

HATTEN LAND LIMITED

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

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF VELVET VALLEY SDN. BHD.

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 its wholly owned subsidiary, Sky Win Management Consultancy Pte Ltd (“**Sky Win**”), has on 3 August 2018 entered into a sale and purchase agreement (the “**VVSB Sale and Purchase Agreement**”) with Dato’ Tan Ping Huang Edwin @ Chen Binghuang (“**Dato’ Edwin**”), Dato’ Tan June Teng Colin @ Chen Junting (“**Dato’ Colin**”) and Yap Wei Shen (collectively the “**VVSB Vendors**”) to acquire the entire issued and paid-up share capital of Velvet Valley Sdn. Bhd. (“**VVSB**”) for an aggregate consideration of RM43,000,000 (the “**VVSB Acquisition**”).

Upon the completion of the VVSB Acquisition, VVSB will become a subsidiary of the Company.

2. THE PROPOSED ACQUISITION OF THE VVSB GROUP

2.1. Information on the VVSB Group

VVSB is a private company limited by shares incorporated in Malaysia and its principal business is property development. The entire paid up share capital in VVSB is currently wholly owned by Dato’ Edwin, Dato’ Colin and Yap Wei Shen in the proportion of 40%, 40% and 20% respectively. Dato’ Edwin and Dato’ Colin are passive investors in VVSB. VVSB has a wholly-owned subsidiary Velvet Valley Management Sdn Bhd (“**VVMSB**”, together with VVSB the “**VVSB Group**”).

VVSB is currently developing an integrated mixed development project comprising seven storey service suite with four levels retail space, three levels car parks and one level facilities known as Unicity Project in Seremban, Malaysia (the “**Unicity Project**”) which is expected to be completed in fourth quarter of 2018 (“**4Q2018**”). VVSB is the registered and beneficial proprietor of a piece of freehold land held under title number HS(D) NO. 219890 P.T. NO. 436 in Bandar Seremban 3, Daerah Seremban, Negeri Sembilan, Malaysia measuring approximately 7,936 square metres, on which the Unicity Project is located. The Unicity Project is located next to MARA University of Technology in Seremban.

VVSB also owns an intermediate freehold unit four storey shop office with a floor area of approximately 554.8 square metres (the “**Shop Office**”) and together with the Unicity Project as the “**VVSB Assets**”) which has been completed as at the date of this announcement. The Shop Office is located on No. C3, Block No. C, Era Square, Seremban within Town and District of Seremban, State of Negeri Sembilan, Malaysia.

The principal business of VVMSB is to provide guaranteed rental return to purchasers of units in the Unicity Project which will come into effect after completion of the Unicity Project. As at the date of this announcement, VVMSB is dormant a company.

VVSB Group had a net profit before tax of RM2.6 million based on its unaudited proforma management accounts for the nine months ended 31 March 2018.

2.2. Information on Yap Wei Shen

Ms Yap Wei Shen has many years of professional experience in the real estate development and real estate services. She is currently the director of Canarby Production Sdn Bhd, a

branding specialist firm for property development sector. Ms Yap is not related to the Company, its Directors and/or substantial shareholders, and their respective associates. As at the date of this announcement, Ms Yap does not hold any shares in the capital of the Company ("**Shares**").

2.3. Rationale and benefits

The acquisition of the Unicity Project will serve as the Company's first venture into the Seremban area and outside of Melaka. The Company believes that the VVSB Acquisition will be value accretive for the shareholders of the Company ("**Shareholders**") and is in line with the long-term growth strategy of the Company for the following reasons:-

- a) Geographical diversification by having some of the Company's developments located outside of Melaka;
- b) Company is not exposed substantially to the typical risks associated with entering a new market as two of the VVSB Vendors of Unicity Project are also major shareholders of the Company and the expected completion of Unicity Project in 4Q2018 reduces completion risk; and
- c) Company is acquiring VVSB at a 20% discount to the independent valuation of RM53.8 million on the VVSB Group as described in paragraph 2.4.2 below.

2.4. Salient Terms

2.4.1. *Status of VVSB*

The entire issued and paid-up share capital of VVSB will be acquired by Sky Win free from all forms of legal, equitable, or security interests, including but not limited to any mortgage, charge (whether fixed or floating), pledge, lien (including, without limitation any unpaid VVSB Vendors' lien or similar lien), assignment of rights and receivables, debenture, right of first refusal, option, hypothecation, title retention or conditional sale agreement, lease, hire or hire purchase agreement, restriction as to transfer, use or possession, easement, subordination to any right of any other person, and any other encumbrance or security interest and in accordance with the terms of the VVSB Sale and Purchase Agreement.

2.4.2. *Consideration*

The consideration for VVSB shall be RM43,000,000 (the "**Purchase Price**") and shall be satisfied in full in the following manner:

- (a) 20% of the Purchase Price shall be paid in cash on the first anniversary of the date of Completion (the "**Completion Date**");
- (b) 30% of the Purchase Price shall be paid in cash on the second anniversary of the Completion Date; and
- (c) 50% of the Purchase Price shall be paid in cash on the third anniversary of the Completion Date.

The consideration was arrived at on a willing buyer – willing seller basis, upon arm's length negotiations with the VVSB Vendors after taking into consideration, *inter alia*, various commercial factors such as the rationale for the VVSB Acquisition as explained in paragraph 2.3, location of the Unicity Project, the property market in the vicinity, the prevailing market conditions and the independent valuation referred to below. The consideration for the VVSB Acquisition may be adjusted after the VVSB Due Diligence Investigations (as defined below) which are still in progress as at the date of this announcement.

As part of the due diligence, the Company has commissioned Jones Lang LaSalle Corporate Appraisal and Advisory Limited and Appraisal Malaysia Sdn. Bhd. (“**Independent Valuers**”), to conduct an independent valuation on VVSB Group and the VVSB Assets, respectively, as at 31 March 2018. The Independent Valuers have taken into account of, *inter alia*, the market value of the asset, being the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The market value of the Unicity Project and Shop Office was approximately RM97.2 million and RM1.80 million, respectively. The market value of VVSB Group (including VVSB Assets) was approximately RM53.8 million.

The consideration will be funded by the Company’s internal resources and/or bank borrowings. In the event the Company shall for any reason fails to pay the Purchase Price or any part thereof as and when it falls due on the first and/or second anniversary of the Completion Date, such outstanding amount is not subject to any interests and will become payable on the next due date. Subject to the Company obtaining the relevant approvals, the Company has the option to partially or fully settle any outstanding amounts owing to the VVSB Vendors at the end of the third anniversary of the Completion Date through the issuance of new Shares of the Company. The new Shares will be issued at an issue price based on the five day volume weighted average price of the Shares immediately prior to the third anniversary of the Completion Date, subject to a minimum price equals to the latest audited consolidated net asset value per share of the Company. Such issuance of new Shares shall be undertaken in accordance with the requirements under the Catalyst Rules.

2.4.3. *Conditions Precedent*

This completion of the VVSB Acquisition is conditional upon the fulfilment of certain conditions. The material conditions are as follows:-

- (a) Sky Win causing the Company to obtain the approval from Shareholders and the Sponsor of the Company for the VVSB Acquisition as an interested person transaction;
- (b) The completion of the due diligence review by Sky Win on the VVSB Group, including a valuation report, to be carried out by the Purchaser and/or its appointed advisers on the Company (the “**VVSB Due Diligence Investigations**”) and the results of such due diligence review being satisfactory in the reasonable opinion of Sky Win, provided that Sky Win shall not deem the outcome of the due diligence review unsatisfactory without reasonable cause and without first giving the VVSB Vendors and VVSB a reasonable period to remedy any default in respect thereof;
- (c) The rectification, or the procurement of such rectification, to the satisfaction of Sky Win, by the VVSB Vendors at their own costs and expenses, of all issues or irregularities uncovered by Sky Win during the due diligence review on the VVSB Group;
- (d) The VVSB Vendors and Sky Win not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the VVSB Sale and Purchase Agreement, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened;
- (e) The VVSB Vendors obtaining at their own costs and expenses, all consents, approvals and authorisation of any bank, financial institutions, landlord, government, statutory or regulatory authorities or any relevant third party in Singapore or Malaysia (if any) which are necessary or desirable in connection

with the transactions contemplated under the VVSB Sale and Purchase Agreement, and such consents, approvals and authorisation has not been amended or revoked prior to completion, and if subject to conditions, on such conditions acceptable to Sky Win and the VVSB Vendors;

- (f) There being no material breach by the VVSB Vendors of the representations, warranties, covenants and indemnities given by the VVSB Vendors as set out in the VVSB Sale and Purchase Agreement and such other agreements to be entered into by the parties in connection with the VVSB Acquisition; and
- (g) There being no material adverse change, or events, acts or omissions likely to lead to such a change, in the business, assets, prospects, performance, financial position or results of operations of VVSB from the date of the VVSB Sale and Purchase Agreement.

2.4.4. Long Stop Date

Sky Win and the VVSB Vendors agree that the conditions set out in paragraph 2.4.3 above shall be obtained or fulfilled by VVSB and/or the VVSB Vendors at their own costs and expenses within five (5) months from the date of the VVSB Sale and Purchase Agreement provided always that Sky Win and the VVSB Vendors may by agreement defer the fulfilment of the abovementioned conditions at their own discretion and proceed to complete the VVSB Acquisition. The VVSB Acquisition will be completed within 30 days from date of the fulfillment of the conditions ("**Completion**").

If the abovementioned conditions are not fulfilled by the relevant party or waived by the parties within five (5) months from the date of the VVSB Sale and Purchase Agreement, the VVSB Sale and Purchase Agreement shall cease and determine (save as provided otherwise in the VVSB Sale and Purchase Agreement) and none of the parties shall have any claim against any other party for costs, damages, compensation or anything whatsoever.

The Company shall not be obliged to complete the purchase of the VVSB, or any part thereof, unless the purchase of all the shares in VVSB from the VVSB Vendors is completed simultaneously.

2.4.5. Further Advance

The VVSB Vendors shall continue to advance interest-free additional working capital (the "**Further Advance**") to VVSB for the construction of the Unicity Project from the date of the VVSB Sale and Purchase Agreement and up to the completion of the VVSB Acquisition. This Further Advance shall be recorded as shareholders' advance in the books of VVSB and shall be repaid by Sky Win as the holding company within 12 months after completion of VVSB Acquisition.

3. FINANCIAL EFFECTS OF THE VVSB ACQUISITION

3.1. Assumptions

The pro forma financial effects of the VVSB Acquisition have been prepared based on the most recently audited consolidated financial statements of the Group and VVSB Group for the financial year ended 30 June 2017 and under the following assumptions:

- (a) that the VVSB Acquisition had been completed on 1 July 2016 for the purposes of illustrating the financial effects on the Group's earnings per Share ("**EPS**");
- (b) that the VVSB Acquisition had been completed on 30 June 2017 for the purposes of illustrating the financial effects on the Group's net tangible assets ("**NTA**") per Share and gearing;

- (c) that the Purchase Consideration is fully paid immediately upon completion of the VVSB Acquisition; and
- (d) the expenses in connection with the VVSB Acquisition have been disregarded hereto.

The pro forma financial effects presented below are for illustrative purposes only and are not intended to reflect the actual financial situation of the Group upon completion of the VVSB Acquisition.

3.2. Share Capital

	Before the VVSB Acquisition	After the VVSB Acquisition
Issued and paid up share capital (RM'000)	250,874	250,874
Number of Shares ('000)	1,378,096	1,378,096

3.3. NTA per Share

	Before the VVSB Acquisition	After the VVSB Acquisition
NTA (RM'000)	227,410	196,778
Number of Shares ('000)	1,378,096	1,378,096
NTA per Share (sens)	16.50	14.28

3.4. EPS

	Before the VVSB Acquisition	After the VVSB Acquisition
Net profit (RM'000)	8,722	6,237
Weighted average number of Shares ('000)	1,261,000	1,261,000
EPS (sens)	0.69	0.49

3.5. Gearing

	Before the VVSB Acquisition	After the VVSB Acquisition
Total borrowings (RM'000) ⁽¹⁾	355,449	401,302
Cash and cash equivalents (RM'000)	83,625	62,509
Equity attributable to Shareholders (RM'000)	227,410	196,778
Net gearing ratio (times) ⁽²⁾	1.20	1.72

Notes:

- (1) "Total borrowings" comprises bank borrowings and finance leases.
- (2) "Net gearing ratio" has been computed based on total borrowings net of cash and cash equivalents divided by equity attributable to Shareholders.

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

Based on the Group's latest announced unaudited consolidated financial statements for the third quarter ended 31 March 2018, the relative figures of the VVSB Acquisition, taken as a whole, 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 Catalyst ("**Catalist Rules**") are set out below. The information below is calculated on the basis of an exchange rate of S\$1 : RM2.964.

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	N.A. ⁽¹⁾
(b)	The net profit attributable to VVSB Group, compared with the Group's net profits ⁽²⁾	77.56%
(c)	The aggregate consideration of the VVSB Acquisition compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares ⁽⁴⁾	7.57%
(d)	The number of Shares to be issued by the Company for the VVSB Acquisition, compared with the number of Shares (excluding treasury shares) previously in issue	N.A. ⁽⁵⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Company's proved and probable reserves	N.A. ⁽⁶⁾

Notes:

- (1) Not applicable to an acquisition of assets.
- (2) "Net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (3) Based on the net profit of VVSB Group for the nine months ended 31 March 2018 of RM2.6 million and the net profit of the Group for the nine months ended 31 March 2018 of RM3.4 million.
- (4) Based on aggregate consideration of RM43,000,000 and the market capitalisation of the Company of approximately S\$191,555,393, which is determined by multiplying the issued share capital of the Company of 1,378,096,353 Shares, with the volume weighted average price of such Shares of S\$0.139 on 1 August 2018, being the last traded day immediately preceding the date of the VVSB Sale and Purchase Agreement as there were no trading of Company's Shares on the market day immediately preceding the date of the VVSB Sale and Purchase Agreement. (*Source: Bloomberg L.P.*).
- (5) No shares will be issued in connection with the VVSB Acquisition at this juncture. Any such issuance shall be undertaken in accordance with the requirements of the Catalist Rules.
- (6) Not applicable as the Company is not a mineral, oil and gas company.

As the relative figure computed under Rule 1006(b) of the Catalist Rules exceeds 75%, the VVSB Acquisition constitutes a major transaction. However, Rule 1014(2) of the Catalist Rules provides for an exemption to shareholders' approval in the case of an acquisition of profitable assets if the only limit breached is Rule 1006(b). Therefore, the VVSB Acquisition is not subject to Shareholders' approval.

5. THE VVSB ACQUISITION AS AN INTERESTED PERSON TRANSACTION

5.1. Details of Interested Persons

Dato' Edwin is the Executive Director and Deputy Managing Director of the Company. Dato' Colin is the Executive Chairman and Managing Director of the Company. Both Dato' Edwin and Dato' Colin are controlling shareholders of the Company, holding an aggregate of

1,138,392,308 Shares (representing approximately 82.61% in the total share capital of the Company) via Hatten Holdings Pte. Ltd. as at the date of this announcement.

Accordingly, the acquisition of VVSB from Dato' Edwin and Dato' Colin will constitute an interested person transaction under Chapter 9 of the Catalyst Rules (the "**IPT Acquisition**").

5.2. Materiality Thresholds Under Chapter 9

Under Rule 906 of the Catalyst Rules, Shareholders' approval is required for any interested person transaction ("**IPT**") of a value equal to, or more than 5.0% of the Group's latest audited net tangible assets ("**NTA**") or when aggregated with other interest person transactions ("**IPTs**") entered into during the same financial year, the value is equal to or more than 5.0% of the Group's latest audited NTA. In obtaining such approval, the interested person and its associates are required to abstain from voting on the resolution approving the IPT pursuant to Rule 919 of the Catalyst Rules.

The aggregate consideration for the VVSB Acquisition is RM43,000,000 and the consideration payable to each Dato' Edwin and Dato' Colin based on their shareholdings in VVSB is as follows:

	RM
Dato' Colin	17,200,000
Dato' Edwin	17,200,000
Total	34,400,000

The Group's latest audited NTA as at 30 June 2017 is RM227,410,445. As the aggregate consideration payable to Dato' Edwin and Dato' Colin against the Group's latest audited NTA is approximately 15.1%, which exceeds 5.0% of the Group's latest NTA, the IPT Acquisition is an interested person transaction which is subject to the approval of the Shareholders. Accordingly, the Company is seeking Shareholders' approval (other than Dato' Edwin and Dato' Colin and their associates) for the IPT Acquisition at an extraordinary general meeting ("**EGM**") to be convened.

5.3. Other IPTs

Pursuant to Rule 917(5) of the Catalyst Rules, the current total of all interested person transactions (including IPTs with Dato' Edwin and Dato' Colin) which are more than S\$100,000 for the period from 1 July 2017 to the date of this announcement are as follows:

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)
	RM'000	RM'000
Hatten Properties Sdn Bhd ⁽¹⁾	-	3,474
Montane Construction Sdn Bhd ⁽²⁾	-	187,895
Temasek Blooms Sdn Bhd ⁽³⁾	731	-
Fuyuu Development Sdn Bhd ⁽⁴⁾	305	-

Notes:

- (1) Hatten Properties Sdn Bhd is wholly owned by Dato' Colin, Dato' Edwin 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 wholly owned by Dato' Colin, Dato' Edwin and their associates.
- (4) Fuyuu Development Sdn Bhd is wholly owned by Dato' Colin, Dato' Edwin and their associates.

6. AUDIT AND RISK COMMITTEE'S STATEMENT AND INDEPENDENT FINANCIAL ADVISER

The Audit and Risk Committee of the Company (the "**Audit and Risk Committee**"), comprising Dato' Wong King Kheng, Loh Weng Whye and Foo Jong Han Rey, do not have any interests in the VVSB Acquisition and are accordingly deemed to be independent for the purposes of the VVSB Acquisition.

The Audit and Risk Committee will form its view as to whether the IPT Acquisition are (i) on normal commercial terms and (ii) not prejudicial to the interests of the Company and its minority Shareholders, after considering the independent financial adviser's opinion to be obtained in due course.

SAC Capital Private Limited has been appointed as the independent financial adviser in connection to the IPT Acquisition.

7. EXTRAORDINARY GENERAL MEETING

A shareholders' circular and details of the VVSB Acquisition will be despatched in due course to seek Shareholders' approval at the EGM for the IPT Acquisition.

8. DOCUMENTS FOR INSPECTION

Copies of the VVSB Sale and Purchase Agreement and the valuation reports of VVSB Group and VVSB Assets will be made available for inspection during normal business hours at the Company's registered office at 53 Mohamed Sultan Road #04-02 Singapore 238993 for 3 months from the date of this announcement.

9. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the VVSB Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for Dato' Edwin and Dato' Colin who are interested in the VVSB Acquisition, none of the Directors or controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the VVSB Acquisition, other than through their respective shareholdings in the Company.

11. 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 VVSB 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.

12. TRADING CAUTION

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company as the VVSB Acquisition are subject to certain conditions and there is no certainty or assurance as at the date of this announcement that the VVSB Acquisition will be completed.

The Company will make the necessary announcements when there are further developments on the VVSB Acquisition. 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
3 August 2018

*Hatten Land Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 26 January 2017 via a reverse take-over ("**RTO**"). The financial adviser for the RTO was the Sponsor.*

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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 Alvin Soh, Head of Catalist Operations, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.