,508	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Dato' Tan Ping Huang Edwin is the brother of Dato' Colin Tan June Teng, Executive Chairman and Managing Director of the Company	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other principal commitments* including Directorships#	Yes	Yes
Past (for the last 5 years)	Please refer to Appendix A	
Present	Please refer to Appendix B	Please refer to Appendix C
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

Disclosure of Information on Directors Seeking Re-election

	DATO' TAN PING HUANG EDWIN	DATO' WONG KING KHENG
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

Disclosure of Information on Directors Seeking Re-election

	DATO' TAN PING HUANG EDWIN	DATO' WONG KING KHENG
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

Disclosure of Information on Directors Seeking Re-election

	DATO' TAN PING HUANG EDWIN	DATO' WONG KING KHENG
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

Disclosure of Information on Directors Seeking Re-election

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

Appendix A – List of the last 5 years Directorship for Dato' Tan Ping Huang Edwin

1. CCH Hospitality Sdn. Bhd.	9. Hatten Retail Management Sdn. Bhd.
2. CCRM Management Sdn. Bhd.	10. Pahlawan Terminal Management Sdn. Bhd.
3. Capital 21 Pte. Ltd.	11. Rico Development Sdn. Bhd.
4. Capital City Property Sdn. Bhd	12. Rico Development Management Sdn. Bhd.
5. Fuyuu City Sdn. Bhd.	13. Rico Ventures Sdn. Bhd.
6. Fuyuu Revenue Sdn. Bhd.	14. Rico Development Pte. Ltd.
7. Fuyuu Victory Sdn. Bhd.	15. Rico Ventures Pte. Ltd.
8. Golder Retail Sdn. Bhd	

Disclosure of Information on Directors Seeking Re-election

Appendix B – List of Present Directorship for Dato' Tan Ping Huang Edwin

1. Admiral Merger Sdn. Bhd.
2. Dharmapala Holdings Sdn. Bhd.
3. EGAH Group Sdn. Bhd.
4. Estadia Sdn. Bhd.
5. Ensure Merger Sdn. Bhd.
6. Fuyuu Advance Sdn. Bhd.
7. MDSA Assets Sdn. Bhd. (formerly known as Fuyuu Assets Sdn. Bhd.)
8. MDSA Holdings Sdn. Bhd. (formerly known as Fuyuu Avenue Sdn. Bhd.)
9. MDSA Capital Sdn. Bhd. (formerly known as Fuyuu Capital Sdn. Bhd.)
10. MDSA Development Sdn. Bhd. (formerly known as Fuyuu Development Sdn. Bhd.)
11. UniCity Hotels Sdn. Bhd. (formerly known as Fuyuu Dynamic Sdn. Bhd.)
12. MDSA Vedro Development Sdn. Bhd. (formerly known as Fuyuu Group Sdn. Bhd.)
13. MDSA Land Sdn. Bhd. (formerly known as Fuyuu Land Sdn. Bhd.)
14. MDSA Premium Sdn. Bhd. (formerly known as Fuyuu Premium Sdn. Bhd.)
15. MDSA Properties Sdn. Bhd. (formerly known as Fuyuu Properties Sdn. Bhd.)
16. MDSA Resources Sdn. Bhd. (formerly known as Fuyuu Resources Sdn. Bhd.)
17. MDSA Success Sdn. Bhd. (formerly known as Fuyuu Success Sdn. Bhd.)
18. MDSA Ventures Sdn. Bhd. (formerly known as Fuyuu Ventures Sdn. Bhd.)
19. Hatten Asset Management Sdn. Bhd.
20. Hatten Brand Management Sdn. Bhd.
21. Hatten Edu Cates Sdn. Bhd.
22. Hatten Group Sdn. Bhd.
23. Hatten Hotel International Sdn. Bhd.
24. Hatten Hotel (Melaka) Sdn. Bhd.
25. Hatten Place Sdn. Bhd.
26. Hatten Property Management Sdn. Bhd.
27. Hatten Properties Sdn. Bhd.
28. HGC Development Sdn. Bhd.
29. Houfu Group Sdn. Bhd.
30. Lianbang Ventures Sdn. Bhd.
31. Mayatrade Sdn. Bhd.
32. Noblesse Oblige Sdn. Bhd.
33. Oscar Gain Sdn. Bhd.
34. Padang Pahlawan Sdn. Bhd.
35. Pahlawan City Sdn. Bhd.
36. Prolific Hectares Sdn. Bhd.
37. Prolific Holdings Sdn. Bhd.
38. Prolific Properties Sdn. Bhd.
39. Prolific Resources Sdn. Bhd.
40. Prolific Revenue Sdn. Bhd.
41. Prolific Synergy Sdn. Bhd.
42. MDSA Alliance Sdn. Bhd. (formerly known as Fuyuu Alliance Sdn. Bhd.)
43. Teddie Bear Group Sdn. Bhd.
44. Teddie Bear Hotel International Sdn. Bhd.
45. Hatten Land Sdn. Bhd.
46. Temasek Blooms Sdn. Bhd.
47. TYL Solutions Sdn. Bhd.
48. Tunas Binamas Sdn. Bhd.
49. United Asia Pacific Group Sdn. Bhd.
50. Vibrant Valley Sdn. Bhd.
51. Velvet Valley Sdn. Bhd.
52. Velvet Valley Management Sdn. Bhd.
53. Hatten International Pte. Ltd.
54. Hatten Properties Pte. Ltd.
55. Hatten Holdings Pte. Ltd.
56. Sky Win Management Consultancy Pte. Ltd.
57. Hatten Technology(S) Pte. Ltd.
58. NCSA Services Pte. Ltd.
59. Hatten BRI Technology Pte. Ltd.
60. Triotan Investment Pte. Ltd.
61. MAI Worldwide Corporation Pte. Ltd.

Disclosure of Information on Directors Seeking Re-election

Appendix C – List of Present Directorship for Dato' Wong King Kheng

1. Soh & Wong Management Consultants Pte. Ltd.	8. Ossia International Limited
2. The Business Exchange Pte. Ltd.	9. Tiong Woon Corporation Holding Ltd.
3. In-Tec Global Pte. Ltd.	10. JCY International Bhd.
4. H2SG Energy Pte. Ltd.	11. JCY HDD Technology Group Pte. Ltd.
5. H2SG Technology Pte. Ltd.	12. Internet Technology Group Pte. Ltd.
6. LAWP Private Ltd.	13. International Renewal Energy Holding Pte. Ltd.
7. H2SG Energy (AUS) Pty. Ltd.	

Directors' Statement

The directors present their statement to the members together with the consolidated audited financial statements of Hatten Land Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2019.

Opinion of the Directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 30 June 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due on the assumption that, as stated in Note 2.1 to the financial statements, the Group will be able to restructure its existing loans and borrowings, secure additional funding and generate sufficient cash flows from its operations in the next 12 months from the date these financial statements were approved.

Directors

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

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

Arrangements to Enable Directors to Acquire Shares and Debentures

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

Directors' Interest in Shares and Debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Dato' Tan June Teng Colin @ Chen JunTing	–	–	1,138,392,308	987,091,508
Dato' Tan Ping Huang Edwin @ Chen BingHuang	–	–	1,138,392,308	987,091,508

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2019.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Share Options

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

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

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

During the financial year, there were:

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

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

There were no unissued shares of the Company under option at the end of the financial year.

Audit and Risk Committee

The Audit and Risk Committee ("ARC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

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

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

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

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

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

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

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

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

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

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

Directors' Statement

Audit and Risk Committee (Continued)

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

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

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

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Dato' Tan June Teng Colin @ Chen JunTing
Director

Dato' Tan Ping Huang Edwin @ Chen BingHuang
Director

Singapore
8 November 2019

Independent Auditor's Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Independent Auditor's Report to the Members of Hatten Land Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Hatten Land Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 June 2019, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Use of the going concern assumption

As at 30 June 2019, the Group's total loans and borrowings amounted to RM416,524,000, of which RM328,832,000 were classified as current liabilities and exceeded the Group's cash and bank balances of RM28,477,000. The Company's total loans and borrowings amounted to RM186,055,000, all of which were classified as current liabilities, and exceeded the Company's cash and bank balances of RM269,000. The Group's working capital primarily comprise development properties and the related receivables. Subsequent to the year end, the Group had not been able to meet its forecasted sales target for its development properties and experienced slower recovery of its receivables. The continuing challenges affecting the property market in Melaka, Malaysia, continues to impact the realisation of the Group's development properties causing a strain on its cash flows. In addition, completion delays experienced with certain development projects may further strain the Group's cash flows. Additionally, as disclosed in Note 29 to the financial statements, the Company announced on 10 October 2020 that a convertible loan of an aggregate amount of US$20,000,000 had matured on that day, and the lender has agreed to extend the loan maturity with staggered repayments up to 10 October 2020 at a higher interest cost, subject to terms and conditions to be finalised with the execution of a definitive agreement. As at the date of this report, the definitive agreement has not yet been executed. These conditions give rise to material uncertainties on the ability of the Group and Company to continue as going concern.

The directors have prepared the financial statements on a going concern basis based on the assumptions disclosed in Note 2.1 to the financial statements. However, based on the information available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves whether the use of the going concern assumption in preparing these financial statements is appropriate as the arrangements to secure additional funding and loan refinancings have yet to conclude satisfactorily at the date of these financial statements. The Group also continues to face challenges in realising its development properties and recover the related receivables as planned.

The Company has an investment in a subsidiary with carrying amount of RM1,203,315,000 as disclosed in Note 11 to the financial statements. Due to factors mentioned above and lack of information, we were unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness on the recoverable amount of the investment in the subsidiary as at 30 June 2019.

The carrying values of the assets as recorded on the statements of financial position of the Group and Company as at 30 June 2019 have been determined based on their continuation as going concern and recovery in the normal course of business. If the going concern assumption is not appropriate and the financial statements were presented on a realisation basis, the carrying values of assets and liabilities may be materially different from that currently recorded in the statements of financial position. If the Group and the Company were unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position.

Independent Auditor's Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct the audit of the Group and Company's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In view of the significance of the matters referred in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Wei Hock.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

8 November 2019

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group	
		2019 RM'000	**2018 RM'000**
			(Restated)
Revenue	4	**340,461**	298,056
Cost of sales		**(144,686)**	(159,424)
Gross profit		**195,775**	138,632
Other items of income			
Other operating income	5	**12,769**	1,316
Other income/gains	5	**9,979**	11,668
Other items of expense			
Other operating expense		**(28,183)**	(45,523)
Selling and marketing expenses		**(8,576)**	(16,160)
General and administrative expenses		**(60,331)**	(46,820)
Finance costs	6	**(37,399)**	(31,505)
Profit before tax	7	**84,034**	11,608
Income tax expense	8	**(63,675)**	(6,930)
Profit for the year		**20,359**	4,678
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**5**	(119)
Total comprehensive income for the year		**20,364**	4,559
Profit/(loss) for the year attributable to:			
Owners of the Company		**18,854**	5,761
Non-controlling interests		**1,505**	(1,083)
		20,359	4,678
Total comprehensive income for the year attributable to:			
Owners of the Company		**18,859**	5,642
Non-controlling interests		**1,505**	(1,083)
		20,364	4,559
Earnings per share attributable to owners of the Company (RM cents per share)			
Basic and diluted	9	**1.37**	0.42

Statements of Financial Position

AS AT 30 JUNE 2019

	Note	Group 30.6.2019 RM'000	Group 30.6.2018 RM'000 (Restated)	Group 1.7.2017 RM'000 (Restated)	Company 30.6.2019 RM'000	Company 30.6.2018 RM'000	Company 1.7.2017 RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	10	**242,872**	157,401	96,515	**–**	–	–
Investment in a subsidiary	11	**–**	–	–	**1,203,315**	1,203,315	1,203,315
Deferred tax assets	12	**–**	26,888	11,158	**–**	–	–
Other receivable	14	**605**	587	297	**–**	–	–
		243,477	184,876	107,970	**1,203,315**	1,203,315	1,203,315
Current assets							
Development properties	13	**681,542**	683,061	636,002	**–**	–	–
Contract assets	4	**4,859**	337,606	304,496	**–**	–	–
Trade and other receivables	14	**591,730**	308,818	182,078	**278,240**	250,326	70,417
Prepayments		**4,503**	1,633	1,088	**131**	248	–
Cash and bank balances	15	**28,477**	59,980	87,869	**269**	12,686	16,473
		1,311,111	1,391,098	1,211,533	**278,640**	263,260	86,890
Total assets		**1,554,588**	1,575,974	1,319,503	**1,481,955**	1,466,575	1,290,205
LIABILITIES							
Current liabilities							
Loans and borrowings	16	**328,832**	292,349	71,619	**186,055**	–	–
Income tax payable		**54,142**	40,310	50,223	**–**	–	–
Trade and other payables	17	**343,384**	259,446	244,889	**2,452**	985	1,034
Provisions	18	**57,277**	37,588	20,483	**–**	–	–
Contract liabilities	4	**256,053**	304,159	225,215	**–**	–	–
		1,039,688	933,852	612,429	**188,507**	985	1,034
Net current assets		**271,423**	457,246	599,104	**90,133**	262,275	85,856
Non-current liabilities							
Loans and borrowings	16	**87,692**	239,307	309,042	**–**	174,274	–
Other payables	17	**29,925**	29,806	34,684	**–**	–	–
Deferred tax liabilities	12	**12,415**	–	–	**–**	–	–
		130,032	269,113	343,726	**–**	174,274	–
Total liabilities		**1,169,720**	1,202,965	956,155	**188,507**	175,259	1,034
Net assets		**384,868**	373,009	363,348	**1,293,448**	1,291,316	1,289,171
Equity							
Share capital	19	**252,719**	252,719	250,874	**1,285,223**	1,285,223	1,283,378
Retained earnings		**215,029**	197,228	193,610	**8,225**	6,093	5,793
Translation reserve	20	**5**	–	119	**–**	–	–
Merger reserve	21	**(79,513)**	(79,513)	(83,833)	**–**	–	–
Other reserve		**(3,222)**	–	–	**–**	–	–
		385,018	370,434	360,770	**1,293,448**	1,291,316	1,289,171
Non-controlling interests		**(150)**	2,575	2,578	**–**	–	–
Total equity		**384,868**	373,009	363,348	**1,293,448**	1,291,316	1,289,171
Total equity and liabilities		**1,554,588**	1,575,974	1,319,503	**1,481,955**	1,466,575	1,290,205

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2019 Group	**Note**	**Attributable to owners of the Company**							
		Share capital RM'000	**Retained earnings RM'000**	**Translation reserve RM'000**	**Merger reserve RM'000**	**Premium paid on acquisition of non-controlling interests RM'000**	**Equity attributable to owners of the Company, total RM'000**	**Non-controlling interests RM'000**	**Total RM'000**
At 1 July 2018, as previously reported		252,719	32,274	–	(54,827)	–	230,166	–	230,166
Restatement adjustments	2.2	–	159,774	–	–	–	159,774	–	159,774
Deemed acquisition of a subsidiary	11	–	5,180	–	(24,686)	–	(19,506)	2,575	(16,931)
At 1 July 2018, as restated		252,719	197,228	–	(79,513)	–	370,434	2,575	373,009
Profit for the year		–	18,854	–	–	–	18,854	1,505	20,359
Other comprehensive income									
Foreign currency translation reserve		–	–	5	–	–	5	–	5
Total comprehensive income for the year		–	18,854	5	–	–	18,859	1,505	20,364
Distributions to owners									
Dividend on ordinary shares	27	–	(1,053)	–	–	–	(1,053)	–	(1,053)
Changes in ownership interests in a subsidiary									
Acquisition of non-controlling interests without a change in control	11	–	–	–	–	(3,222)	(3,222)	(4,230)	(7,452)
Total transactions with owners in their capacity as owners		–	(1,053)	–	–	(3,222)	(4,275)	(4,230)	(8,505)
At 30 June 2019		252,719	215,029	5	(79,513)	(3,222)	385,018	(150)	384,868

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

		Attributable to owners of the Company						
2018 Group	**Note**	**Share capital RM'000**	**Retained earnings RM'000**	**Translation reserve RM'000**	**Merger reserve RM'000**	**Equity attributable to owners of the Company, total RM'000**	**Non-controlling interests RM'000**	**Total RM'000**
At 1 July 2017, as previously reported		250,874	31,244	119	(54,827)	227,410	–	227,410
Restatement adjustments	2.2	–	152,850	–	–	152,850	–	152,850
Deemed acquisition of subsidiary		–	9,516	–	(29,006)	(19,490)	2,578	(16,912)
At 1 July 2017, as restated		250,874	193,610	119	(83,833)	360,770	2,578	363,348
Profit for the year		–	5,761	–	–	5,761	(1,083)	4,678
Other comprehensive income								
Foreign currency translation reserve		–	–	(119)	–	(119)	–	(119)
Total comprehensive income for the year		–	5,761	(119)	–	5,642	(1,083)	4,559
Contributions by and distributions to owners								
Dividend on ordinary shares	27	–	(2,143)	–	–	(2,143)	–	(2,143)
Issuance of employee shares	19	1,845	–	–	–	1,845	–	1,845
Changes in ownership interests in a subsidiary								
Contributions from non-controlling interest		–	–	–	4,320	4,320	1,080	5,400
Total transactions with owners in their capacity as owners		1,845	(2,143)	–	4,320	4,022	1,080	5,102
At 30 June 2018		252,719	197,228	–	(79,513)	370,434	2,575	373,009

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Company	Note	Attributable to owners of the Company Share capital RM'000	 Retained earnings RM'000	 Total RM'000
2019				
At 1 July 2018		**1,285,223**	**6,093**	**1,291,316**
Profit for the year		**–**	**3,185**	**3,185**
Dividend on ordinary shares	27	**–**	**(1,053)**	**(1,053)**
At 30 June 2019		**1,285,223**	**8,225**	**1,293,448**
2018				
At 1 July 2017		1,283,378	5,793	1,289,171
Profit for the year		–	2,443	2,443
Dividend on ordinary shares	27	–	(2,143)	(2,143)
Issuance of employee shares	19	1,845	–	1,845
At 30 June 2018		1,285,223	6,093	1,291,316

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group 2019 RM'000	Group 2018 RM'000
Cash flows from operating activities			
Profit before tax		**84,034**	11,608
Adjustments for:			
Depreciation of property, plant and equipment	10	**4,463**	3,222
Gain on disposal of property, plant and equipment	5	**(47)**	(439)
Interest income	5	**(2,180)**	(3,564)
Interest expense	6	**36,389**	31,505
Accretion of interest on deferred payables	6	**1,080**	–
Unrealised foreign exchange loss		**4,121**	3,438
Amortisation of capitalised costs of obtaining contracts	13	**35,111**	29,056
Amortisation of capitalised government grant	13	**203**	1,075
Amortisation of capitalised transaction costs	16	**4,874**	1,933
Provisions		**19,689**	17,105
Issuance of employee shares	19	**–**	1,845
Operating cash flows before working capital changes		**187,737**	96,784
Changes in working capital			
(Increase)/decrease in:			
Development properties		**(33,368)**	(77,190)
Contract assets		**332,747**	(33,110)
Trade and other receivables		**(281,912)**	(127,030)
Prepayments		**(2,888)**	(545)
Increase/(decrease) in:			
Trade and other payables		**74,096**	13,999
Contract liabilities		**(48,106)**	78,944
Cash flow generated from/(used in) operations		**228,306**	(48,148)
Interest paid		**(36,389)**	(31,505)
Interest received		**2,180**	3,564
Income tax paid		**(10,539)**	(32,573)
Net cash flows generated from/(used in) operating activities		**183,558**	(108,662)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**972**	1,894
Additions to property, plant and equipment	10	**(88,651)**	(62,666)
Acquisition of subsidiaries	11	**1**	–
(Increase)/decrease in pledged fixed deposits		**(55)**	985
Contributions from non-controlling interests		**–**	1,080
Net cash flows used in investing activities		**(87,733)**	(58,707)
Cash flows from financing activities			
Proceeds from term loans	16	**52,248**	70,445
Proceeds from issuance of convertible loan and secured bonds	16	**–**	169,525
Proceeds from issuance of medium-term notes	16	**–**	24,030
Repayment of obligations under finance leases	16	**(3,060)**	(3,908)
Repayment of term loans	16	**(168,914)**	(117,358)
Repayment of medium-term notes	16	**(7,000)**	–
Dividends paid	27	**(1,053)**	(2,143)
Net cash flows (used in)/generated from financing activities		**(127,779)**	140,591
Net decrease in cash and cash equivalents		**(31,954)**	(26,778)
Cash and cash equivalents the beginning of the year		**58,808**	85,712
Effects of exchange rate changes on cash and cash equivalents		**396**	(126)
Cash and cash equivalents at the end of the year	15	**27,250**	58,808

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

Hatten Land Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The immediate and ultimate holding company is Hatten Holdings Pte Ltd.

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

For all periods up to and including the year ended 30 June 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). These financial statements for the year ended 30 June 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and rounded to the nearest thousand ("RM'000"), except when otherwise stated.

Going concern assumption

As at 30 June 2019, the Group's total loans and borrowings amounted to RM416,524,000, of which RM328,832,000 were classified as current liabilities and exceeded the Group's cash and bank balances of RM28,477,000. The Company's total loans and borrowings amounted to RM186,055,000, all of which were classified as current liabilities, and exceeded the Company's cash and bank balances of RM269,000. The Group's working capital primarily comprise development properties and the related receivables. Subsequent to the year end, the Group had not been able to meet its forecasted sales target for its development properties and experienced slower recovery of its receivables. The continuing challenges affecting the property market in Melaka, Malaysia, continues to impact the realisation of the Group's development properties causing a strain on its cash flows. In addition, completion delays experienced with certain development projects may further strain the Group's cash flows. Additionally, the Company announced on 10 October 2019 that a convertible loan of an aggregate amount of US$20,000,000 had matured on that day, and the lender has agreed to extend the loan maturity with staggered repayments up to 10 October 2020 at a higher interest cost subject to terms and conditions to be finalised with the execution of a definitive agreement. These conditions give rise to material uncertainties on the appropriateness of the use of the going concern assumption in preparation of the accompanying financial statements of the Group and Company.

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

(a) On 10 October 2019, the Group obtained a 7-year term financing agreement for a facility amount of RM60,000,000 to refinance the existing facilities of a subsidiary in Malaysia.

(b) Subsequent to year end, the Company obtained approval from the lender to extend the repayment date of the US$20,000,000 convertible loan due on 10 October 2019 for another 12 months and repayable in four instalments of US$5,000,000 on 10 January 2020, 10 April 2020, 10 July 2020 and 10 October 2020. The roll-over of US$20,000,000 has no equity conversion option and is subject to terms and conditions to be finalised with the execution of a definitive agreement.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Going concern assumption (Continued)

(c) The Company is currently working to secure a refinancing package for the US$25,000,000 secured bonds due in March 2020 and is in discussions with various potential lenders for refinancing. The secured bonds are secured against an asset owned by a related party of the borrowing entity with an estimated collateral valuation of approximately 2 times of the loan amount.

(d) The directors have reasons to believe that the Group will be able to complete its projects as scheduled and achieve the projected sales and collection for its development properties.

(e) As disclosed in Note 16 to the financial statements, the Group has established a RM200,000,000 Medium Term Notes ("MTN") Programme through an indirectly wholly-owned subsidiary in Malaysia, of which RM25,000,000 has been drawn down to date. As at date of the financial statements, balance of the MTN Programme that remains unutilised by the Group amounted to RM175,000,000. The Group will draw down on this facility when need arises.

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

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 30 June 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 30 June 2019, together with the comparative period data for the year ended 30 June 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 July 2017, the Group's and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 July 2018 are disclosed below.

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 July 2018

The accounting policies adopted are consistent with those previously applied under Singapore Financial Reporting Standards except in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual periods beginning on or after 1 July 2018. Except for the impact arising from the exemption applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 1-23 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (Continued)

New accounting standards effective on 1 July 2018 (Continued)

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. There is no significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9.

SFRS(I) also requires the Group to record expected credit losses on all its financial assets, either on a 12-month or lifetime basis. The Group adopts the simplified approach and records lifetime expected losses on all trade receivables. No addition impairment has been recognised by the Group on transition to SFRS(I) 9.

2.3 Adoption of new and amended standards and interpretations

SFRS(I) 1-23 *Borrowing Costs*

The Group previously capitalised borrowing costs in relation to the construction of development properties held for sale. Under SFRS(I) 15, it is assessed that the Group transfers control of sold property units over time and, therefore, recognises revenue over time over the construction period of the units. The Group recognises receivables and/or contract assets in relation to property units that have been sold, and inventories for unsold units. As these assets do not qualify as assets under SFRS(I) 1-23 that necessarily take a substantial period of time to get ready for their intended use or sale, the Group should not have capitalised borrowing costs in relation to the construction of development properties. Consequently, the Group recognised a decrease in development properties of RM20,883,000 and corresponding increase in deferred tax assets of RM5,012,000 and decrease in retained earnings of RM15,871,000 on 1 July 2017. This adjustment amount represents borrowing costs that were capitalised in development properties held for sale as at 30 June 2017.

The Group’s statement of financial position as at 30 June 2018 was restated, resulting a decrease in development properties of RM27,733,000 and corresponding increase in deferred tax assets of RM6,635,000 and decrease in retained earnings of RM21,098,000.

SFRS(I) 15 *Revenue from Contracts with Customers*

The Group has early adopted SFRS(I) 15 *Revenue from Contracts with Customers* in the previous financial year. During the current financial year, the Group performed a review of the Group’s contracts in accordance to SFRS(I) 15 *Revenue from Contracts with Customers* and has retrospectively the following as prior year adjustment in accordance to SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*:

(a) Sale of development property with leaseback arrangement

Certain properties developed by the Group are sold to purchasers with a leaseback arrangement to provide rental yield of 6% to 9% of the purchase price for a committed period of 3 to 9 years. The rental yield is provided through a tenancy agreement that is executed at the time the purchaser entered into a sale and purchase agreement with the Group. The Group previously deferred the excess of the property sale price over the standalone fair value of the property unit and set off leaseback payments made to purchasers against the excess over the contractual lease period.

During the current year review, the sale of development property with leaseback arrangement is assessed to be accounted for as two separate transactions where the sale of development property during the construction period is accounted for based on SFRS(I) 15 *Revenue from Contracts with Customers* and the lease transaction shall be accounted for in accordance with SFRS(I) 1-17 *Leases*.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Adoption of new and amended standards and interpretations (Continued)

SFRS(I) 15 *Revenue from Contracts with Customers* (Continued)

(a) Sale of development property with leaseback arrangement (Continued)

Consequently, the Group recognised a decrease in deferred tax assets of RM55,184,000 and trade and other payables of RM203,385,000; an increase in trade and other receivables of RM20,574,000; and a corresponding increase in retained earnings of RM168,775,000 on 1 July 2017.

The Group's statement of financial position as at 30 June 2018 was restated, resulting a decrease in deferred tax assets of RM56,300,000, trade and other payables of RM192,885,000; an increase in trade and other receivables of RM65,623,000, income tax payable of RM832,000 and contract liabilities of RM30,458,000; and a corresponding increase in retained earnings of RM170,918,000. The profit or loss for the year ended 30 June 2018 was also restated with an increase in revenue of RM49,614,000, other operating expense of RM45,523,000 and income tax expense of RM1,948,000.

(b) Sale of a development property under construction with furniture

Certain properties under development are sold with furniture, where the Group previously recognised revenue from sale of a development property with furniture as one performance obligation satisfied over time.

The sale of a development property with furniture is assessed to be representing a two distinct performance obligation under SFRS(I) 15, where revenue from delivery of furniture is recognised at a point in time when the control of the furniture is transferred to the purchaser.

Consequently, the Group recognised an increase in deferred tax assets of RM17,000, development properties of RM3,573,000, and contract liabilities and RM3,644,000; and a corresponding decrease in retained earnings of RM54,000 on 1 July 2017.

The Group's statement of financial position as at 30 June 2018 was restated, resulting in an increase in deferred tax assets of RM43,000, development properties of RM13,265,000 and contract liabilities of RM13,465,000; and a corresponding decrease in retained earnings of RM157,000. The profit or loss for the year ended 30 June 2018 was also restated with a decrease in revenue of RM9,821,000, cost of sales of RM9,692,000 and income tax expense of RM26,000.

(c) Revenue recognition from purchasers with long outstanding balances

The Group previously recognised revenue from purchasers with long outstanding receivables based on amount collected to-date for the financial year ended 30 June 2018.

The Group assessed that collection from these purchasers are probable at contract inception in accordance to SFRS(I) 15 *Revenue from Contracts with Customers* and has accordingly recognised revenue in accordance to the progress of the development projects with allowance for expected credit losses ("ECLs") to be determined in accordance to SFRS(I) 9 *Financial Instruments*.

Consequently, the Group recognised an increase in deferred tax assets of RM181,000 and income tax payable of RM1,985,000; a decrease in development properties of RM13,916,000, trade and other receivables of RM610,000 and contract liabilities of RM26,441,000; and a corresponding increase in retained earnings of RM10,111,000 on 30 June 2018. The profit or loss for the year ended 30 June 2018 was also restated with an increase in revenue of RM26,440,000, cost of sales of RM13,915,000 and income tax expense of RM2,414,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Adoption of new and amended standards and interpretations (Continued)

The following is the reconciliation of the impact arising from the first-time adoption of SFRS(I) including application of the new accounting standards, restatement adjustment arising from SFRS(I) 15 and acquisition of VVSB Group on 1 July 2017 to the balance sheet of the Group.

	1.7.2017 (FRS)	SFRS(I) 15 adjustments	SFRS(I) 1-23 adjustments	Acquisition of VVSB Group (Note 11)	1.7.2017 (SFRS(I))
	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	94,638	–	–	1,877	96,515
Deferred tax assets	61,313	(55,167)	5,012	–	11,158
Other receivable	–	–	–	297	297
	155,951	(55,167)	5,012	2,174	107,970
Current assets					
Development properties	600,927	3,573	(20,883)	52,385	636,002
Contract assets	299,385	–	–	5,111	304,496
Trade and other receivables	154,065	20,574	–	6,900	181,539
Other assets	539	–	–	–	539
Prepayments	1,088	–	–	–	1,088
Cash and bank balances	83,625	–	–	4,244	87,869
	1,139,629	24,147	(20,883)	68,640	1,211,533
Total assets	1,295,580	(31,020)	(15,871)	70,814	1,319,503

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Adoption of new and amended standards and interpretations (Continued)

	1.7.2017 (FRS) RM'000	SFRS(I) 15 adjustments RM'000	SFRS(I) 1-23 adjustments RM'000	Acquisition of VVSB Group (Note 11) RM'000	1.7.2017 (SFRS(I)) RM'000
LIABILITIES					
Current liabilities					
Loans and borrowings	56,656	–	–	14,963	71,619
Income tax payable	49,869	–	–	354	50,223
Trade and other payables	234,133	(16,926)	–	27,682	244,889
Provisions	20,483	–	–	–	20,483
Contract liabilities	221,571	3,644	–	–	225,215
	582,712	(13,282)	–	42,999	612,429
Net current assets	556,917	37,429	(20,883)	25,641	599,104
Non-current liabilities					
Loans and borrowings	298,793	–	–	10,249	309,042
Other payable	186,665	(186,459)	–	34,478	34,684
	485,458	(186,459)	–	44,727	343,726
Total liabilities	1,068,170	(199,741)	–	87,726	956,155
Net assets	227,410	168,721	(15,871)	(16,912)	363,348
Equity					
Share capital	250,874	–	–	–	250,874
Retained earnings	31,244	168,721	(15,871)	9,516	193,610
Translation reserve	119	–	–	–	119
Merger reserve	(54,827)	–	–	(29,006)	(83,833)
	227,410	168,721	(15,871)	(19,490)	360,770
Non-controlling interests	–	–	–	2,578	2,578
Total equity	227,410	168,721	(15,871)	(16,912)	363,348
Total equity and liabilities	1,295,580	(31,020)	(15,871)	70,814	1,319,503

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Adoption of new and amended standards and interpretations (Continued)

The following is the reconciliation of the impact arising from the first-time adoption of SFRS(I) including application of the new accounting standards, restatement adjustment arising from SFRS(I) 15 and acquisition of VVSB Group on 30 June 2018 and 1 July 2018 to the balance sheet of the Group.

	30.6.2018 (FRS) RM'000	SFRS(I) 15 adjustments RM'000	SFRS(I) 1-23 adjustments RM'000	Acquisition of VVSB Group (Note 11) RM'000	1.7.2018 (SFRS(I)) RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	155,580	–	–	1,821	157,401
Deferred tax assets	76,329	(56,076)	6,635	–	26,888
Other receivable	587	–	–	–	587
	232,496	(56,076)	6,635	1,821	184,876
Current assets					
Development properties	655,389	(651)	(27,733)	56,056	683,061
Contract assets	326,202	–	–	11,404	337,606
Trade and other receivables	239,892	65,013	–	3,913	308,818
Prepayments	1,633	–	–	–	1,633
Cash and bank balances	59,475	–	–	505	59,980
	1,282,591	64,362	(27,733)	71,878	1,391,098
Total assets	1,515,087	8,286	(21,098)	73,699	1,575,974

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Adoption of new and amended standards and interpretations (Continued)

	30.6.2018 (FRS) RM'000	SFRS(I) 15 adjustments RM'000	SFRS(I) 1-23 adjustments RM'000	Acquisition of VVSB Group (Note 11) RM'000	1.7.2018 (SFRS(I)) RM'000
LIABILITIES					
Current liabilities					
Loans and borrowings	269,445	–	–	22,904	292,349
Income tax payable	37,473	2,817	–	20	40,310
Trade and other payables	293,878	(65,715)	–		259,446
Provisions	37,588	–	–	–	37,588
Contract liabilities	281,002	17,482	–	5,675	304,159
	919,386	(45,416)	–	59,882	933,852
Net current assets	363,205	109,778	(27,733)	11,996	457,246
Non-current liabilities					
Loans and borrowings	238,365	–	–	942	239,307
Other payable	127,170	(127,170)	–	29,806	29,806
	365,535	(127,170)	–	30,748	269,113
Total liabilities	1,284,921	(172,586)	–	90,630	1,202,965
Net assets	230,166	180,872	(21,098)	(16,931)	373,009
Equity					
Share capital	252,719	–	–	–	252,719
Retained earnings	32,274	180,872	(21,098)	5,180	197,228
Merger reserve	(54,827)	–	–	(24,686)	(79,513)
	230,166	180,872	(21,098)	(19,506)	370,434
Non-controlling interests	–	–	–	2,575	2,575
Total equity	230,166	180,872	(21,098)	(16,931)	373,009
Total equity and liabilities	1,515,087	8,286	(21,098)	73,699	1,575,974

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Adoption of new and amended standards and interpretations (Continued)

The following is the reconciliation of the impact arising from the first-time adoption of SFRS(I) including application of the new accounting standards, restatement adjustment arising from SFRS(I) 15 and acquisition of VVSB Group to the consolidated statement of comprehensive income of the Group for the year ended 30 June 2018.

	2018 (FRS) RM'000	SFRS(I) 15 adjustments RM'000	SFRS(I) 1-23 adjustments RM'000	Acquisition of VVSB Group (Note 11) RM'000	2018 (SFRS(I)) RM'000
Revenue	233,214	66,235	–	(1,393)	298,056
Cost of sales	(171,431)	(4,225)	16,676	(444)	(159,424)
Gross profit	61,783	62,010	16,676	(1,837)	138,632
Other operating income	1,316	–	–	–	1,316
Other income/gains	11,545	–	–	123	11,668
Other items of expense					
Other operating expense	–	(45,523)	–	–	(45,523)
Selling and distribution expenses	(15,457)	–	–	(703)	(16,160)
General and administrative expenses	(45,897)	–	–	(923)	(46,820)
Finance costs	(5,902)	–	(23,526)	(2,077)	(31,505)
Profit before tax	7,388	16,487	(6,850)	(5,417)	11,608
Income tax expense	(4,217)	(4,336)	1,623	–	(6,930)
Profit for the year	3,171	12,151	(5,227)	(5,417)	4,678
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation	(119)	–	–	–	(119)
Total comprehensive income for the year	3,052	12,151	(5,227)	(5,417)	4,559
Profit for the year attributable to:					
Owners of the Company	3,171	12,151	(5,227)	(4,334)	5,761
Non-controlling interests	–	–	–	(1,083)	(1,083)
	3,171	12,151	(5,227)	(5,417)	4,678

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Adoption of new and amended standards and interpretations (Continued)

	2018 (FRS) RM'000	SFRS(I) 15 adjustments RM'000	SFRS(I) 1-23 adjustments RM'000	Acquisition of VVSB Group (Note 11) RM'000	2018 (SFRS(I)) RM'000
Total comprehensive income for the year attributable to:					
Owners of the Company	3,052	12,151	(5,227)	(4,334)	5,642
Non-controlling interests	–	–	–	(1,083)	(1,083)
	3,052	12,151	(5,227)	(5,417)	4,559
Earnings per share attributable to owners of the Company (RM cents per share)					
Basic and diluted	0.23	–	–	–	0.42

2.4 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 3 *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 is described below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards issued but not yet effective (Continued)

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 July 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 July 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise a right-of-use asset and a lease liability to leases for which the lease term ends within 12 months as of 1 July 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group is currently in the process of performing the impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2020.

On the adoption of SFRS(I) 16, the Group expects to record an adjustment to increase right-of-use assets and corresponding adjustment to lease liabilities as at 1 July 2019.

2.5 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of each of the reporting periods. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Basis of consolidation and business combinations (Continued)

(b) Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

– The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.

– No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.

– No additional goodwill is recognised as a result of the combination.

– Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.

– The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

(c) Acquisition of an asset or a group of assets that does not constitute a business

At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. Where the assets acquired and liabilities assumed do not constitute a business as defined under SFRS(I) 3 *Business Combinations*, the transaction is accounted for as an asset acquisition.

In such cases, the Group identifies and recognises the individual identifiable assets acquired (including intangible assets) and liabilities assumed. The cost of the acquisition is allocated to the individual identifiable assets and liabilities based upon their relative fair values at the date of purchase, and no goodwill or deferred tax is recognised.

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Foreign currency

The functional currency of the Company is Ringgit Malaysia ("RM") as it reflects the primary economic environment which the entity operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Translation

For consolidation purpose, the assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of each of the reporting periods and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that foreign operation is recognised in profit or loss.

2.8 Revenue recognition

The Group adopts SFRS(I) 15 in the preparation of its financial statements, and recognises revenue from contracts with customers based on a five-step model:

– Step 1. Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

– Step 2. Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

– Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

– Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Revenue recognition (Continued)

– Step 5. Recognise revenue when (or as) the Group satisfies a performance obligation. The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(i) The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

(ii) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

(iii) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

(a) Sale of development properties

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

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

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

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

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

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

(b) Rental income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Revenue recognition (Continued)

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Forfeiture income

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

2.9 Leases

(a) As lessee

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

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

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.8(b). Contingent rents are recognised as revenue in the period in which they are earned.

2.10 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.11 Employee benefits

The Group participates in national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, and the Malaysian companies in the Group make contributions to the Employees Provident Fund scheme in Malaysia, which are defined contribution pension schemes. Contributions to defined contribution pension schemes are recognised as expense in the period in which the related service is performed.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

(c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Expenditure relating to construction is capitalised as capital work-in-progress when incurred and no depreciation is provided until the construction is completed.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Carparks	–	50 years
Motor vehicles	–	5 years
Office equipment	–	3 – 5 years
Renovation	–	3 – 5 years

Properties under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.14 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. The initial cost of investment in Sky Win Group is based on the fair value of the ordinary shares issued by the Company upon the completion of reverse acquisition.

2.15 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in profit or loss.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Impairment of non-financial assets (Continued)

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.16 Development properties

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

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

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

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

2.17 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (Continued)

(a) Financial assets (Continued)

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

(b) Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus directly attributable transaction costs. After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.18 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.21 Convertible instruments with embedded derivative

Convertible loans with conversion option are accounted for as financial liability with an embedded equity conversion derivative based on the terms of the contract.

On issuance of convertible loans, the embedded option is recognised at its fair value as derivative liability with subsequent changes in fair value recognised in profit or loss.

The remainder proceeds are allocated to the liability component that is carried at amortised cost until the liability is extinguished on version or redemption.

When an equity conversion is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital.

2.22 Government grants

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

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.23 Share capital and share issuance expenses

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

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

While applying the accounting policies as stated in Note 2 to the financial statements, management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

3.1 Critical judgments in applying accounting policies

Significant judgments made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Classification of properties

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

Contracts with customers

Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. The Group has assessed that based on the contracts entered into with customers and the provisions of relevant laws and regulations, the Group recognises revenue over time where contracts are entered into for property development (sale of properties to customers), the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date.

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

Determination of transaction prices

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty

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

Allocation of transaction price to performance obligations in contracts with customers

The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of the input method, which requires revenue recognition on the basis of the Group's efforts to the satisfaction of performance obligation, provides the best reference of revenue actually earned. In applying the input method, the Group estimates the efforts or inputs to the satisfaction of a performance obligation. These estimates mainly include: (a) for development contracts, the cost of development and related infrastructure; and (b) for services contracts, the time elapsed.

Estimation of net realisable value for development properties

Development properties are stated at lower of cost or net realisable value. Net realisable value is assessed with reference to the estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and prevailing market conditions. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred. The carrying amount of the Group's development properties at the end of the reporting period is disclosed in Note 13 to the financial statements.

Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. This determination of whether the receivables are impaired entails management's evaluation of the specific credit and liquidity position of the customers and related parties and their historical recovery rates, including discussion with the legal department and review of the current economic environment. The carrying amount of the Group's trade and other receivables at the end of the reporting period is disclosed in Note 14 to the financial statements.

Taxes

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

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

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

Provision for liquidated ascertained damages

As at the end of the reporting period, a provision for liquidated ascertained damages was recognised on expected claims in respect of a development project undertaken by a subsidiary computed based on the terms of the applicable sales and purchase agreements. Significant judgement is required in determining the amount of provision for liquidated ascertained damages. The Group evaluates the amount of provision required based on past experience, industry norm and the results from continuous dialogues held with the affected purchasers to seek indulgence and extension of time to complete the affected project and waive their claim. The carrying amount of the Group's provision for liquidated ascertained damages at the end of the reporting period is disclosed in Note 18 to the financial statements.

4. REVENUE

	Group	
	2019 RM'000	**2018 RM'000**
Revenue from sale of development properties in Malaysia		
– recognised at a point in time	**25,743**	45,090
– recognised over time	**314,718**	252,966
	340,461	298,056

Offset against revenue from sale of development properties is liquidated ascertained damages payable to purchasers of RM33,742,000 (2018: RM18,564,000) (Note 18).

(a) Contract assets and contract liabilities

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

		Group	
	30.6.2019 RM'000	**30.6.2018 RM'000**	**1.7.2017 RM'000**
Contract assets	**4,859**	337,606	304,496
Contract liabilities	**(256,053)**	(304,159)	(225,215)
	(251,194)	33,447	79,281

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

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

(b) Transaction price allocated to remaining performance obligations

The aggregate amount of the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 30 June 2019 is RM523,332,000 (2018: RM808,157,000). The Group expects to recognise revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 30 June 2019 over the next 2 years (2018: 3 years).

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

5. OTHER OPERATING INCOME AND OTHER INCOME/GAINS

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

(a) Other operating income

	Group	
	2019 **RM'000**	**2018** **RM'000**
Rental income	**12,769**	1,316

(b) Other income/gains

	Group	
	2019 **RM'000**	**2018** **RM'000**
Forfeiture income	**1,273**	2,916
Interest income	**2,180**	3,564
Gain on disposal of property, plant and equipment	**47**	439
Administrative fees	**1,061**	1,246
Utilities recoverable	**2,354**	1,382
Others	**3,064**	2,121
	9,979	11,668

6. FINANCE COSTS

	Group	
	2019 **RM'000**	**2018** **RM'000**
Interest expense on:		
– Term loans, medium term notes, convertible loan and secured bonds	**37,395**	34,756
– Obligations under finance leases	**325**	330
– Accretion of interest on deferred payables	**1,138**	–
– Others	**905**	1,215
	39,763	36,301
Less: Interest expense capitalised in development properties (Note 13)	**(1,083)**	(919)
Less: Interest expense capitalised in construction-in-progress (Note 10)	**(1,281)**	(3,877)
	37,399	31,505

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

7. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group	
	2019 RM'000	**2018 RM'000**
(i) Cost of sales include:		
Liquidated ascertained damages recoverable from contractors	**(33,742)**	(18,564)
Amortisation of capitalised government grant (Note 13)	**(203)**	(1,075)
Amortisation of capitalised costs of obtaining contracts (Note 13)	**35,111**	29,056
(ii) Other operating expense include:		
Rental expense	**28,183**	45,523
(iii) General and administrative expenses include:		
Auditor's remuneration		
– Audit fees	**597**	590
– Non-audit fees	**73**	42
Depreciation of property, plant and equipment (Note 10)	**4,463**	3,222
Operating lease expense	**3,533**	3,887
Foreign exchange loss, net	**8,233**	1,975
Fines and penalties	**7,748**	2,134
Directors' fee	**568**	592
Directors' remuneration (Note 23(b))		
– Salaries and other emoluments	**2,908**	2,908
– Defined contribution plans	**148**	148
– Others	**835**	835
Issuance of employee shares (Note 19)	**–**	1,845
Staff costs		
– Salaries, wages and bonus	**16,084**	15,969
– Defined contribution plans	**1,578**	1,760
– Others	**411**	1,472

8. INCOME TAX EXPENSE

Major components of income tax expense

	Group	
	2019 RM'000	**2018 RM'000**
Current income tax		
– Current year	**21,758**	21,652
– Under provision in respect of prior years	**2,614**	1,008
	24,372	22,660
Deferred income tax		
– Origination and reversal of temporary differences	**34,886**	(12,717)
– Under/(over) provision in respect of prior years	**4,417**	(3,013)
	39,303	(15,730)
Income tax expense recognised in profit or loss	**63,675**	6,930

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

8. INCOME TAX EXPENSE (CONTINUED)

Major components of income tax expense (Continued)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2019 and 2018 is as follows:

	Group	
	2019 RM'000	**2018 RM'000**
Profit before tax	**84,034**	11,608
Tax at the domestic rates applicable to profits in the countries where the Group operates	**19,858**	3,445
Adjustments:		
Income not subject to tax	**(121)**	–
Non-deductible expenses	**11,682**	5,558
Effect of partial tax exemption and tax relief	**(109)**	(109)
Effect of reduction in Malaysian income tax rate	**–**	(1,462)
Under/(over) provision in respect of prior years	**7,031**	(2,005)
Deferred tax assets not recognised	**26,334**	1,631
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(975)**	–
Others	**(25)**	(128)
Income tax expense recognised in profit or loss	**63,675**	6,930

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction. The tax rates applicable to entities in Singapore and Malaysia are 17% and 24% (2018: 17% and 24%) respectively.

At the end of the reporting period, the Group has tax losses of approximately RM104,611,000 (30 June 2018: RM16,341,000; 1 July 2017: RM8,793,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date in Singapore.

Effective from YA2019, unused tax losses and unutilised capital allowances for subsidiaries in Malaysia are allowed to be carried forward for a maximum period of seven years.

Tax consequences of proposed dividends

There are no income tax consequences (2018: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements as at 30 June 2019 (Note 27).

9. EARNINGS PER SHARE

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

The basic and diluted earnings per share for the financial years ended 30 June 2019 and 30 June 2018 are the same as there were no potential dilutive ordinary shares in existence for the financial years ended 30 June 2019 and 30 June 2018.

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

	Group	
	2019	**2018**
Profit for the year attributable to owners of the Company (RM'000)	**18,854**	5,761
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share computation	**1,378,096,353**	1,377,360,945

10. PROPERTY, PLANT AND EQUIPMENT

Group	Construction-in-progress RM'000	Freehold land and buildings RM'000	Carparks RM'000	Cinema RM'000	Motor vehicles RM'000	Computers and office equipment RM'000	Renovation RM'000	Others RM'000	Total RM'000
Cost									
At 1 July 2017	87,730	1,697	–	–	11,614	2,488	820	566	104,915
Additions	61,000	–	–	–	3,226	293	29	1,033	65,581
Disposals	–	–	–	–	(3,262)	–	–	–	(3,262)
Write-off	–	–	–	–	–	(29)	–	–	(29)
Reclassification	(16,888)	–	16,888	–	–	–	–	–	–
Exchange difference	–	–	–	–	–	(52)	(41)	–	(93)
At 30 June 2018 and 1 July 2018	131,842	1,697	16,888	–	11,578	2,700	808	1,599	167,112
Additions	62,154	–	12,319	12,177	2,682	776	402	342	90,852
Disposals	–	–	–	–	(1,492)	–	–	–	(1,492)
Reclassification	(66,605)	–	66,605	–	–	–	–	–	–
Exchange difference	–	–	–	–	–	35	24	–	59
At 30 June 2019	**127,391**	**1,697**	**95,812**	**12,177**	**12,768**	**3,511**	**1,234**	**1,941**	**256,531**

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Construction-in-progress RM'000	Freehold land and buildings RM'000	Carparks RM'000	Cinema RM'000	Motor vehicles RM'000	Computers and office equipment RM'000	Renovation RM'000	Others RM'000	Total RM'000
Accumulated Depreciation									
At 1 July 2017	–	68	–	–	5,475	2,067	471	319	8,400
Charge for the year	–	19	310	–	2,311	254	205	123	3,222
Disposals	–	–	–	–	(1,807)	–	–	–	(1,807)
Write-off	–	–	–	–	–	(29)	–	–	(29)
Exchange difference	–	–	–	–	–	(47)	(28)	–	(75)
At 30 June 2018 and 1 July 2018	–	87	310	–	5,979	2,245	648	442	9,711
Charge for the year	–	22	1,229	113	2,281	362	181	275	4,463
Disposals	–	–	–	–	(567)	–	–	–	(567)
Exchange difference	–	–	–	–	–	31	21	–	52
At 30 June 2019	**–**	**109**	**1,539**	**113**	**7,693**	**2,638**	**850**	**717**	**13,659**
Net carrying amount									
At 1 July 2017	87,730	1,629	–	–	6,139	421	349	247	96,515
At 30 June 2018	131,842	1,610	16,578	–	5,599	455	160	1,157	157,401
At 30 June 2019	**127,391**	**1,588**	**94,273**	**12,064**	**5,075**	**873**	**384**	**1,224**	**242,872**

Construction-in-progress

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

Assets held under finance leases

During the financial year, the Group acquired motor vehicles with an aggregate cost of RM2,201,000 (30 June 2018: RM2,915,000; 1 July 2017: RM2,087,000) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM88,651,000 (30 June 2018: RM62,666,000; 1 July 2017: RM33,579,000).

The carrying amount of motor vehicles held under finance leases at the end of the reporting period were RM5,075,000 (30 June 2018: RM5,599,000; 1 July 2017: RM6,139,000).

Leased assets are pledged as security for the related finance lease.

Assets pledged as securities

In addition to assets held under finance leases, the Group's freehold land and buildings with a carrying amount of RM1,588,000 (30 June 2018: RM1,610,000; 1 July 2017: RM1,629,000) are mortgaged to secure the Group's bank loans (Note 16).

Capitalisation of borrowing costs

Interest expense capitalised in construction-in-progress during the financial year ended 30 June 2019 amounted to RM1,281,000 (30 June 2018: RM3,877,000; 1 July 2017: RM3,201,000).

11. INVESTMENT IN A SUBSIDIARY

		Company	
	30.6.2019 RM'000	**30.6.2018 RM'000**	**1.7.2017 RM'000**
Unquoted shares, at cost	**1,203,315**	1,203,315	1,203,315
Less: Impairment losses	**–**	–	–
	1,203,315	1,203,315	1,203,315

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

Name	Principal place of business	Principal activities	Proportion (%) of ownership interest 30.6.2019	30.6.2018	1.7.2017
Held by the Company:					
Sky Win Management Consultancy Pte Ltd ("Sky Win")[1]	Singapore	Investment holding and management consultancy	**100**	100	100
Held through Sky Win:					
Hatten International Pte Ltd ("HIPL")[1]	Singapore	Marketing and development consultancy	**100**	100	100
Hatten Technology (S) Pte Ltd ("HTPL")[1]	Singapore	Development of software, programming activities and e-commerce applications	**100**	100	–
MDSA Vedro Development Sdn Bhd ("MVDSB")[2] (formerly known as Fuyuu Group Sdn Bhd)	Malaysia	Property development	**100**	100	100
MDSA Resources Sdn Bhd ("MRSB")[2] (formerly known as Fuyuu Resources Sdn Bhd)	Malaysia	Property development	**100**	100	100
MDSA Ventures Sdn Bhd ("MVSB")[2] (formerly known as Fuyuu Ventures Sdn Bhd)	Malaysia	Property development	**100**	100	100
Gold Mart Sdn Bhd ("GMSB")[2]	Malaysia	Property development	**100**	100	100
Prolific Properties Sdn Bhd ("PPSB")[2]	Malaysia	Property development	**100**	100	100
Prolific Revenue Sdn Bhd ("PRSB")[2]	Malaysia	Property development	**100**	100	100
Hatten Commercial Management Sdn Bhd ("HCM")[2]	Malaysia	Mall management and leasing	**100**	100	–
Velvet Valley Sdn Bhd ("VVSB")[2]	Malaysia	Property development	**100**	–	–
Admiral Merger Sdn Bhd ("AMSB")[2]	Malaysia	Property development	**100**	–	–
Hatten Land Pty Ltd ("HLPL")[3]	Australia	Investment holding	**100**	–	–
Held through HTPL:					
NCSA Services Pte Ltd ("NSPL")[1] (formerly known as StayCay Pte Ltd)	Singapore	Development of software, programming activities and e-commerce applications	**85**	–	–

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

11. INVESTMENT IN A SUBSIDIARY (CONTINUED)

Name	Principal place of business	Principal activities	Proportion (%) of ownership interest 30.6. 2019	30.6. 2018	1.7. 2017
Held through MRSB:					
Elements RSS Management Sdn Bhd ("Elements RSS")[2]	Malaysia	Business management and consultancy services	**100**	100	–
Held through VVSB:					
Velvet Valley Management Sdn Bhd ("VVMSB")[2]	Malaysia	Business management and consultancy services	**100**	–	–
Held through HLPL					
Hatten Haig Street Pty Ltd[3]	Australia	Property development	**100**	–	–

1 Audited by Ernst & Young LLP, Singapore

2 Audited by member firms of EY Global in Malaysia

3 Incorporated during the financial year and not required to be audited

(a) Acquisition of AMSB

On 22 February 2017, the Group through its wholly-owned subsidiary, Sky Win, entered into a sale of shares agreement with Dato' Tan Ping Huang @ Chen Binghuang ("Dato' Edwin") and Dato' Tan June Teng Colin @ Chen Junting ("Dato Colin") to acquire the entire issued and paid-up share capital of AMSB. The acquisition of AMSB was completed on 19 October 2018, with a consideration of RM58,414.

AMSB is a property development company and pursuant to a joint development agreement ("JD Agreement") dated 24 June 2016 and supplementary letter dated 9 August 2018, AMSB has been granted a conditional right to develop two plots of freehold land located in Selangor, Malaysia, by Harmony Platform Sdn Bhd ("Harmony Platform"), where the Group intends to develop an integrated development on the land comprising commercial offices, residential units and a healthcare and medical centre. As at the reporting date, certain condition precedents of the JD Agreement have not been fulfilled.

Management considers that at acquisition, AMSB constituted a group of net assets, rather than business as defined in SFRS(I) 3 Business Combinations as prior to their acquisition, AMSB is inactive and has no operations.

The carrying values of the identifiable assets and liabilities of AMSB as at the acquisition date is:

	AMSB RM'000
Development properties	427
Other receivables	1,000
Cash and bank balances	1
Trade and other payables	(1,370)
Total purchase consideration	58
Less: Consideration payable as at year end	(58)
Add: Cash and cash equivalents of subsidiaries acquired	1
Net inflow of cash and cash equivalents on acquisitions	1

11. INVESTMENT IN A SUBSIDIARY (CONTINUED)

(b) Acquisition of VVSB Group

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

– 20% of the Purchase Price shall be paid in cash on the first anniversary of the date of Completion;

– 30% of the Purchase Price shall be paid in cash on the second anniversary of the Completion Date; and

– 50% of the Purchase Price shall be paid in cash on the third anniversary of the Completion Date.

These deferred payables are measured at amortised costs using an effective interest of 7.00% per annum. (Note 17)

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

The result, assets and liabilities of the VVSB Group that were accounted for under the pooling of interest method were disclosed in Note 2.1 to the financial statements.

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

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

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

12. DEFERRED TAX

	Group		
	30.6.2019 RM'000	**30.6.2018 RM'000**	**1.7.2017 RM'000**
Deferred tax assets:			
Unutilised tax losses and capital allowances	**694**	13,619	1,886
Provision for onerous contracts	**–**	–	501
Provision for developer interest bearing scheme	**1,048**	4,468	4,224
Borrowing costs	**918**	6,659	5,011
Others	**2,885**	4,166	697
	5,545	28,912	12,319
Deferred tax liabilities:			
Differences in depreciation for tax purposes	**–**	(323)	(159)
Others	**–**	(1,701)	(1,002)
Income recognition on development properties	**(8,525)**	–	–
Liquidated ascertained damages recoverable from contractors	**(9,435)**	–	–
	(17,960)	(2,024)	(1,161)
Net deferred tax (liabilities)/assets	**(12,415)**	26,888	11,158

13. DEVELOPMENT PROPERTIES

	Group		
	30.6.2019 RM'000	**30.6.2018 RM'000**	**1.7.2017 RM'000**
Completed development properties	**485,096**	240,218	227,292
Development properties under construction	**159,144**	407,833	374,804
Properties for development, representing land carried at cost	**37,302**	35,010	33,906
	681,542	683,061	636,002

Capitalised incremental costs of obtaining contracts

Capitalised incremental costs of obtaining contracts included in the carrying value of development properties as at 30 June 2019 amounted to RM31,960,000 (30 June 2018: RM51,552,000; 1 July 2017: RM50,266,000), comprise of sales commission paid to real estate agent and legal costs incurred as a result of securing sale and purchase agreements that are expected to be recoverable. As at the reporting date, no impairment has been recorded. These costs are amortised and recognised in the "Cost of sales" line item in profit or loss when the related revenue are recognised.

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

	Group	
	2019 RM'000	**2018 RM'000**
At 1 July	**51,552**	50,266
Additions	**15,519**	30,342
Amortisation	**(35,111)**	(29,056)
At 30 June	**31,960**	51,552

13. DEVELOPMENT PROPERTIES (CONTINUED)

Capitalised government grant

Capitalised government grant included in the carrying value of development properties as at 30 June 2019 amounted to RM9,683,000 (30 June 2018: RM9,886,000; 1 July 2017: RM10,961,000), relates to funding received by the Group from local government's assistance scheme for the development costs incurred for Hatten City Phase 1. Capitalised government grant are amortised to profit or loss included as deduction against cost of sales when the related revenue is recognised.

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

	Group	
	2019 RM'000	**2018 RM'000**
At 1 July	**9,886**	10,961
Amortisation	**(203)**	(1,075)
At 30 June	**9,683**	9,886

Details of the development properties held by the Group as at 30 June 2019 are as follows:

Project Name	Description (Location)	% owned	Site area (square metre)	Estimated gross floor area (square metre)	Stage of completion as at 30 June 2019	Expected year of completion
Vedro by the River	Freehold retail mall development (Melaka, Malaysia)	100	8,672	19,839	100%	Completed
Hatten City Phase 1	99-year leasehold integrated mall and residential development (Melaka, Malaysia)	100	22,298	267,056	100%	Completed
Hatten City Phase 2	99-year leasehold integrated mall and residential development (Melaka, Malaysia)	100	13,124	131,903	100%	Completed
Harbour City	99-year leasehold mixed commercial development consisting of a retail mall and 3 hotels (Melaka, Malaysia)	100	24,290	310,117	60%	FY2020
Satori	99-year leasehold integrated mall and residential development (Melaka, Malaysia)	100	8,303	48,768	11%	FY2021
Melaka International Convention Centre ("MICC")	99-year leasehold integrated mixed development consisting of retail mall, cineplex, convention hall, hotel and residential development (Melaka, Malaysia)	100	37,810	150,295	–	–
Unicity	Freehold integrated mixed development consisting of service suite and retail space (Seremban, Malaysia)	100	7,932	617,468	100%	Completed

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

14. TRADE AND OTHER RECEIVABLES

	Group			Company		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Current:						
Trade receivables	**435,083**	219,674	162,740	**–**	–	–
Amount due from related parties	**35,901**	21,241	5,299	**–**	–	–
Amount due from subsidiaries	**–**	–	–	**276,955**	250,289	69,485
Deposits	**6,154**	2,526	2,463	**–**	–	–
GST recoverable	**4,012**	3,322	520	**–**	–	–
Tax recoverable	**3,941**	373	539	**–**	–	–
Amount due from external property management office	**25,636**	3,463	–	**–**	–	–
Amount due from contractors	**64,765**	55,072	7,016	**–**	–	–
Other receivables	**16,238**	3,147	3,501	**1,285**	37	932
	591,730	308,818	182,078	**278,240**	250,326	70,417
Non-current:						
Deposits	**605**	587	297	**–**	–	–
Total trade and other receivables (current and non-current)	**592,335**	309,405	182,375	**278,240**	250,326	70,417
Add:						
Cash and bank balances (Note 15)	**28,477**	59,980	87,869	**269**	12,686	16,473
Less:						
GST recoverable	**(4,012)**	(3,322)	(520)	**–**	–	–
Total financial assets carried at amortised costs	**616,800**	366,063	269,724	**278,509**	263,012	86,890

Trade receivables are non-interest bearing and are generally on 14 to 21 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

Amount due from contractors includes liquidated ascertained damages recoverable from contractors (Note 18) for the delay in completion of certain development projects amounting to RM39,741,000 (30 June 2018: RM15,236,000; 1 July 2017: Nil).

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM220,553,000 as at 30 June 2019 (30 June 2018: RM120,217,000; 1 July 2017: RM120,363,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Lesser than 30 days	**5,545**	4,096	7,840
30 – 60 days	**5,806**	5,057	4,201
61 – 90 days	**15,247**	8,106	4,720
91 – 120 days	**4,871**	895	2,418
More than 120 days	**189,084**	102,063	101,184
	220,553	120,217	120,363

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Receivables that are past due but not impaired (Continued)

The management of the Group does not foresee any issues with the collection of the outstanding trade receivables as these units can be re-released for sale in the event that a purchaser decides to terminate the purchase of the units if the bank loan or financing application is not granted. There was no allowance for impairment of trade receivables and write-offs during the financial years ended 30 June 2019, 30 June 2018 and 1 January 2017.

15. CASH AND BANK BALANCES

	Group			Company		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Fixed deposits	**1,227**	1,172	2,157	**–**	–	–
Cash at banks and on hand	**27,250**	58,808	85,712	**269**	12,686	16,473
Total cash and bank balances	**28,477**	59,980	87,869	**269**	12,686	16,473
Less:						
Pledged fixed deposits	**(1,227)**	(1,172)	(2,157)	**–**	–	–
Cash and cash equivalents, as presented in the consolidated statement of cash flows	**27,250**	58,808	85,712	**269**	12,686	16,473

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

Included in cash at banks of the Group is an amount of RM3,000,000 (30 June 2018: RM9,133,000; 1 July 2017: RM14,224,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 in Malaysia and therefore restricted from use in other operations.

Fixed deposits are made for varying periods of up to 12 months (30 June 2018: 12 months; 1 July 2017: 12 months) and earn interests between 2.80% and 3.15% (30 June 2018: 2.55% and 2.90%; 1 July 2017: 2.55%) per annum.

Fixed deposits of RM1,227,000 (30 June 2018: RM1,172,000; 1 July 2017: RM2,157,000) are pledged to secure bank loans (Note 16).

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

	Group			Company		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
United States Dollar	**155**	7,105	19	**137**	7,087	–
Renminbi (Yuan)	**33**	–	–	**–**	–	–
Singapore Dollar	**1,086**	10,244	22,659	**132**	5,598	16,473

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16. LOANS AND BORROWINGS

	Group			Company		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Current:						
Obligations under finance leases (Note 22(d))	**1,798**	1,944	2,036	**–**	–	–
Convertible loan and secured bonds	**183,180**	–	–	**186,055**	–	–
Medium term notes	**17,591**	24,268	–	**–**	–	–
Term loans	**126,263**	266,137	69,583	**–**	–	–
	328,832	292,349	71,619	**186,055**	–	–
Non-current:						
Obligations under finance leases (Note 22(d))	**3,108**	3,692	4,284	**–**	–	–
Convertible loan and secured bonds	**–**	174,274	–	**–**	174,274	–
Term loans	**84,584**	61,341	304,758	**–**	–	–
	87,692	239,307	309,042	**–**	174,274	–
Total loans and borrowings (current and non-current)	**416,524**	531,656	380,661	**186,055**	174,274	–

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

Obligations under finance leases

The Group entered into finance leases in respect of motor vehicles. Interest rates implicit in these leases range between 2.56% and 5.92% (30 June 2018: 2.44% and 5.80%; 1 July 2017: 2.34% and 5.44%) per annum. As at 30 June 2019, obligations under these finance leases are scheduled to mature between 2019 and 2025 (30 June 2018: 2018 and 2022; and 1 July 2017: 2017 and 2022).

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

The loan was obtained to fund the development of a project and has a tenure of 48 months from the date of its first disbursement. As at 30 June 2019, the Group had an outstanding balance of RM75,920,000 (30 June 2018: RM209,357,000; 1 July 2017: RM247,927,000) under the loan. The loan is secured by a legal charge over the project land under development, third party first legal assignment over certain property assets owned by related parties, debenture over fixed and floating present and future assets of the borrowing entity, legal assignment over designated bank account and monies, legal assignment of sales proceeds from the sale of project units in favour of the lender, corporate guarantee by a related party and deed of subordination of advances due to shareholders and directors. The loan is also jointly and severally guaranteed by directors of the borrowing entity in their personal capacity.

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

The loan was obtained to finance construction of a development project. As at 30 June 2019, the Group had an outstanding balance of RM1,174,000 (30 June 2018: RM7,458,000; 1 July 2017: RM33,028,000) under the loan. The loan is repayable by monthly instalments of principal and interest for 12 months commencing from the 37th month from the date of the letter of offer. The loan is secured by a legal charge over the project land under development, legal assignment of all project sales proceeds in favour of the lender, fixed and floating charges over all assets of the project, joint and several guarantees from directors of the entity, and letter of undertaking from directors and shareholders to cover any construction cost overrun and to complete the development project.

16. LOANS AND BORROWINGS (CONTINUED)

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

The loan was obtained to finance the keyman insurance and is repayable by monthly instalments of principal and interest for 60 months from the full release of the loan. As at 30 June 2019, the Group had an outstanding balance of RM1,807,000 (30 June 2018: Nil; 1 July 2017: Nil) under the loan. The loan is secured by a legal charge over the project land under development, legal assignment of all project sales proceeds in favour of the lender, fixed and floating charges over all assets of the project, joint and several guaranteed from directors of the entity, and letter of undertaking from directors and shareholders to cover any construction cost overrun and to complete the development project.

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

The loan was obtained to finance construction of a development project and is repayable by monthly instalments of principal and interest for 24 months commencing from 5 March 2018. As at 30 June 2019, the Group had an outstanding balance of RM38,465,000 (30 June 2018: RM50,530,000; 1 July 2017: RM48,958,000) under the loan. The loan is secured by a legal charge over the project land under development, legal assignment of all project sales proceeds in favour of the lender, fixed and floating charges over all assets of the project, joint and several guarantees from directors of the entity, and letter of undertaking from directors and shareholders to cover any construction cost overrun and to complete the development project.

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

The loan was obtained to finance construction of a development project and is repayable by monthly instalments of principal and interest for 24 months commencing from the 25th month from the date of the first loan disbursement. As at 30 June 2019, the Group had an outstanding balance of RM29,373,000 (30 June 2018: Nil; 1 July 2017: Nil) under the loan. The loan is secured by a legal charge over the project land under development, legal assignment of all project sales proceeds in favour of the lender, fixed and floating charges over all assets of the project, joint and several guarantees from directors of the entity, and letter of undertaking from directors and shareholders to cover any construction cost overrun and to complete the development project.

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

The loan was obtained to finance construction of a development project and is repayable by monthly instalments of principal and interest for 24 months commencing from the 25th month from the date of the first loan disbursement. As at 30 June 2019, the Group had an outstanding balance of RM18,411,000 (30 June 2018: Nil; 1 July 2017: Nil) under the loan. The loan is secured by a legal charge over the project land under development, legal assignment of all project sales proceeds in favour of the lender, fixed and floating charges over all assets of the project, joint and several guarantees from directors of the entity, and letter of undertaking from directors and shareholders to cover any construction cost overrun and to complete the development project.

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

The loan was obtained to finance construction of a development project and is repayable by monthly instalments of principal and interest for 24 months commencing from the date of the first loan disbursement. As at 30 June 2019, the Group had an outstanding balance of RM13,604,000 (30 June 2018: RM22,865,000; 1 July 2017: RM24,185,000) under the loan. The loan is secured by a legal charge over the project land under development, legal assignment of all project sales proceeds in favour of the lender, fixed and floating charges over all assets of the project, joint and several guarantees from directors of the entity, and letter of undertaking from directors and shareholders to cover any construction cost overrun and to complete the development project.

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

The loan was obtained to finance the purchase of freehold land and buildings and is repayable by monthly instalments of principal and interest for 240 months. As at 30 June 2019, the Group had an outstanding balance of RM925,000 (30 June 2018: RM980,000; 1 July 2017: RM1,026,000) under the loan. The loan is secured by a legal charge over the freehold land and buildings and joint and several guarantees from directors of the borrowing entity.

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16. LOANS AND BORROWINGS (CONTINUED)

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

The loan was obtained to finance the purchase of a plot of development land and is repayable by monthly instalments of principal and interest for 180 months commencing from the date of the first loan disbursement. As at 30 June 2019, the Group had an outstanding balance of RM14,090,000 (30 June 2018: RM14,961,000; 1 July 2017: RM15,786,000) under the loan. The loan is secured by a legal charge over the project land under development, joint and several guarantees from directors of the borrowing entity and a corporate guarantee by a related party.

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

The loan was obtained to finance the purchase of a plot of development land and is repayable by instalments of principal and interest for 180 months commencing from the date of the first loan disbursement. As at 30 June 2019, the Group had an outstanding balance of RM2,540,000 (30 June 2018: RM3,208,000; 1 July 2017: RM3,430,000) under the loan. The loan is secured by a legal charge over the project land under development, joint and several guarantees from directors of the entity and a corporate guarantee by a related party.

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

The loan was obtained to part finance the furniture and fittings of a completed property and is payable by instalments of principal and interest for 60 months from the date of the first loan disbursement. As at 30 June 2019, the Group had an outstanding balance of RM14,538,000 (30 June 2018: RM18,118,000; 1 July 2017: Nil) under the loan. The loan is secured by debenture over present and future assets of the borrowing entity, first party charge over certain property assets owned by the borrowing entity, legal assignment over the designated accounts and monies standing to the credit in favour of the lender, and jointly and severally guarantees by directors of the borrowing entity.

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

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

On 18 September 2017, MRSB issued and offered its first tranche of notes, amounting to RM25,000,000 under the MTN Programme with maturity date on 20 September 2018 and coupon rate of 6.00% per annum, payable semi-annually in arrears from the date of issue. The medium term notes are secured by a debenture over 44 units of luxury residences service apartments and 11 units of penthouse suites from the development of the borrowing entity and corporate guarantee provided by the Company.

During the financial year, the borrowing entity made a repayment of RM7,000,000 and rolled-over the remaining balance to 23 September 2019.

Subsequent to year end, the borrowing entity made a repayment of RM2,350,000 and rolled-over the remaining balance for another one year to 23 September 2020.

US$20,000,000 convertible loan at 7.00% per annum

On 22 September 2017, the Company entered into a convertible loan agreement with Haitong International Financial Products (Singapore) Pte Ltd (the "Lender"), pursuant to which:

(a) The Lender has agreed to extend the Company an interest-bearing convertible loan of an aggregate amount of US$20,000,000 (the "Loan"). The Loan shall bear interest at the rate of 7.00% per annum that is payable semi-annually. The term of the Loan shall be for a period of 24 months (the "Loan Tenure"); and

16. LOANS AND BORROWINGS (CONTINUED)

US$20,000,000 convertible loan at 7.00% per annum (Continued)

(b) The Lender shall have the right, at any time during the Loan Tenure, to convert the full sum of the Loan, or any part thereof which is outstanding, into fully paid new ordinary shares in the Company, based on a fixed conversion price of S$0.35 per share.

The convertible loan is secured by a personal guarantee by a director of the Company and a charge over 400,000,000 shares in the Company held by Hatten Holdings Pte Ltd.

On 10 October 2019, the convertible loan had matured and the Lender has decided not to convert the loan into the conversion shares and the Lender has agreed to an extension of loan for another 12 months up to 10 October 2020. Information regarding the roll-over is disclosed in Note 29.

US$25,000,000 secured bonds at 8.00% per annum

On 8 March 2018, the Company issued a US$25,000,000 secured bonds (the "Bonds") that bear interest at a fixed rate of 8.00% per annum payable semi-annually and mature on 8 March 2020. The Bonds are secured by a land charge for assets owned by a related party of the borrowing entity, first fixed charge over assets owned by a related party and a personal guarantee by a director of the Company.

A reconciliation of liabilities arising from financing activities is as follows:

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

		Cash flows		Non-cash changes			
	1.7.2017 RM'000	**Drawdown RM'000**	**Repayment RM'000**	**Acquisition RM'000**	**Foreign exchange RM'000**	**Amortisation of transaction costs RM'000**	**30.6.2018 RM'000**
Obligations under finance leases (current and non-current)	6,320	–	(3,908)	2,915	309	–	5,636
Medium term notes	–	24,030	–	–	–	238	24,268
Convertible loan and secured bonds	–	169,525	–	–	3,104	1,645	174,274
Term loans (current and non-current)	374,341	70,445	(117,358)	–	–	50	327,478
	380,661	264,000	(121,266)	2,915	3,413	1,933	531,656

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17. TRADE AND OTHER PAYABLES

	Group			Company		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Current:						
Trade payables	**151,205**	136,096	158,230	**–**	–	1,034
Deposits received	**24,718**	59,230	29,267	**–**	–	–
Accruals	**72,132**	12,428	8,169	**720**	859	–
Amount due to related parties	**17,132**	6,374	1,387	**–**	–	–
Amount due to a director	**2,052**	–	–	**–**	–	–
Rental payables	**9,943**	15,079	8,961	**–**	–	–
Deferred payables	**8,673**	–	–	**–**	–	–
Other payables	**57,529**	30,239	38,875	**1,732**	126	–
	343,384	259,446	244,889	**2,452**	985	1,034
Non-current:						
Deferred payables	**29,723**	29,806	29,806	**–**	–	–
Other payables	**202**	–	4,878	**–**	–	–
	29,925	29,806	34,684	**–**	–	–
Total trade and other payables (current and non-current)	**373,309**	289,252	279,573	**2,452**	985	1,034
Add:						
Loans and borrowings (Note 16)	**416,524**	531,656	380,661	**186,055**	174,274	–
Total financial liabilities carried at amortised cost	**789,833**	820,908	660,234	**188,507**	175,259	1,034

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

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

Rental payables

This pertains to rental guarantees provided to the purchasers in conjunction with the sale of development properties, in which the Group is obliged to pay rental yield of 6% to 9% (30 June 2018: 6% to 9%; 1 July 2017: 6% to 9%) of the purchase price to the purchasers for a committed lease term of 2 years to 9 years (30 June 2018: 3 years to 9 years; 1 July 2017: 3 years to 9 years) commencing six months from the date of issuance of the Certificate of Completion and Compliance or start of full business operations, whichever is earlier.

Deferred payables

These are payables mainly relates the acquisition of VVSB Group amounting to RM43,000,000 (Note 11(b)), measured at amortised costs using an effective interest rate of 7.00% per annum.

18. PROVISIONS

	Group		
	30.6.2019 RM'000	**30.6.2018 RM'000**	**1.7.2017 RM'000**
Provision for developer interest-bearing scheme	**19,306**	19,024	18,395
Provision for onerous contracts	**–**	–	2,088
Provision for liquidated ascertained damages	**37,971**	18,564	–
	57,277	37,588	20,483

Provision for developer interest-bearing scheme

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

	Group	
	2019 RM'000	**2018 RM'000**
At 1 July	**19,024**	18,395
Arose during the financial year	**495**	762
Utilised	**(213)**	(133)
At 30 June	**19,306**	19,024

Provision for onerous contracts

The provision relates to unavoidable costs of meeting the obligations under the contract that exceed the economic benefits expected to recover under it. The movement in provision for onerous contracts is as follows:

	Group RM'000
At 1 July 2017	2,088
Utilised	(2,088)
At 30 June 2018, 1 July 2018 and 30 June 2019	–

Provision for liquidated ascertained damages

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

	Group	
	2019 RM'000	**2018 RM'000**
At 1 July	**18,564**	–
Arose during the financial year	**33,742**	18,564
Utilised	**(14,335)**	–
At 30 June	**37,971**	18,564

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19. SHARE CAPITAL

Issued and fully paid ordinary shares

	No. of ordinary shares issued	RM'000
Group		
At 1 July 2017	1,375,080,353	250,874
Issuance of employee shares	3,016,000	1,845
At 30 June 2018, 1 July 2018 and 30 June 2019	1,378,096,353	252,719
Company		
At 1 July 2017	1,375,080,353	1,283,378
Issuance of employee shares	3,016,000	1,845
At 30 June 2018, 1 July 2018 and 30 June 2019	1,378,096,353	1,285,223

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

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

Issuance of employee shares

On 26 September 2017, the Company completed the allotment and issuance of 3,016,000 new ordinary shares to selected employees of the Group (the "Employee Shares"), at S$0.195 (approximately RM0.61) per share. The Employee Shares rank pari passu in all respects with the existing issued shares of the Company.

20. TRANSLATION RESERVE

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

21. MERGER RESERVE

Merger reserve arose from the acquisition of Sky Win Management Consultancy Pte Ltd and its subsidiaries (collectively, the "Sky Win Group") on 24 January 2017 and the acquisition of VVSB Group during the current financial year. This represents the difference between the consideration paid and the share capital of the subsidiaries acquired under common control.

22. COMMITMENTS

(a) Capital commitments

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

	Group		
	30.6.2019 RM'000	**30.6.2018 RM'000**	**1.7.2017 RM'000**
Approved and contracted for	**263,680**	326,174	289,792
Less: Amount capitalised to construction-in-progress	**(120,563)**	(131,842)	(87,730)
	143,117	194,332	202,062

22. COMMITMENTS (CONTINUED)

(b) Operating lease commitments – as lessee

In addition to the rental guarantees provided in conjunction with the sale of development properties disclosed in Note 17, the Group has entered into commercial lease for its office premise.

Future minimum rental payable under non-cancellable operating leases as at the end of each reporting period are as follows:

		Group	
	30.6.2019 RM'000	**30.6.2018 RM'000**	**1.7.2017 RM'000**
Not later than one year	**54,914**	31,396	56,776
Later than one year but not later than five years	**375,312**	245,476	197,953
Later than five years	**99,003**	92,646	64,434
	529,229	369,518	319,163

(c) Operating lease commitments – as lessor

The Group has entered into commercial leases on part of its office building. These non-cancellable leases have remaining lease terms of between 1 and 6 years (30 June 2018: 1 and 7 years; 1 July 2017: 2 and 8 years). Certain of these leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The Group has also entered into leases on its properties. These non-cancellable leases have remaining lease terms between 1 and 3 years (30 June 2018: 2 and 4 years; 1 July 2017: 1 and 3 years). Certain of these leases include a renewable clause of 2 to 3 years with a maximum of 15% upward revision of the rental charge or the prevailing market rent, whichever is higher.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

		Group	
	30.6.2019 RM'000	**30.6.2018 RM'000**	**1.7.2017 RM'000**
Not later than one year	**9,208**	9,196	1,322
Later than one year but not later than five years	**5,894**	14,104	3,906
Later than five years	**812**	1,619	2,557
	15,914	24,919	7,785

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22. COMMITMENTS (CONTINUED)

(d) Finance lease commitments

The Group has finance leases for its motor vehicles. Future minimum payments together with the present value of the net minimum payments are as follows:

	Group 30.6.2019 RM'000		30.6.2018 RM'000		1.7.2017 RM'000	
	Minimum lease payments	Present value of payments (Note 16)	Minimum lease payments	Present value of payments (Note 16)	Minimum lease payments	Present value of payments (Note 16)
Not later than one year	**2,031**	**1,798**	2,210	1,944	2,320	2,036
Later than one year and not later than five years	**3,006**	**2,685**	3,654	3,344	4,582	4,284
Later than five years	**439**	**423**	376	348	–	–
Total minimum payments	**5,476**	**4,906**	6,240	5,636	6,902	6,320
Less: Amount representing finance charges	**(570)**	**–**	(604)	–	(582)	–
Present value of minimum payments	**4,906**	**4,906**	5,636	5,636	6,320	6,320

23. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties outside the Group

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

	Group 2019 RM'000	2018 RM'000
Services provided to related companies:		
– Rental of motor vehicle	**127**	305
– Sales commission	**9,096**	13,184
– Rental of office	**548**	731

(b) Compensation of key management personnel

	Group 2019 RM'000	2018 RM'000
Salaries, wages, bonuses and other costs	**5,763**	5,555
Contributions to defined contribution plans	**269**	270
	6,032	5,825
Comprise amounts paid to:		
Directors	**3,891**	3,891
Other key management personnel	**2,141**	1,934
	6,032	5,825

24. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability.

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

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

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

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

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

(a) Credit risk

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

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

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

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

Trade receivables and contract assets

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

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

Other trade and other receivables (including amount due from subsidiaries)

For the other trade and other receivables (including amount due from subsidiaries), management has considered, among other factors (including forward-looking information), the Group's and the Company's historical loss pattern over the last three financial years to assess the expected credit loss.

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

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

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

Cash and cash equivalents

The Group's cash and cash equivalents are subject to immaterial credit loss.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy receivables with good payment record with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 14.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk

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

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of each reporting period based on contractual undiscounted payments.

Group **2019**	**Less than one year RM'000**	**Two to five years RM'000**	**More than five years RM'000**	**Total RM'000**
Financial assets				
Trade and other receivables[1]	**587,718**	**–**	**605**	**588,323**
Cash and bank balances	**28,477**	**–**	**–**	**28,477**
Total undiscounted financial assets	**616,195**	**–**	**605**	**616,800**
Financial liabilities				
Trade and other payables	**343,384**	**34,602**	**–**	**377,986**
Loans and borrowings	**350,522**	**94,867**	**12,354**	**457,743**
Total undiscounted financial liabilities	**693,906**	**129,469**	**12,354**	**835,729**
Total net undiscounted financial liabilities	**(77,711)**	**(129,469)**	**(11,749)**	**(218,929)**
30 June 2018				
Financial assets				
Trade and other receivables[1]	305,496	–	587	306,083
Cash and bank balances	59,980	–	–	59,980
Total undiscounted financial assets	365,476	–	587	366,063
Financial liabilities				
Trade and other payables	259,446	–	–	259,446
Loans and borrowings	320,503	253,243	15,084	588,830
Total undiscounted financial liabilities	579,949	253,243	15,084	848,276
Total net undiscounted financial liabilities	(214,473)	(253,243)	(14,497)	(482,213)

(1) Excluding GST recoverable

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25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

Group 1 July 2017	**Less than one year RM'000**	**Two to five years RM'000**	**More than five years RM'000**	**Total RM'000**
Financial assets				
Trade and other receivables[1]	181,558	–	297	181,855
Cash and bank balances	87,869	–	–	87,869
Total undiscounted financial assets	269,427	–	297	269,724
Financial liabilities				
Trade and other payables	244,889	4,878	–	249,767
Loans and borrowings	77,232	340,572	16,782	434,586
Total undiscounted financial liabilities	322,121	345,450	16,782	684,353
Total net undiscounted financial liabilities	(52,694)	(345,450)	(16,485)	(414,629)

Company 2019	**Less than one year RM'000**	**Two to five years RM'000**	**More than five years RM'000**	**Total RM'000**
Financial assets				
Trade and other receivables	**278,240**	**–**	**–**	**278,240**
Cash and bank balances	**269**	**–**	**–**	**269**
Total undiscounted financial assets	**278,509**	**–**	**–**	**278,509**
Financial liabilities				
Trade and other payables	**2,452**	**–**	**–**	**2,452**
Loan and borrowings	**200,113**	**–**	**–**	**200,113**
Total undiscounted financial liabilities	**202,565**	**–**	**–**	**202,565**
Total net undiscounted financial assets	**75,944**	**–**	**–**	**75,944**

[1] Excluding GST recoverable

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

Company 30 June 2018	**Less than one year**	**One to five years**	**More than five years**	**Total**
Financial assets				
Trade and other receivables	250,289	–	–	250,289
Cash and bank balances	12,686	–	–	12,686
Total undiscounted financial assets	262,975	–	–	262,975
Financial liabilities				
Trade and other payables	985	–	–	985
Loan and borrowings	13,726	195,391	–	209,117
Total undiscounted financial liabilities	14,711	195,391	–	210,102
Total net undiscounted financial assets/(liabilities)	248,264	(195,391)	–	52,873
1 July 2017				
Financial assets				
Trade and other receivables	70,417	–	–	70,417
Cash and bank balances	16,473	–	–	16,473
Total undiscounted financial assets	86,890	–	–	86,890
Financial liabilities				
Trade and other payables, representing total undiscounted financial liabilities	1,034	–	–	1,034
Total net undiscounted financial assets	85,856	–	–	85,856

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risks arises primarily from their floating rate loans and borrowings from banks and financial institutions, disclosed in Note 16 to the financial statements. This risk is not hedged. The Group manages its interest rate risk by having a mixture of fixed and variable rates for its loans and borrowings from time to time based on prevailing market conditions.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for interest bearing financial liabilities at the end of the reporting period and the stipulated change taking place at the beginning of the year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50-basis point increase or decrease is used and represents management's assessment of the possible change in interest rates.

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25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk (Continued)

Interest rate sensitivity (Continued)

Table below shows the sensitivity of profit before tax affected by changes in interest rates.

	Increase/(decrease) in profit before tax Group	
	2019	2018
Change in interest rates	RM'000	RM'000
50 basis points decrease	**1,054**	1,637
50 basis points increase	**(1,054)**	(1,637)

(d) Foreign currency rate risk

The Group and the Company has transactional currency exposures primarily arises from financing activities that are denominated in a currency other than RM, i.e. United States Dollar ("USD"), as disclosed in Note 16 to the financial statements. The Group may enter into forward currency contracts to eliminate the currency exposures on borrowings in foreign currencies. These forward currency contracts will be in the same currency as the hedged item.

Foreign currency rate risk sensitivity

Table below demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD against RM, with all other variables held constant.

	Increase/(decrease) in profit before tax Group	
	2019	2018
USD against RM	RM'000	RM'000
Weakened 5%	**9,303**	8,714
Strengthened 5%	**(9,303)**	(8,714)

26. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the board of directors.

The board of directors is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management.

The management considers that the entire Group's operations constitute a single segment which is in the business of property development in Malaysia. Management assesses the performance of the Group's operations based on profit before income tax, total assets and total liabilities which are measured in a manner consistent with that of the consolidated financial statements.

27. DIVIDENDS

	Group and Company	
	2019	**2018**
	RM'000	**RM'000**
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2018: S$0.025 cent@ (2017: S$0.05 cent^) per share	**1,053**	2,143
Proposed but not recognised as a liability as at 30 June:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
– Final exempt (one-tier) dividend for 2019: S$0.013 cent* (2018: S$0.025 cent@) per share	**550**	1,053

* Approximately RM0.04 cent

@ Approximately RM0.07 cent

^ Approximately RM0.16 cent

28. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2019 and 30 June 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings less cash and bank balances. Capital includes equity attributable to the owners of the Company.

	Group	
	2019	**2018**
	RM'000	**RM'000**
Loans and borrowings (Note 16)	**416,524**	531,656
Less: Cash and bank balances (Note 15)	**(28,477)**	(59,980)
Net debt	**388,047**	471,676
Equity attributable to owners of the Company, representing total capital	**385,018**	370,434
Capital and net debt	**773,065**	842,110
Gearing ratio	**50%**	56%

29. SUBSEQUENT EVENTS

(a) Entry into Term Financing Facility

On 10 October 2019, the Group entered into a term financing agreement for a facility amount of RM60,000,000 at Base Financing Rate + 2.00% per annum to refinance the existing facility of a subsidiary in Malaysia for a period of 84 months from the date of the first loan disbursement.

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29. SUBSEQUENT EVENTS (CONTINUED)

(b) Roll-over of US$20,000,000 loan facility

On 10 October 2019, the Company announced that a convertible loan of an aggregate amount of US$20,000,000 had matured on that day and the Lender has decided not to convert the loan into the conversion shares. Following negotiations between the Company and the Lender, the Lender has agreed to an extension of the loan, specifically for the repayment of the loan to be extended to 10 April 2020 with a partial payment of US$2,500,000 by 10 January 2020, subject to terms and conditions to be finalised with the execution of a definitive agreement within one month from the date of the announcement. The extended loan does not have any equity conversion option.

The Company obtained term sheet from the Lender to roll-over the US$20,000,000 loan at 10.00% per annum for another 12 months up to 10 October 2020. The loan is repayable over the next 12 months based on the below schedule:

- US$5,000,000 on 10 January 2020
- US$5,000,000 on 10 April 2020
- US$5,000,000 on 10 July 2020
- US$5,000,000 on 10 October 2020

The roll-over of US$20,000,000 loan is secured by personal guarantee by directors of the Company, corporate guarantee by a subsidiary in Malaysia and a charge over 730,000,000 shares in the Company held by Hatten Holdings Pte Ltd. The loan is subject to terms and conditions to be finalised with the execution of a definitive agreement.

(c) Entry into joint venture agreement

On 14 October 2019, the Company entered into a joint venture agreement (“JVA”) with Billion Celestial Holdings Limited (“Billion Celestial”) to set up a joint venture company to be known as Hatten Wellness China Pte Ltd (“Hatten Wellness China”) for property development in China. Pursuant to the JVA, the Company will have an interest of 55% in Hatten Wellness China with the balance of 45% held by Billion Celestial. The Company, through its wholly owned subsidiary, Sky Win, will set up a special vehicle to be known as Hatten Land China Pte Ltd to hold the shares in Hatten Wellness China.

The Company had on 22 October 2019 and 25 October 2019 incorporated Hatten Land China Pte Ltd and Hatten Wellness China Pte Ltd.

29. SUBSEQUENT EVENTS (CONTINUED)

(d) Entry into placement agreement

On 24 October 2019, the Company entered into a placement agreement ("Placement Agreement") with Kingpin Investment Pte Ltd (the "Placee") for the placement of 56,500,000 new ordinary shares in the capital of the Company at an issue price of S$0.09 for each placement shares (the "Placement Shares"). Pursuant to the Placement Agreement, the Placee agrees to subscribe for the Placement Shares for an aggregate consideration of S$5,085,000. The completion of the placement is conditional upon the satisfaction of conditions precedent.

30. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 30 June 2019 were authorised for issue in accordance with a resolution of the board of directors of the Company on 8 November 2019.

Statistics of Shareholdings

AS AT 31 OCTOBER 2019

SHARE CAPITAL AND VOTING RIGHTS

Number of shares issued	:	1,378,096,353
Issued and fully paid-up capital	:	S$411,673,000
Class of shares	:	1 vote per ordinary share
Treasury shares	:	Nil
Subsidiary holdings	:	Nil

Size of Shareholdings	No. of Shareholders	%	No. of shares	%
1 – 99	121	4.41	6,767	0.00
100 – 1,000	789	28.73	313,959	0.02
1,001 – 10,000	894	32.56	3,739,368	0.27
10,001 – 1,000,000	915	33.32	63,730,171	4.62
1,000,001 and above	27	0.98	1,310,306,088	95.08
	2,746	**100.00**	**1,378,096,353**	**100.00**

SUBSTANTIAL SHAREHOLDERS

	Direct interest		Deemed interest	
	Number of shares	%	Number of shares	%
Hatten Holdings Pte Ltd	937,091,508	68.00%		
Tan June Teng Colin @ Chen JunTing	–	–	987,091,508	71.63%*
Tan Ping Huang Edwin @ Chen BingHuang	–	–	987,091,508	71.63%*

* Hatten Holdings Pte Ltd is jointly owned by Tan June Teng Colin @ Chen JunTing and Tan Ping Huang Edwin @ Chen BingHuang, as such Tan June Teng Colin @ Chen JunTing and Tan Ping Huang Edwin @ Chen BingHuang are deemed interested in the shares of the Company held by Hatten Holdings Pte. Ltd.

SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 31 October 2019, approximately 19.48% of the issued ordinary shares of the Company is held by the public and therefore, the Company has complied with Rule 723 of the Catalist Rules.

Statistics of Shareholdings

AS AT 31 OCTOBER 2019

TWENTY LARGEST SHAREHOLDERS AS AT 31 OCTOBER 2019

SHAREHOLDER'S NAME		NO OF SHARES	%
1	PHILLIP SECURITIES PTE LTD	414,096,119	30.05
2	HATTEN HOLDINGS PTE LTD	367,895,354	26.70
3	RAFFLES NOMINEES (PTE) LIMITED	111,863,279	8.12
4	CITIBANK NOMINEES SINGAPORE PTE LTD	104,201,129	7.56
5	TAN YEE LING	50,000,000	3.63
6	TONG YEE XING	50,000,000	3.63
7	LU CHAI HONG	48,871,700	3.55
8	RHB SECURITIES SINGAPORE PTE LTD	41,571,117	3.02
9	UOB KAY HIAN PTE LTD	26,380,691	1.91
10	ERIC TAN ENG HUAT	23,630,400	1.71
11	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	16,872,441	1.22
12	OCBC SECURITIES PRIVATE LTD	10,647,702	0.77
13	MAYBANK KIM ENG SECURITIES PTE. LTD	7,407,898	0.54
14	LUM CHUE TAT	4,821,000	0.35
15	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	4,551,603	0.33
16	CHUA HEE TECK	4,500,000	0.33
17	DBS NOMINEES PTE LTD	3,840,061	0.28
18	LAY SIEW CHIN	3,421,000	0.25
19	NEO YAM CHENG OR LEE KWEE LAN	3,192,594	0.23
20	LU KAH HENG	1,857,800	0.13
	Total	**1,299,621,888**	**94.31**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Hatten Land Limited (the "**Company**") will be held at Level 2, 53 Mohamed Sultan Road, Singapore 238993 on Saturday, 23 November 2019 at 9.00 a.m. to transact the following purposes:

AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements of the Company for the financial year ended 30 June 2019 and the Directors' Statement and the Auditor's Report thereon. **(Resolution 1)**

2. To declare a First and Final tax-exempt one-tier dividend of 0.013 Singapore cent for the financial year ended 30 June 2019. **(Resolution 2)**

3. To re-elect Dato' Wong King Kheng, a Director retiring pursuant to Article 117 of the Company's Constitution, and who being eligible, will offer himself for re-election. **(Resolution 3)**

   Dato' Wong King Kheng will, upon re-election as Director of the Company, remain as the Chairman of the Audit and Risk Committee and member of the Nominating Committee and the Remuneration Committee. The Board considers Mr. Wong King Kheng to be independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Trading Limited (the "**SGX-ST**") ("**Catalist Rules**").

4. To re-elect Dato' Edwin Tan Ping Huang @ Chen BingHuang, a Director retiring pursuant to Article 117 of the Company's Constitution, and who being eligible, will offer himself for re-election. **(Resolution 4)**

   Dato' Edwin Tan Ping Huang @ Chen BingHuang will, upon re-election as Director of the Company, remain as the Executive Director and Deputy Managing Director of the Company.

5. To approve the payment of Directors' Fees of S$187,500/- (2018: S$187,500/-) for the year ended 30 June 2019. **(Resolution 5)**

6. To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following resolutions as ordinary resolutions with or without any modifications:

8. **THE PROPOSED RENEWAL OF THE SHARE ISSUE MANDATE**

   "(a) That, pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Act**"), and Rule 806 of the Catalist Rules, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to: **(Resolution 7)**

   (i) issue new shares in the capital of the Company whether by way of rights, bonus or otherwise;

   (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "**Instruments**") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (Notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

Provided always that,

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) shall not exceed 100% of the Company's issued share capital, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 50% of the issued share capital of the Company, and for the purpose of this resolution, the issued share capital shall be the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this resolution is passed, after adjusting for;

(1) new shares arising from the conversion or exercise of convertible securities, or

(2) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules, and

(3) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(Please see Explanatory Note 1)

9. **THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE** **(Resolution 8)**

"(a) That for the purposes of the Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire fully-paid ordinary shares in the capital of the Company ("**Shares**") not exceeding 10% of the issued shares of the Company (excluding treasury shares and subsidiary holdings), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein), whether by way of:

(i) on-market purchase(s) ("**Market Purchase**") transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchase(s) ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Act and the Catalist Rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

Notice of Annual General Meeting

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:–

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the share purchases are carried out to the full extent mandated;

(iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Company in general meeting;

(c) in this Resolution:

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding related expenses of the purchase) not exceeding:–

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price;

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five Market Days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five (5) Market Day period;

"**day of making of the offer**" means the day on which the Company announces its intention to make an offer for Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price for Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which SGX-ST is open for trading of securities; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider necessary or expedient to give effect to the transactions contemplated by this Resolution."

(Please refer to the Appendix for details)

10. **THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTION MANDATE** **(Resolution 9)**

(a) That approval be and is hereby given for the purposes of Chapter 9 of the Catalist Rules for the Group to enter into any of the transactions falling within the types of Interested Person Transactions ("**IPTs**") (particulars of which are set out in the Appendix) with the interested persons in accordance with the guidelines of the Company for IPTs as set out in the Appendix, and subject to the review procedures for such IPTs as set out in the Appendix (the "**IPT Mandate**");

(b) That such approval shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company;

(c) That the Audit and Risk Committee of the Company be and is hereby authorized to take such action as it deems proper in respect of the review procedures for the IPTs and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Catalist Rules which may be prescribed by the SGX-ST from time to time; and

(d) That the Directors of the Company and each of them be and are hereby authorized to do all such acts and things (including without limitation executing all such documents as may be required) as they may consider expedient or necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorized by the IPT Mandate and/or this Resolution.

(Please see Explanatory Note 2)

11. **AUTHORITY TO GRANT OPTIONS AND ISSUE SHARES UNDER THE HATTEN LAND LIMITED EMPLOYEE'S SHARE OPTION SCHEME ("HATTEN ESOS")** **(Resolution 10)**

"That pursuant to Section 161 of the Act, authority be and is hereby given to the Directors of the Company to:

(a) offer and grant options ("**Options**") from time to time in accordance with the provisions of the Hatten ESOS; and

(b) allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Hatten ESOS,

provided always that aggregate number of Shares to be issued and issuable pursuant to the exercise of options under the Hatten ESOS, Hatten PSP and any other share based incentive schemes of the Company, shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), on the day immediately preceding the date on which an offer to grant an Option is made and that the grant of Options can be made at any time and from time to time."

(Please see Explanatory Note 3)

Notice of Annual General Meeting

12. **AUTHORITY TO GRANT AWARDS AND ISSUE SHARES UNDER THE HATTEN LAND LIMITED PERFORMANCE SHARE PLAN ("HATTEN PSP")** **(Resolution 11)**

"That pursuant to Section 161 of the Act, authority be and is hereby given to the Directors of the Company to:

(a) offer and grant awards ("**Awards**") from time to time in accordance with the provisions of the Hatten PSP; and

(b) allot and issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of Awards granted under the Hatten PSP,

provided always that aggregate number of Shares to be issued and issuable pursuant to the exercise of options under the Hatten ESOS, Hatten PSP and any other share based incentive schemes of the Company, shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), on the day immediately preceding the date on which an Award is granted."

(Please see Explanatory Note 4)

BY ORDER OF THE BOARD

Dato' Tan June Teng Colin @ Chen JunTing
Executive Chairman and Managing Director
8 November 2019
Singapore

Notice of Annual General Meeting

EXPLANATORY NOTES:

1. Ordinary Resolution 7 proposed in item 8 above is to authorise the Directors of the Company from the date of the AGM until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 100 percent of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 50 percent of the issued share capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

2. Ordinary Resolution 8 proposed in item 9 above, if passed, will renew the IPT Mandate for transactions with the interested persons and empower the Directors of the Company from the date of the AGM until the date of the next Annual General Meeting to do all acts necessary to give effect to the Directors of the Company from the date of the AGM until the date of the next Annual General Meeting to do all acts necessary to give effect to the Resolution. This authority will, unless previously revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company. In accordance with the requirements of Chapter 9 of the Catalist Rules, Dato' Tan June Teng Colin @ Chen JunTing and Dato' Tan Ping Huang Edwin @ Chen BingHuang being the "Interested Persons" in relation to the IPT Mandate, will abstain from voting, and will ensure that their respective associates abstain from voting, on Ordinary Resolution 9 relating to the proposed renewal of the IPT Mandate.

3. Ordinary Resolution 10 if passed, will empower the Directors of the Company, to offer and grant Options under the Hatten ESOS and to allot and issue shares pursuant to the exercise of such Options under the Hatten ESOS not exceeding fifteen percent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time.

4. Ordinary Resolution 11 if passed will empower the Directors of the Company, to allot and issue Shares pursuant to the vesting of Awards under the Hatten PSP not exceeding fifteen percent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time.

NOTES:

1. A member of the Company (other than a member who is a relevant intermediary as defined in Note 2 below) shall not be entitled to appoint more than two proxies to attend and vote at the AGM on his behalf. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

2. Pursuant to Section 181 of the Act, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the AGM. Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

3. A proxy need not be a member of the Company.

   (a) The instrument appointing a proxy or proxies shall, in the case of an individual, be signed by the appointor or his attorney, and in case of a corporation, shall be either under the common seal or signed by its attorney or an authorised officer on behalf of the corporation.

   (b) The instrument appointing proxy or proxies must be deposited at the Share Registration Office of the Company at Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), 80 Robinson Road #11-02, Singapore 068898 not later than 72 hours before the time set for the AGM.

PERSONAL DATA POLICY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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HATTEN LAND LIMITED

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

IMPORTANT

1. Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "**Act**"), Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy shares in the Company ("**CPF Investors**"), this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies or the appointment of their Agent Banks as proxies for the Annual General Meeting.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 November 2019.

PROXY FORM

*I/We ____________________ NRIC/Passport No, ____________ of

____

being *a member/members of Ossia International Limited (the "**Company**"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Level 2, 53 Mohamed Sultan Road, Singapore 238993 on Saturday, 23 November 2019 at 9.00 a.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For	Against
1.	To receive and consider the Audited Financial Statements of the Company for the financial year ended 30 June 2019 and the Directors' Statement and Auditors' Report thereon.		
2.	To approve a first and final tax exempt one-tier dividend of 0.013 Singapore cent for the financial year ended 30 June 2019.		
3.	To re-elect Dato' Wong King Kheng as Director pursuant to Article 117 of the Company's Constitution.		
4.	To re-elect Dato' Edwin Tan Ping Huang as Director pursuant to Article 117 of the Company's Constitution.		
5.	To approve the payment of Directors' Fees of S$187,500/- for the financial year ended 30 June 2019.		
6.	To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
8.	To approve renewal of Share Buy-Back Mandate.		
9.	To approve the renewal of the Interested Person Transaction Mandate.		
10.	To approve the allotment and issue of shares under the Hatten Land Limited Employees' Share Option Scheme.		
11.	To approve the allotment and issue of shares under the Hatten Land Limited Performance Share Plan.		

Dated this __________ day of ______________ 2019

Total Number of Shares Held

____

Signature(s) of Member(s)/Common Seal

* *Delete accordingly*

IMPORTANT. Please read notes overleaf

Notes:–

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of his shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this Proxy Form as invalid.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. A proxy need not be a member of the Company.
3. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
4. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.

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AFFIX STAMP

The Company Secretary
HATTEN LAND LIMITED
c/o Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #11-02
Singapore 068898

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6. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the Share Registration Office of the Company at Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), 80 Robinson Road #11-02, Singapore 068898 not later than 72 hours before the time set for the Annual General Meeting.
7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Future Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
9. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.
10. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 November 2019.

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