

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 11 August 2020 in respect of the Proposed Disposal of Gold Mart Sdn Bhd (“**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

Further to the disclosures on 14 May 2020 and 13 August 2020, please provide an update as to the legal dispute with the main-contractor (i.e. China Construction Yangtze River (M) Sdn Bhd) of the Harbour City Project. Please disclose the quantum of such arbitration / litigation and whether this is material to the Listco.

Company’s Response

Since the announcement on 14 May 2020 on the adjudication, Gold Mart is currently waiting for the appointment of an adjudicator by the Director of Asian International Arbitration Centre. We understand that the position of the Director of Asian International Arbitration Centre is currently vacant and hence, the appointment of an adjudicator can be only be done after a new Director of the Asian International Arbitration Centre is appointed.

China Construction Yangtze River (M) Sdn Bhd (“CCYR”) had made a request for arbitration dated 3 September 2020 pursuant to Article 2.2. of the Persatuan Arkitek Malaysia (“PAM”) Arbitration Rules and Clause 34.6 (a) of the PAM Conditions of Contract. CCYR had also revised their claim to RM259 million.

Gold Mart’s position on the legal dispute with CCYR remains that CCYR’s claim is without merit given in amongst others, that CCYR itself is in substantive breach of the agreement between Gold Mart and CCYR, and Gold Mart would file a counterclaim against CCYR.

Gold Mart had through its solicitors on 24 September 2020 responded to the request for arbitration stating amongst others:-

- (i) the said request is invalid and/or premature;
- (ii) CCYR’s claim is denied; and
- (iii) that Gold Mart has a counterclaim against CCYR which is currently being ascertained.

At the time of this announcement, PAM has yet to appoint any arbitrator. The Company will be making announcement relating to the arbitration once the arbitration is formalised with the appointment of the arbitrator.

Query 2

The marketing materials of <https://privilegehotelownership.com/tayrona-city-melaka>>Tayrona City [<https://privilegehotelownership.com/tayrona-city-melaka/>] appears to be the same as Harbour City’s [<https://harbourcity.com.my/>].

- (a) Please explain how this had occurred given that shareholders' approval have not been obtained for the divestment of Gold Mart and Harbour City. It was disclosed that one of the conditions precedents for the divestment is the obtaining of shareholders' approval at an EGM to be held (which is now to occur on 13 November 2020). Whom in the Company is responsible for such an occurrence?
- (b) Can the AC please confirm if the internal controls in place in the Company is adequate and effective given the above occurrence.
- (c) What will be the Company's next steps as to Tayrona's marketing materials, before shareholders' approval is obtained at the EGM?

Company's Response

- (a) As disclosed in the Announcement, Tayrona Capital intends to change the name of the Project to "Tayrona City" and hence, the Company believes that the "Tayrona City" project referred to in those marketing materials is similar to the Project.

Tayrona Capital is aware that the Proposed Transaction is conditional on the satisfaction of the conditions precedents including the obtaining of shareholders' approval at an EGM scheduled on 13 November 2020.

The Company was notified by Tayrona Capital of its intention to commence marketing of Tayrona City prior to completion for the following reasons:-

- (i) As the executive directors of Hatten Land are also its largest shareholder with a deemed interest of 64.31% held by Hatten Holdings Pte Ltd, the ordinary resolution for the Proposed Transaction to be tabled in the EGM is expected to be approved and accordingly, the Proposed Transaction is expected to complete; and
- (ii) Due to the market sentiments in view of COVID-19 pandemic, it is beneficial to commence marketing for the unsold units in the Project early as investors will take longer time to make a decision.

In response to Tayrona Capital's intention, the Company took the immediate steps below:-

- (i) The Company reminded Tayrona Capital that the Proposed Transaction has yet to complete as it is conditional on the satisfaction of the conditions precedents including the obtaining of shareholders' approval at an EGM;
- (ii) The Company obtained an indemnity from Tayrona Capital that it would indemnify the Company and Gold Mart from and against any and all losses, liabilities, costs and charges which the Company and Gold Mart may sustain, incur or suffer arising from the promotion, marketing and sale of the investment packages under the Tayrona Privilege Hotel Ownership Programme; and
- (iii) In the scenario that the Proposed Transaction fails to complete, the Company could work with Tayrona Capital to convert the unsold units in the Project to Tayrona Capital's investors arising from its marketing efforts if any.

After careful deliberation on the potential cost and benefit, the Company did not restrict Tayrona Capital to commence marketing.

- (b) The Company was notified by Tayrona Capital of its intention to commence marketing of Tayrona City prior to completion and the occurrence of the marketing materials was not a lapse of internal controls. Therefore, the Audit Committee confirmed that the internal controls in place in the Company are adequate and effective to safeguard the Company's interest pursuant to the Proposed Transaction.
- (c) Please refer to the reply to Query 1 above.

Query 3

Please disclose the completion steps and timeline envisaged for the handing over of the Harbour City Project.

Company's Response

As disclosed in the Announcement, the indicative completion date is 15 November 2020. As the EGM will be held on a Friday 13 November 2020, the completion date is expected to be extended to another date within November 2020. The Company will make the necessary announcement on the revised completion date in due course.

Following the completion of the Proposed Transaction, Tayrona Capital would have a stake of 99% in Gold Mart and hence, it would control Gold Mart and accordingly the Project.

The Company is currently in discussion with Tayrona Capital on handover of operational matters including but not limited to replacement of directors and corporate secretary of Gold Mart. The Company envisaged that the handover may take up to one month from the completion date of the Proposed Transaction in view of various restrictions in Malaysia due to the COVID-19 pandemic.

By Order of the Board
HATTEN LAND LIMITED

Dato' Tan June Teng, Colin
Executive Chairman and Managing Director
11 November 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.