

# HATTEN LAND LIMITED

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

---

## PROPOSED DISPOSAL OF LAND BY PROLIFIC REVENUE 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 indirect wholly owned subsidiary, Prolific Revenue Sdn Bhd (“**PRSB**”), has on 10 April 2020 entered into a sale and purchase agreement (the “**Agreement**”) with Supreme Power Auto Sdn Bhd (the “**Purchaser**”) for the disposal of a leasehold land (the “**Land**”) for an aggregate consideration of RM28,488,675.60 (“**Consideration**”) (the “**Proposed Disposal**”).

### 2. INFORMATION ON THE LAND AND PURCHASER

- 2.1. The Land is a leasehold vacant land expiring on 15 February 2110. The Land is held under PN 54338, Lot 11006, Kawasan Bandar I, Daerah Melaka Tengah, Melaka (formerly known as No. HS(D) 69653, No. PT 29, Kawasan Bandar I, Daerah Melaka Tengah, Melaka) measuring 3.781 hectares in area bearing postal address known as PT29 (LT11006), Jln Limbongan-Jln Syed Abd Aziz, 75200 Melaka and is initially slated to be developed into an integrated mixed development that will comprise a shopping mall, cineplex, convention hall and auditorium, meeting rooms, a hotel block and a serviced apartment block (“**MICC Project**”). As of the date of this announcement, the MICC Project has yet to commence. The book value of the Land as at 31 December 2019 is RM32,000,000.
- 2.2. The Purchaser is a company incorporated in Malaysia on 14 October 2004. The Purchaser is principally engaged in manufacturing, wholesaling and export of automobile spare parts and provision of such other services related to automobile.

### 3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

#### 3.1 Consideration

The Consideration for the Proposed Disposal is RM28,488,675.60. The Consideration for the Land was arrived at by the relevant parties on a willing buyer willing seller basis after taking into consideration, amongst other factors and current market condition. In arriving at the Consideration, the Company has also relied on similar land sale currently available in the market as reference.

The Consideration will be satisfied in cash payment based on the following payment milestones:-

- (a) 2% of the Consideration, being the earnest deposit has been paid on 21 February 2020;
- (b) 8% of the Consideration, being the balance deposit shall be paid upon execution of the Agreement; and
- (c) 90% of the Consideration shall be paid within three months from the Unconditional Date (as defined herein) of the Agreement (the “**Completion Date**”).

Unconditional Date is defined as the date whereupon the Purchaser’s solicitors received the original Consent (as defined herein).

### 3.2 Conditions precedent

#### (a) Application for consent to transfer

- (i) PRSB shall within fourteen business days from the date of the Agreement, authorizes the Purchaser's solicitors, to make the necessary application to the Melaka State Authority or such other relevant authorities as shall be required in the circumstances for their consent or approval for the sale and/or transfer of the Land to the Purchaser ("**Consent**").
- (ii) PRSB shall obtain the Consent within six months from the date of the Agreement ("**the said Period**") or at such extended period mutually agreed between parties failing which the Agreement will lapse automatically and in such event, PRSB shall refund all monies paid free of interest within fourteen days upon demand.
- (iii) PRSB shall bear all application fee to the relevant authority in respect of the application for the said consent or approval and registration fee of the said consent or approval.

#### (b) Conditions of Consent

- (i) Where the Melaka State Authority grants the Consent subject to terms and conditions that materially and adversely affect either party (the "**Affected Party**"), then the Affected Party shall be entitled to give notice in writing to the other party of his intention to seek a waiver or variation of the terms and conditions imposed within fourteen days of the Affected Party being notified of such terms and conditions in writing and thereafter, the Affected Party shall submit his appeal for such waiver or variation within fourteen days from the date of receipt of the Consent. Until such waiver or variation has been obtained the Consent shall not be deemed to have been obtained.
- (ii) In the event the Affected Party fails to give any notice of his intention to seek a waiver or variation within the afore-mentioned time period or having given such notice, fails to submit the appeal within the afore-mentioned time period, the Affected Party shall be deemed to have accepted the terms and conditions imposed and the Consent shall be deemed to have been obtained on the day following from the date of the expiry date in paragraph 3.2(b)(i) above or on the date of the other Purchaser's solicitors receiving notice in writing on no such intention to seek waiver or variation, which the Affected Party shall be deemed to have accepted the Consent conditions.
- (iii) In the event the Melaka State Authority does not approve the Affected Party's appeal for such waiver or variation or the Melaka State Authority does not reply to the Affected Party's appeal for waiver or variation on or before the expiry of the said Period, the Affected Party may elect to accept the original terms and conditions (provided the Affected Party notifies the other party of such intention within fourteen (14) days of the date the Affected Party is notified of the rejection in writing or the unconditional date, as the case may be) in which event, the Consent shall be deemed to have been obtained as at the date the Affected Party notifies the other party of the decision to accept the original terms and conditions.
- (iv) In the event that the Melaka State Authority rejects the application for the Consent or if such appeal is still pending as at the last day of the said Period and neither Party decides to appeal against such rejection, this Agreement shall cease to have effect and paragraph 3.2(a)(ii) shall become applicable.

#### 4. RATIONALE FOR THE PROPOSED DISPOSAL

The Company believes that the Proposed Disposal provides an attractive avenue to raise funds at this prevailing time that enables the Company to realized the value of the land and thereby generate cash inflow expeditiously to cater to the financial needs of the Company. The Company intends to use the sales proceeds from the Proposed Disposal for general working capital purposes such as operating expenses and financing for existing development projects. Previously, the Company has announced that MICC Project is one of the Company's upcoming projects. With the Proposed Disposal, the Company will not proceed with MICC Project. As the Company has yet to commence development of the MICC Project, there will be no penalties imposed on the Company as a result of the Proposed Disposal and for not proceeding with the MICC Project. As at 29 February 2020, the expenses incurred by the Group on the MICC Project which had been capitalized was approximately RM37.7 million (including the book value of the Land of RM32.0 million). As a result of the Proposed Disposal, the Group expects to recognized a loss on disposal of the Land of approximately RM3.5 million and a write-off of the expenses incurred which has been capitalized for the MICC Project of approximately RM5.7 million as at 29 February 2020.

Due to the current ongoing COVID-19 crisis, the Government of Malaysia has imposed a movement control order ("**MCO**") nationwide from 18 March 2020 which has since been extended to 14 April 2020. Due to the MCO, the Group's headquarters, offices and sales galleries in Malaysia has closed and the construction works for the Group's ongoing projects in Malaysia has also ceased, subject to any further extension on the MCO. As such, the Group expects its financial results will be adversely impacted for the full year ending 30 June 2020. As such, the Board is of the view that the Proposed Disposal is in the best interest of the Company, notwithstanding that the Consideration is lower than the book value of the Land as it provides an opportunity for the Company to raise funds for its operations and repayment of borrowings in light of the current economic environment.

In terms of the valuation of the Land, the Company had relied on similar land sale currently available in the market as a reference. The Board is of the view that such reference price is sufficient in light of the fund raising opportunity arising from the Proposed Disposal in the current economic environment whereby there may be limited number of buyers in the market and the ability to complete the deal in a relatively short period of time is crucial to unlock its value to the Company.

#### 5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

##### 5.1. Assumptions

The pro forma financial effects in this section have been prepared based on the most recently 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 Disposal 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 Disposal 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.

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 Disposal.

5.2. NTA per Share

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
NTA attributable to owners of the Company (RM'000)	385,018	381,507 <sup>(1)</sup>
Number of Shares ('000)	1,378,096	1,378,096
NTA per Share (RM cents)	27.94	27.68

5.3. EPS

	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
Net profit attributable to owners of the Company (RM'000)	18,854	15,343 <sup>(1)</sup>
Weighted average number of Shares ('000)	1,378,096	1,378,096
EPS (RM cents)	1.37	1.11

Note:

- (1) The computation of the illustrative Group's NTA attributable to owners of the Company and net profit attributable to owners of the Company only takes into account the loss arising from the Proposed Disposal of approximately RM3.5 million, without taking into consideration the amount of property development costs capitalized for the MICC Project expected to be written-off after the Proposed Disposal.

Based on the book value of the Land of RM32.0 million and Consideration of approximately RM28.5 million, the Group expects to record a loss arising from the Proposed Disposal of approximately RM3.5 million. In addition, the Group is expected to write-off the property development costs capitalized for the MICC Project amounting to approximately RM5.7 million as at 29 February 2020.

**6. 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 second quarter ended 31 December 2019, the relative figures of the Proposed Disposal, 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.

<b>Rule 1006</b>	<b>Bases of Calculation</b>	<b>Relative Figure (%)</b>
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	7.96 <sup>(1)</sup>
(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	Not applicable as the Land is vacant thus does not generate any income or revenue
(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	10.28 <sup>(2)</sup>

- |     |  |                |
|-----|--|----------------|
| (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   | Not applicable |
| (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 book value of the Land and the net assets of the Group of RM32,000,000 and RM401,834,000 respectively as at 31 December 2019.
- (2) Based on the market capitalisation of the Company of S\$91.96 million and Consideration of S\$9.46 million (based on exchange rate of S\$1:RM3.0125 and the Consideration of RM28,488,675.60). The market capitalisation is based on 1,434,596,353 shares in issue and the volume weighted average price of S\$0.0641 on 20 March 2020, being the last market day preceding the date of the Agreement where trades were recorded.

As the relative figure computed under Rules 1006(a) and 1006(c) of the Catalist Rules exceed 5% but less than 50%, the Proposed Disposal is a disclosable transaction pursuant to Rule 1010 of the Catalist Rules.

**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 Disposal, 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 Agreement is 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. Shareholders should note that in compliance with Singapore Government's "circuit breaker" measures to minimize further spread of the ongoing COVID-19 outbreak as announced on 3 April 2020, the Company's registered office will be closed from 7 April 2020 to 4 May 2020 (inclusive).

**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 Disposal, 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  
10 April 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.*