

HATTEN LAND LIMITED

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

RESPONSE TO SGX QUERIES

The board of directors (the “**Board**”) of Hatten Land Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to inform shareholders that it had received queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Queries**”) in relation to Company’s announcement dated 31 August 2020 in respect of the supplemental rental agreement (“**Announcement**”). The Board wishes to respond to the Queries as follows:

Unless otherwise expressly defined herein, all capitalised terms shall bear the same meanings ascribed to them in the Announcement.

Query 1:

Why is the Company entering into the Proposed Transaction to pay Upcoming Rental of 5 years in advance (1 August 2020 to 15 June 2025)?

Company’s Response:

Due to the current challenging business environment impacted by the COVID-19 pandemic, the Company has implemented various measures to preserve cash and bolster its balance sheet as previously announced including proposed disposal of land by Prolific Revenue Sdn Bhd, the restructuring of its two subsidiaries, MDSA Resources Sdn Bhd and MDSA Ventures Sdn Bhd and proposed divestment of a subsidiary being Gold Mart Sdn Bhd.

The Proposed Transaction is aligned with the Company’s initiative to preserve cash by capitalising the Upcoming Rental. The initial rental agreement entered between the Company and the Landlord in November 2013 for a lease period of 12 years did not allow for termination of the agreement at the option of the Company. Therefore, the Supplemental Agreement crystallises the Upcoming Rental for a full settlement by way of the issuance of the Consideration Shares. Through the Proposed Transaction, the Company does not need to utilise its cash to pay for the Upcoming Rental.

In addition, the Landlord accepting the Company’s shares as consideration for the Upcoming Rental at a premium of approximately 6.28% to the volume weighted average price of S\$0.0541, based on trades done on the Shares on SGX-ST on 31 August 2020 (being the full market day on which the Supplemental Agreement is signed) with a moratorium period of up to two years is a vote of confidence in the Company.

Query 2:

What due diligence did the company do on the Landlord?

Company’s Response:

The Company has leased the Office from Landlord since November 2013 and hence, the Landlord is not unfamiliar to the Company. Notwithstanding this, the Company had conducted checks on the ACRA business profiles on the Landlord and its sole shareholder, Link (THM) Holdings Pte. Ltd and performed internet checks on the Landlord with no adverse findings. In addition, it was confirmed that the Landlord is the owner of the office building with the tenure of the building of 999 years lease commencing from 1841.

Query 3:

What recourse does the Company have should the Landlord cease operations or if there are any termination of the rental agreement during the 5-years period, or if there are changes to the Company's office space needs?

Company's Response:

The initial rental agreement between the Company and the Landlord for a lease period of 12 years did not allow for termination at the option of the Company. Pursuant to the Supplemental Agreement, the Tenant and the Landlord (collectively the "**Parties**") are not able to assign or transfer any of their rights or obligations in the Supplemental Agreement. In addition, the Supplemental Agreement shall be binding upon their successors and assigns. The Parties are also not allowed to terminate the Supplemental Agreement.

If there are changes to the Company's office space needs to the extent that the Company has extra office space, the Company is allowed to sub-lease the extra space to other parties.

Query 4

What were the Company's historical 3-year rental rates before its entry into the Proposed Transaction?

Response:

Prior to the Company's entry into the Proposed Transaction, the rental rate for the Office was S\$5.11 per square foot commencing in October 2018. Prior to October 2018, the rental rate of S\$4.87 per square foot. The Upcoming Rental amount of S\$3.47 million represents a rental rate of S\$6.33 per square foot from August 2020 to October 2021 and S\$6.65 per square foot from October 2021 to June 2025, comparable to current market rental rates as explained in the response to Query 5.

Pursuant to the Proposed Transaction, the Parties agreed to the revised rental rate to reflect the current market rental rates of comparable office space in the vicinity and to take into consideration that the payment for the Upcoming Rental is in the form of Shares instead of cash.

Query 5

How does the Upcoming Rental amount of S\$3.47 million compare to the market? Does the Supplemental Agreement provide for revision of rental rates in the future depending on the market conditions?

Company's Response:

The Upcoming Rental amount of S\$3.47 million represents a rental rate of S\$6.33 per square foot from August 2020 to October 2021 and S\$6.65 per square foot from October 2021 to June 2025.

The table below summarises the rental rates of comparable office space in the vicinity currently available for lease:-

Address	Rental Rate PSF
57 Mohamed Sultan Road	S\$6.85
33 Mohamed Sultan Road	S\$6.30
UE Square	S\$8.50

Source: www.99.co

Based on the table above, the Company's rental rates are comparable to the market rates.

The Supplemental Agreement crystallises the Upcoming Rental for a full settlement by way of the issuance of the Consideration Shares. Through the Proposed Transaction, the Company does not need

to utilise its cash to pay for the Upcoming Rental. Therefore, the Supplemental Agreement does not provide for revision of rental rates in the future depending on the market conditions.

Query 6

How was the consideration price / issue price determined?

Company's Response:

The Issue Price was arrived at following arm's length negotiations between the Company and the Landlord after taking into consideration the historical trading performance of the Company and prevailing market conditions, and the Parties agreed that the issue price be based on the volume weighted average price of the Shares for five consecutive trading days prior to the date of the Supplemental Agreement.

The Issue Price of S\$0.0575 represents a premium of approximately 6.28% to the volume weighted average price of S\$0.0541, based on trades done on the Shares on SGX-ST on 31 August 2020 (being the full market day on which the Supplemental Agreement is signed).

By Order of the Board
HATTEN LAND LIMITED

Dato' Tan June Teng, Colin
Executive Chairman and Managing Director
2 September 2020

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.

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.