

HATTEN LAND LIMITED

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

CORPORATE AND BUSINESS UPDATE

1) INTRODUCTION AND SUMMARY OF STRATEGIC OBJECTIVES

The Board of Directors (“**Directors**” or “**Board**”) of Hatten Land Limited (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) wishes to announce that the Group has recently completed a strategic review to respond to changes in the operating environment including emerging trends associated with blockchain technology and digital economy.

Hatten Land has substantial hospitality and commercial property businesses and assets in Melaka. Due to the COVID-19 pandemic, travel and movement restrictions imposed by the Malaysian Government since 2020 have affected domestic and international tourism. These restrictions have curtailed foot traffic to the malls operated by the Group.

The Group’s review involves preparing for the resumption of commercial activity with the relaxation of travel and movement restrictions as well as the progressive efforts to re-purpose our malls. The Group’s current portfolio of malls including Elements Mall, Imperio Mall and Vedro by The River. These efforts aim to not only invigorate retail activities and enhance retail experiences in our malls by creating an omni-channel or “phygital” retail platform with e-commerce and our real estate assets, but also open up new opportunities such as digital assets and digital economy activities. In addition, the Group aims to advance our sustainability efforts via new renewable energy initiatives, among others.

The Group’s strategic pivot is also intended to dovetail with Melaka’s own efforts to transform the digital capabilities of the city while preserving and enhancing its unique heritage. Our key strategic initiatives are as follows:

a. Blockchain and cryptomining:

- Re-purposing the malls to include ‘green’ cryptocurrency mining (“cryptomining”) activities
- Setting up specialised crypto exchanges to list and trade ‘green’ and clean tokens and other digital assets and to provide related custody services

b. Metaverse:

- Creating ‘metaverse’ world, commencing with a digital twin of Melaka and building up an eco-system to create new digital assets including non-fungible tokens (“NFTs”) and tokens

c. Renewable energy:

- Implementing renewable initiatives commencing with solar panels to be installed on the roofs of our malls so as to lower energy costs, enable ‘green’ cryptomining activities, and advance the Group’s sustainability efforts

d. Phygital:

- Preparation for post-pandemic economic activities resumption and improving the tenant mix and related activity of our malls in Melaka.

The Directors and management believe that these strategies will contribute to a broader recovery of Hatten Land starting in the financial year ending 30 June 2022 (“FY2022”) following losses in FY2020 and FY2021 which were attributed largely to the impact of the pandemic.

2) STRATEGIC INITIATIVES

2.1 Strategy #1 – Strategic Pivot to Digital Economy Activities

Worldwide, the adoption of e-commerce, blockchain and other digital trends have increased significantly. Beyond re-purposing our malls, Hatten Land intends to move beyond our role as a landlord. Our digital pivot includes partnerships and joint-ventures to increase our digital capabilities and derive economic benefits including digital assets and tokens. In turn, these initiatives will also enhance our Phygital mall activities and further align the Group's business model towards the digital economy.

2.1.1 Asset-Light Cryptomining Activities at our Malls in Melaka

Starting from September 2021, the Group's wholly-owned subsidiary, Hatten Technology (S) Pte. Ltd. ("Hatten Technology"), has entered into 2 agreements to install and operate around 3,000 cryptomining rigs at malls owned or managed by Hatten Land. The Group's strategy is to leverage our existing physical assets to provide a secure and stable facility to host cryptomining activities without having to incur substantial capital expenditure or recurring cash outflow. Under this asset-light model, the Group will obtain a share of the net proceeds of digital assets being mined, with the cryptomining activities focused on Bitcoin ("BTC") at the initial phase. Locating the cryptomining rigs at our malls will allow the Group to leverage on Malaysia's low and stable cost of electricity and other operational expenses. Being the number one crude oil exporting country in South East Asia, Malaysia is able to maintain the low electricity tariff, compared to many countries facing an energy crunch.

i) On 16 September 2021, the Group signed an MoU with SGX Mainboard-listed **SMI Vantage Ltd** ("SMI Vantage") to install around 2,000 mining rigs. SMI recently announced acquiring 3,000 cryptomining machines from NASDAQ-listed The9 Limited ("The9") with an option to purchase further 2,000 machines.

ii) On 29 September 2021, the Group signed a binding strategic collaboration and management agreement with **Frontier Digital Asset Management** ("Frontier"). Frontier, which is already undertaking cryptomining activities in Singapore, will install at least 1,000 cryptomining rigs at our malls, starting with the first 80 cryptomining rigs for test run to be operational by December 2021. Frontier's cryptomining rigs will operate 24/7 to mine BTC, with alternative coins to be considered in the future.

The Group is in the advanced stages of fitting out facilities at Elements Mall in Melaka to accommodate approximately 3,000 cryptomining rigs. Operations will begin in December 2021, and the Group expects more than 1,500 cryptomining rigs to be installed by January 2022. It expects over 2,500 cryptomining rigs to be installed at the Group's malls by the end of 2022. The Group intends to increase our cryptomining activities to at least 10,000 cryptomining rigs by 2023 as we conclude more partnerships and/or collaborations in the Group's malls.

With cryptomining activities being highly automated, the Group believes this business segment can offer attractive financial returns. Our share of cryptocurrencies mined will be held as intangible assets on Hatten Land's balance sheet, while fees for services rendered to mining partners will be recognised as revenue in our income statement.

2.1.2 Joint-Venture To Develop Crypto Exchanges in Singapore and Malaysia

To support our ambitions in the digital economy, including cryptocurrency and digital assets being mined and created, Hatten Technology is forming a 60:40 joint venture company ("JVC") with **Hydra X Pte. Ltd.** ("Hydra X") to jointly develop and operate 'first-of-its-kind' cryptocurrency exchanges ("Crypto Exchanges"), focusing on the listing and trading of newly-minted Bitcoins ("BTC") ("Virgin Bitcoins" or "Clean Bitcoins"), eco-friendly BTC wrapper tokens ("Green Bitcoins"), as well as other sustainability-focused digital assets. These exchanges and related custodian services are subject to obtaining the

necessary regulatory approvals in both countries. The JVC can also derive revenue from custodian services for the digital assets that will be traded on the crypto exchanges.

By providing liquidity for the cryptocurrencies mined within our malls, Hatten Land will build an ecosystem and marketplace to support the creation, listing and trading of other digital assets.

2.2 Strategy #2 – Digital Melaka Metaverse and Tokenisation of Existing Hatten Loyalty Points

To extend the value proposition of Hatten existing loyalty points, Hatten Technology is working with Prakai Pte. Ltd. (“EnjinStarter”) and other partners to develop tokenomics and token systems through blockchain technology. These tokens developed can be used at any Hatten Land-managed malls and will incentivise customers to spend more or stay longer within the Group’s business ecosystem. They can also be used for online gaming, purchase of digital assets such as cryptocurrencies and NFTs within the Group’s digital ecosystem. The token’s value will be based on a fixed redemption value, and customers can earn tokens through cashback when spending through tokens.

The other major initiative is the creation of the “Metaverse” world, starting with a digital twin city of Melaka (“Digital Melaka”). The Metaverse of Digital Melaka will contain digital/NFT assets such as virtual land, fashion items, art pieces, heritage collections, and other collectables which can be purchased and transacted with Hatten tokens. Internet users would also be able to visit and experience Melaka’s historical legacy and tourism attractions while earning and spending Hatten tokens, further enhancing the appeal of the Hatten Group’s assets.

2.3 Strategy #3 – Renewable Energy Initiatives to Spearhead Group’s Sustainability Efforts

The Group recognises the urgency surrounding global climate change. To improve our sustainability efforts, a major pillar of our digital pivot involves the utilisation of renewable energy to lower the carbon footprint and operating costs of our activities. The centrepiece of the renewables strategy involves the installation of a solar photovoltaic plant and facility (“SPPF”) on the roof of Dataran Pahlawan Melaka Megamall (“Dataran Megamall”), managed by the Company’s parent, the Hatten Group conglomerate.

The Group’s wholly-owned subsidiary, Hatten Renewable Energy Sdn. Bhd. (“Hatten Renewable Energy”), has formed a 30:70 JVC with Nestcon Sustainable Solutions Sdn. Bhd. (“**NSS**”), a wholly-owned subsidiary of Bursa-listed Nestcon Bhd. to develop SPPFs and other renewable energy opportunities in Malaysia. The JVC will install more than 6,000 solar panels and associated systems on the roof of Dataran Megamall which will be capable of producing 3.19 MWp. The JVC will begin installation of panels by 2H FY2022.

Upon completion of the project in 2022, the JVC will enter into a power purchase agreement with the mall owner and generate approximately 3,900 MWh per year, the equivalent of powering more than 1,100 three-room apartments for an entire year. The green energy generated over the lifetime of the project will reduce approximately 72,248 tonnes of carbon dioxide, equivalent to planting more than 137,000 trees.

Apart from lowering overall energy costs, the Group’s solar initiative will also enable renewable energy to be used for cryptomining activities at the Group’s malls when such similar solar panels are installed in the future. Once completed, green bitcoins and other cryptocurrencies will be mined, wrapped and traded on the Group’s green and clean crypto exchanges, subject to regulatory approvals.

At the start, the Group has plans to source approximately 300 acres of land in Melaka, through its extensive business network, for solar energy generation and expand solar farm acreage thereafter. The JVC will leverage the Group’s strong presence in Melaka to collaborate with the State and other partners with an aim to develop mega-scale solar power plants by 2027. The joint-venture will supply sustainable energy to power the Group’s digital and blockchain activities.

2.4 Strategy #4 – Re-purposing our Malls for Phygital Experience and to Harness New Opportunities

Hatten Land owns retail malls within Melaka, a popular tourist attraction in Asia that has been designated a UNESCO World Heritage Site since July 2008.

Amid increasing rates of vaccination, both state and federal governments are ramping up efforts on the resumption of interstate and overseas travels. It is expected to lead to further relaxation of travel and movement curbs imposed since 2020 to contain the pandemic. The Group expects that pent-up demand for domestic and international tourism will facilitate a significant recovery of the Group's hospitality and property-related activities in Melaka. Accordingly, Hatten Land is:

- i) Preparing for intensive sales and marketing promotional activities through traditional and online channels. While these activities have commenced ahead of the Christmas holiday period, the momentum is expected to build up more significantly from the 2H FY2022 (January-June 2022).
- ii) Attracting new tenants and adjacent business opportunities (such as co-working, logistics, warehousing, among others) as a result of the Group's digital initiatives with our brick-and-mortar property assets.
- iii) Engaging existing and new tenants who are making their own preparations to resume operations at our malls. The Group aims to improve the tenant mix to include new concepts which can increase foot traffic and appeal to online and offline shoppers.

2.4.1 “Phygital” Malls

- i) With the acceleration of e-commerce during the pandemic lockdowns, Hatten Land is in discussion with major regional e-commerce players to develop physical-digital (“Phygital”) malls. These malls, commencing with Elements Mall, will combine omni-channel retail concepts with our brick-and-mortar property assets that will be supported by integrated supply chain solutions, customer service, training programs for retailers, live-streaming studios, among others. The Phygital mall, together with the Group's e-commerce and payment platform, are expected to be launched in 2H FY2022 through an dedicated mobile ‘app’ that will be accessible 24/7 for e-commerce activities. It will be able to accommodate many more merchants compared to a traditional brick-and-mortar mall. Customers can opt to visit the physical stores to participate in events and sales promotions, or physically inspect a product before making a purchase online; or, having purchased online, to pick up the items instead of having them delivered.
- ii) Using artificial intelligence (“AI”), consumer behaviour and retail trends can be analysed to improve traffic, engagement and revenue of our “Phygital” Malls.
- iii) In addition, the Phygital Mall activities will spur adjacent economic activities such as logistics, warehousing, software development, co-working and hosting of data centres which are in line with our strategy to re-purpose the malls.
- iv) Beyond Phygital activities, the Group has entered into an agreement with Melaka Esports Association (“MEA”), to co-develop one of the largest e-sports centres in the region with approximately 20,000 sqft. The Group and MEA will also co-manage the centre and organise inter-state and cross-border tournaments, events, training and other Esports related opportunities.

2.4.2 Physical Malls

- Within its malls, the Group will operate a co-sharing office under the Group's **Prime 53** brand, possessed by the Group's subsidiary The Medici-Watermark Pte Ltd ("TMW"), which aims to serve as a platform for blockchain and technology enterprises to collaborate and cooperate together to drive greater economies of scale and create new business ideas. It will have 76 workstations and occupy more than 9,000 square feet of space that caters to the targeted group of technology businesses in Melaka.
- TMW, an indirect 60%-owned subsidiary of Hatten Land, has signed a strategic collaboration with Universiti Teknikal Malaysia Melaka ("UTeM") to promote entrepreneurship and technological innovation in Melaka. This strategic collaboration has led to a Letter of Intent with UTeM to set up a technology and innovation centre in the Group's malls and there are discussions to create collaborations with other domestic and overseas technology partners. Through TMW, the Group is also in discussions with Japan's Global Technology Initiative ("GTI Consortium") to collaborate on technology research and innovation development among Hatten, members of GTI Consortium, UTeM and other business corporations.
- Hatten Land has entered into discussions to lease approximately 49,000 sqft of space to a major Malaysian cinema operator in Elements Mall. If concluded, operations are expected to commence in January 2022.
- Having identified e-learning and education as another growth segment, Elements Mall will offer a 'Future of Learning' concept that will fully occupy 4 out of 11 floors and partially occupy other floors (approximately 94,000 square feet in aggregate). Hatten Land has commenced negotiations with more than 25 interested tenants and has signed various Memorandums of Understanding (MoUs) in line with this initiative, including:
 - i) an established Singapore-based education group, Stamford College, which intends to Levels 5 and 6 of Elements Mall to provide vocational courses and programmes. To align economic interests, Hatten Land will receive rental revenue from certain portion of gross sales registered by Stamford College. Subject to confirmation, this operator will commence activities in 2022.
 - ii) Beyond4, an integrated digital ecosystem company with operations across Southeast Asia, has agreed to set up its Southern Malaysian centre. Following the WCOE centre in Penang and Hong Leong's HLX centre in Kuala Lumpur city centre, Beyond4's third Malaysian centre will be located at Hatten City. The centre will provide courses related to the Fourth Industrial Revolution and Digital Transformation.

3) CORPORATE AND FINANCIAL DEVELOPMENTS

The COVID-19 pandemic has significantly affected Hatten Land's financial performance for FY2020 and FY2021. Due to the prolonged restrictions on commercial and tourism-related activities in Malaysia, the Group also recognised a loss after tax in 1Q FY2022 of RM16.0 million.

The Group has implemented various cost-containment measures such as salary adjustments and reduction of non-essential expenses. Two subsidiaries, MDSA Resources Sdn. Bhd. and MDSA Ventures Sdn. Bhd., are being restructured to create a more sustainable capital structure. The scheme of arrangement between MDSA Ventures and its creditors was approved by shareholders on 6 January 2021.

On 7 July 2021, Prolific Revenue Sdn Bhd, the Group's indirect wholly-owned subsidiary, entered into a sale and purchase agreement for the disposal of a leasehold land for an aggregate consideration of RM25.8 million. Hatten Land is also proceeding with the divestment of our wholly-owned Gold Mart Sdn. Bhd., the developer of the Harbour City mixed development in Melaka. The divestment, which has

been approved by shareholders, awaits payment of up to US\$60 million from the purchaser, Tayrona Capital Group Corporation.

The above initiatives have lowered and continue to lower Hatten Land's overall cost structure and debts while enabling the Group to recycle capital to fund new growth strategies.

Separately, the Group completed the placement of 80 million new shares at S\$0.023 in September 2021, raising S\$1.8 million; each share comes along with a detachable warrant at S\$0.048. In November 2021, the detachable warrant was exercised and accordingly Hatten Land issued 40 million new shares and raised S\$1.9 million. Hatten Land in November 2021 has further issued 20 million new ordinary shares at S\$0.06 per share to Golden Summit International Ltd. The capital raised from both share placements and warrants is being used to fund new business initiatives of the Group as described above, as well as for working capital.

4) CONCLUSION AND OUTLOOK

In view of the leaner operating structure after improving internal efficiencies, the expected reopening of travel lanes as well as digital pivot outlined above, the Group expects that, barring unforeseen circumstances:

- (i) Cryptomining activities will commence at our malls from December 2021 and are likely to increase substantially from 2H FY2022. Our share of cryptocurrencies being mined will be recognised as intangible assets and the Group can also earn revenue for services rendered to mining partners;
- (ii) The proposed crypto exchanges can potentially create different revenue streams such as trading commissions, listing fees and custodian services.
- (iii) The development of Hatten's Metaverse world, commencing with Digital Melaka, which will contain digital/NFT assets such as virtual land, fashion items, art pieces, heritage collections, and other collectables
- (iv) Occupancy of our malls in Melaka to increase by 2H FY2022 and will increase further as travel restrictions ease and new concepts and revenue-sharing with tenants are implemented;
- (v) Upon the completion of the SPPF on the roof of Dataran Megamall and other malls, the Group expects to recognise share of solar energy revenue from the clean energy and green credits generated as well as reduce utility costs of the Group; and
- (vi) The financial performance of the Group for the six months ending 30 June 2022 ("2H FY2022") is expected to improve compared to 1H FY2022 and consequently, FY2022 performance is expected to improve upon that of FY2021.

The developments above aim to strengthen the business foundation of the Company and add new revenue streams and create a stronger revenue base as it pivots from a property developer/mall operator towards the digital economy.

By Order of the Board
HATTEN LAND LIMITED

Dato' Tan June Teng, Colin
Executive Chairman and Managing Director
1 December 2021

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

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

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