

HATTEN LAND LIMITED

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

PROPOSED ACQUISITION OF 20% EQUITY INTEREST IN ECXX GLOBAL PTE. LTD.

1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of Hatten Land Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Group has on 29 June 2020 entered into the following agreements to acquire a 20% equity interest in ECXX Global Pte. Ltd. (“**ECXX**”) (the “**Proposed Acquisition**”):-

- (i) Conditional sale and purchase agreement between the Company and the existing Shareholders of the ECXX (“**SPA**”) to acquire in aggregate 19,809 ordinary shares in the capital of ECXX representing approximately 18.54% equity interest in ECXX (“**Vendor Shares**”). Pursuant to the SPA, the Company has nominated its indirect wholly owned subsidiary, Hatten Technology (S) Pte Ltd (“**Hatten Tech**” or the “**Purchaser**”) to hold the Vendor Shares; and
- (ii) Conditional share subscription agreement between Hatten Tech and ECXX to subscribe for 1,557 new ordinary shares in ECXX amounting to 1.46% equity interest (“**New Shares**”) of its enlarged share capital after the issuance of the new shares (“**SSA**”).

The purchase consideration for the Proposed Acquisition shall be US\$6 million (S\$8.52 million with the fixed exchange rate of US\$1:S\$1.42) (the “**Purchase Consideration**”).

Pursuant to the SPA, ECXX’s largest shareholder CapitalX Global Limited has agreed to grant an option to the Purchaser to acquire up to 33,115 shares, representing approximately 31% of the issued and paid-up share capital of ECXX as at the date of this announcement, at a price determined based on the fair market value of the Company on a willing buyer and willing seller basis at the time of acquisition. The option agreement comprising the terms and conditions shall be entered into by the parties at the completion of the Proposed Acquisition.

Upon the completion of the Proposed Acquisition, the Company may nominate its representatives to be appointed as directors representing no more than one third (1/3) of the board of directors of ECXX. As such, the Proposed Acquisition will be accounted as an investment in associate due to the Company’s influence on the financial and operating policy decisions of ECXX.

2. INFORMATION ON ECXX

2.1. ECXX is a private company limited by shares incorporated on 3 October 2018 in the Republic of Singapore with an issued and paid-up capital of US\$5,842,432 comprising 105,264 ordinary shares as at the date of this announcement. It has a wholly owned subsidiary, ECXX Hong Kong Limited which is currently dormant. Mr Lee Chin Foong is the sole director and the chief executive officer of ECXX.

2.2. ECXX’s principal activity is the provision digital asset exchange services in Singapore. Its digital asset exchange (ecxx.com), built on blockchain technology, allows both professional traders and retail investors to buy, sell and store digital assets. Its digital exchange platform is integrated with MyInfo, the one-stop Singapore government identity platform. This integration allows seamless Know-Your-Customer checks on members of MyInfo who can log-in to ECXX’s digital asset exchange using their SingPass. ECXX is currently developing new digital products to complement its existing digital asset exchange business.

- 2.3. Based on ECXX's audited financial statement for the financial year ended 31 August 2019, it reported a net asset value of US\$2.4 million and loss before tax of US\$1.2 million.
- 2.4. The shareholders of ECXX are as follows:

Name of Vendor	Number of Shares	%
CapitalX Global Limited	76,500	72.67
Epsilon Investment Limited	10,000	9.50
Ariki Asia Limited	9,000	8.55
ChainUp Pte Ltd	5,264	5.0
Lee Chin Foong	4,500	4.27
Total	105,264	100.00

CapitalX Global Limited is a company incorporated in British Virgin Islands. Its sole shareholder and director is Eric Cheng and its principal business activity is investment holding.

Epsilon Investment Limited is a company incorporated in British Virgin Islands. Its sole shareholder and director is Lin Kok Peng and its principal business activity is investment holding.

Ariki Asia Limited is a company incorporated in British Virgin Islands. Its sole shareholder and director is Lim Beng Chew. Its principal business activities are import and export of beverages, cosmetics and alcohol.

ChainUp Pte Ltd is a company incorporated in Singapore. Its sole shareholder is Chen Kejia and directors comprise Chen Kejia and Qiushuo. Its principal business activity is information technology consultancy.

None of the shareholders of ECXX and their directors and shareholders are related to the Company, the Group and the directors and substantial shareholders of the Company.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 Purchase Consideration

The Purchase Consideration for the Proposed Acquisition shall be US\$ 6 million (S\$8.52 million with the fixed exchange rate of 1.42), was arrived at on willing-buyer and willing-seller basis and upon arm's length negotiations after taking into consideration the rationale and benefits of the Proposed Acquisition as set out in paragraph 3.5.

In addition, the Board had also considered that the Proposed Acquisition will provide the Group immediate access to the technology and strategic human capital of ECXX as opposed to the Company developing such capability in-house, which may be more timely, costly and uncertain in terms of execution. With the Proposed Acquisition, the Group can expedite the development of its Digital Vision for Melaka, which will integrate the Group's traditional brick and mortar business onto a digital platform.

The structure of the Purchase Consideration also allows the Group to achieve the above using minimal cash funds with an added option to potentially obtain a majority stake in ECXX subsequently, while also aligning the Vendors' interest with that of the Group. It is also noted that the issue of Hatten Shares would be a premium to the current trading price as set out in paragraph 3.2 below.

3.2 Payment for the Purchase Consideration

The Purchase Consideration is payable as follows:-

- (i) Purchase Consideration for the Vendor Shares of US\$5,645,070 (S\$8,016,000 with the fixed exchange rate of US\$1:S\$1.42) which will be satisfied by the allotment and issue

of 100,200,000 new ordinary shares of the Company (“**Hatten Shares**”) at an issue price of S\$0.08 per share (“**Issue Price**”). The Issue Price was arrived at on willing-buyer and willing-seller basis and upon arm’s length negotiation.

The Issue Price represents a premium of approximately 29.66% to the weighted average price of S\$0.0617 per share for trades done on the SGX-ST on 26 June 2020, being the full market day preceding the date of the SPA.

The Hatten Shares represent approximately 6.98% of existing share capital of the Company of 1,434,596,353 or 6.53% of the enlarged share capital of the Company after issuance of 1,534,796,353. The issuance of Hatten Shares to the respective shareholders of ECXX (each a “**Vendor**”, collectively “**Vendors**”) is as follows:

Vendor	Number of Sale Shares	Number of Hatten Shares	% of Current Share Capital of the Company	% of Enlarged Share Capital of the Company
CapitalX Global Limited	14,395	72,819,767	5.08%	4.74%
Epsilon Investment Limited	1,882	9,518,924	0.66%	0.62%
Ariki Asia Limited	1,694	8,567,031	0.59%	0.56%
ChainUp Pte. Ltd.	991	5,010,762	0.35%	0.33%
Lee Chin Foong	847	4,283,516	0.30%	0.28%
Total	19,809	100,200,000	6.98%	6.53%

The Hatten Shares, when allotted and issued to each Vendor, shall be fully paid, free from all claims and encumbrances and shall rank pari passu in all respects with the issued ordinary shares in the capital of the Company as at the date of issue of the Hatten Shares.

The Hatten Shares are subject to a moratorium. The Vendors are not to dispose of any part of their shareholding interests in the Company for a period of three (3) months commencing from the date of listing of the Hatten Shares on SGX-ST (such shareholdings being adjusted for any bonus issue, subdivision or consolidation) and thereafter, the Vendors shall only be allowed to dispose of up to 25% of the Hatten Shares held by the respective Vendors every three (3) months.

Each of the Vendors has confirmed that it is not a person falling within the category of persons listed in Rule 812(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). As at the date of this Announcement, none of the Vendors holds, directly or indirectly, any shares in the capital of the Company.

- (ii) Purchase Consideration for the New Shares amount to US\$354,930 (S\$504,000 with the fixed exchange rate of US\$1:S\$1.42), payable in cash over a period of 24 months on an equal monthly payment of S\$21,000.

3.3 General Mandate

- (i) The Hatten Shares will be allotted and issued pursuant to the authority granted by shareholders of the Company (“**Shareholders**”) by way of an ordinary resolution at the annual general meeting of the Company held on 23 November 2019 (“**2019 AGM**”) for the issue of Shares not exceeding 100.0% of the issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the 2019 AGM, of which the aggregate number of shares to be issued other than on a pro-rata basis to Shareholders shall not exceed 50.0% of the issued Shares (excluding treasury shares and subsidiary holdings) (the “**Share Issue Mandate**”).

- (ii) The issued share capital of the Company as at the date of the Share Issue Mandate was 1,378,096,353 shares. As no shares had previously been issued pursuant to the Share Issue Mandate, the maximum number of new shares that may be issued other than on a pro-rata basis to Shareholders pursuant to the Share Issue Mandate is 689,048,176 Shares. As such, the allotment and issuance of all the Hatten Shares falls within the limits of the Share Issue Mandate.

The Company will apply to the SGX-ST through its sponsor, UOB Kay Hian Private Limited, for the dealing in, listing and quotation for the Hatten Shares on the Catalist. The Company will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

3.4 Conditions precedent

The acquisition of the Vendor Shares is conditional upon *inter alia* the following conditions having been fulfilled, (or waived in writing, in whole or in part):

- Completion of the insurance, advisory, physical, technical, financial, legal, tax, valuation and business due diligence investigations conducted by the Company and its professional advisers on ECXX, and the results of such due diligence investigations being satisfactory to the Company;
- the Company obtaining all internal and regulatory approval and the issuance by the SGX-ST of a listing and quotation notice of the Hatten Shares on the Catalist;
- there being no material adverse change in the prospects, operations, assets, business, results, profits or condition (financial or otherwise) of the ECXX Group occurring on or prior to the completion date;
- There being no material breach by the Vendors and ECXX of the representations, warranties, covenants and indemnities given by them in the Agreements in connection with the Proposed Acquisition;
- Delivery by the Vendors of a duly executed moratorium undertaking; and
- the Parties having performed all of the covenants and agreements required to be performed or caused to be performed by it under the SPA including the execution of the option agreement on or prior to the completion date.

Completion of the subscription of the New Shares is conditional upon the conditions under the SPA having been satisfied or waived or if subject to conditions, on such conditions as may be agreed in writing by the parties.

If the conditions precedent are not satisfied or waived on or before the 30 September 2020 ("**Cut-off Date**"), save as expressly provided, the parties may, in their absolute discretion, terminate the SPA Agreement.

3.5 Rationale and Benefits of the Proposed Acquisition

- (i) Digital Vision of the Company

Based on various properties developed and in construction in Melaka, these properties provide a significant amount of touchpoints with local consumers and tourists in Melaka. We intend to develop a digital ecosystem to connect consumer and stakeholders such as purchase of our properties, tenants in our malls and businesses. Technology is integral and critical to this vision.

The Proposed Acquisition provides the Company access to expertise, experience and network of ECXX and its shareholders in areas such as blockchain.

(ii) Strategic Partnership and Human Resource

Technology is heavily dependent on the expertise, experiences and network of people. The Proposed Acquisition is a strategic move for the Company to tap onto the expertise and network of ECXX and its reputable shareholders. This provides immediate access to the technology and strategic human capital of ECXX as opposed to the Company developing such capability in-house, which may be more timely, costly and uncertain in terms of execution.

(iii) Technology Business as a New Revenue Pillar

Technology is revolutionizing businesses and how we live. COVID-19 has further solidified the role and contribution of technology in our lives. Investment in ECXX is a step to the right direction of embracing technology and development of a technology business to complement existing businesses of the Company.

(iv) Development of New Products

ECXX is currently developing new digital products to complement its existing digital asset exchange business. If successfully commercialized, these new digital products will greatly enhance the competitive advantages of ECXX.

Based on the above, the Company believes that the Proposed Acquisition is a strategic effort for the Company to integrate its digital vision with its brick and mortar property business. Through the Proposed Acquisition, the Company gains access to valuable human capital comprising the expertise, experience and network of ECXX and its shareholders in areas such as blockchain. Therefore, the Company is of the view that the Proposed Acquisition will be value accretive to the Company, notwithstanding it is loss making currently.

4. SOURCE OF FUNDS FOR THE PROPOSED ACQUISITION

The Purchase Consideration for the New Shares shall be fully funded by the Group's internal resources.

5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

5.1. Assumptions

The pro forma financial effects in this section have been prepared based on the most recently completed financial year which is the audited consolidated financial statements of the Group for the financial year ended 30 June 2019 ("FY2019") and under the following assumptions:

- (a) that the Proposed Acquisition had been completed on 1 July 2018 for the purposes of illustrating the financial effects on the Group's earnings per share ("EPS");
- (b) that the Proposed Acquisition had been completed on 30 June 2019 for the purposes of illustrating the financial effects on the Group's net tangible assets ("NTA") per share and net gearing ratio.

The pro forma financial effects presented below are for illustrative purposes only and may not reflect the actual financial position and results of the Group upon completion of the Proposed Acquisition.

5.2. NTA per Share

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA attributable to owners of the Company (RM'000)	385,018	384,245 ⁽¹⁾
Number of Shares ('000)	1,378,096	1,478,296
NTA per Share (RM cents)	27.94	25.99

5.3. EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit attributable to owners of the Company (RM'000)	18,854	17,830 ⁽²⁾
Weighted average number of Shares ('000)	1,378,096	1,478,296
EPS (RM cents)	1.37	1.21

5.4. Gearing

	Before the Proposed Acquisitions	After the Proposed Acquisitions
Total borrowings (RM'000)	416,524	416,524
Cash and cash equivalents (RM'000)	28,477	27,704
Equity attributable to Shareholders (RM'000)	385,018	409,600
Net gearing ratio (times) ⁽¹⁾	1.01	0.95

Notes:

- (1) The computation of the illustrative Group's NTA attributable to owners of the Company and gearing ratio only takes into account the cash payments of RM773,000.
- (2) The computation of the illustrative Group's net loss attributable to owners of the Company only takes into account the share of loss arising from ECXX of approximately RM1,024,000.
- (3) "Net gearing ratio" has been computed based on total borrowings net of cash and cash equivalents divided by equity attributable to Shareholders.

6. **RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES**

Computation of Relative Figure

Based on the Group's latest announced unaudited consolidated financial statements for the third quarter ended 31 March 2020, the relative figures of the Proposed Acquisition, computed on the bases set out in Rules 1006(a) to (e) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") are set out below.

Rule 1006	Bases of Calculation	Relative Figure (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
(b)	Net loss attributable to the assets acquired or disposed of, compared with the Group's net loss	2.85% ⁽¹⁾

(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	9.63% ⁽²⁾
(d)	The number of Shares to be issued by the Company as consideration for an acquisition, compared with the number of Shares (excluding treasury shares) previously in issue	6.98% ⁽³⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate proved and probable reserves (only applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company)	Not applicable

Notes:

- (1) Based on the net loss of ECXX for the nine-month period ended 31 May 2020 of approximately RM990,000 and the Group's net loss for the nine-month period 31 March 2020 of approximately RM34.8 million.
- (2) Based on the market capitalisation of the Company of S\$88.5 million and Consideration of US\$6.0 million. (S\$8.52 million with the fixed exchange rate of US\$1:S\$1.42). The market capitalisation is based on 1,434,596,353 shares in issue and the volume weighted average price of S\$0.0617 on 26 June 2020, being the last market day preceding the date of the Agreement where trades were recorded.
- (3) Based on the number of shares to be issued of 100,200,000 compared to the current number of shares in issue as at the date of this announcement of 1,434,596,353. The Company's share capital after the Proposed Acquisition is 1,534,796,353 respectively.

The relative figures computed under Rules 1006 exceed 5% but is less than 75% and the relative figures in 1006(b) involves negative figures. Pursuant to Rule 1010 and the guidance provided in Practice Note 10A paragraph 4.4, the Proposed Acquisition would be considered a disclosable transaction.

Based on the guidance provided in Practice Note 10A paragraph 2.5, the Board is of the view that the Proposed Acquisition does not change the risk profile of the Group and there is no diversification of business as the Group's principal property business remains unchanged. As such, the Company will not be seeking shareholders' approval for the Proposed Acquisition.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings in the Company.

8. SERVICE AGREEMENTS

No person will be appointed to the Board of Directors of the Company, and no service agreements will be entered into by the Company, in connection with the Proposed Disposal.

9. DOCUMENTS FOR INSPECTION

A copy of the SPA and SSA are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 53 Mohamed Sultan Road, #04-02, Singapore 238993 for three (3) months from the date of this announcement.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. As at the date of this announcement, there is no certainty or assurance that the transaction will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. In the event of any doubt, Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Dato' Tan June Teng, Colin
Executive Chairman and Managing Director
29 June 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 Catalist.

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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