

HATTEN LAND LIMITED

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

RESPONSES TO SGX-ST'S QUERY

The board of directors (the “**Board**”) of Hatten Land Limited (the “**Company**”) refers to the queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) regarding the Company’s announcements dated 15 December 2021 in relation to the proposed diversification of the current business to include the new business and the auditor’s comments of accounts and the Company’s responses to the queries are as follows:

Question 1:

Pursuant to the business diversification in blockchain and cryptomining, metaverse, renewable energy and developing physical-digital malls (“New Business”), please provide more details on what the individual New Business entails

a. Company’s role in the New Business

b. Company’s operating experience and proven track record in the New Business. If not, what are the Board’s assessments in the proposed diversification?

c. What is the capital commitment required? If so, how does the Company plan to obtain such funding?

d. How will revenue be recognised and assets records in the Company’s financial statements? Whether the Company has sought its auditors on the respective accounting treatments?

e. Will the current core business of the Group continue to exist?

Company’s response

a. Company’s role in the New Business

Amid the disruptions caused by the COVID-19 pandemic, the Group has in recent months embarked on a strategic review to enhance its existing activities by tapping new opportunities from the digital economy and the increasing emphasis on sustainability.

Notably, the New Business can potentially enhance the value of our physical assets as well as create digital assets at the same time, with sustainability efforts in mind.

The Company’s roles in the New Business are as follows:

- Blockchain and cryptomining:

The Group is leveraging on our partners’ resources and adopt an asset-light model for its cryptomining activities. The Group expects to receive share of the net proceeds of the cryptocurrencies that are being mined.

Since September 2021, the Group has entered into 2 agreements to install and operate cryptomining rigs at malls owned or managed by the Group. The Group intends to operate the Group’s energy-efficient ‘green’ crypto mining centres in Melaka to be enabled by solar panels installed on rooftops of malls owned and/or managed by the Group or the Group’s related corporations. The Group will also share technological know-how on ‘green’ crypto mining facility management, and leverage on the Group’s space, infrastructure, and comparatively lower energy costs to carry out ‘green’ crypto mining activities. By providing liquidity for the cryptocurrencies mined within the Group’s malls, the Group will build an ecosystem and marketplace to support the creation, listing and trading of other digital assets.

- Metaverse:

The development of Hatten's Metaverse world will contain digital/NFT assets such as virtual land, fashion items, art pieces, heritage collections, and other collectables to create potential revenue to the Group from sale of digital assets including NFTs.

The Group will work together with Praka! Pte. Ltd. ("EnjinStarter") and other partners to develop a token system that is exchangeable and/or connected with the Group's current loyalty point system, to be accepted by participating business such as hotels, attractions, malls and shops. Further, the Group and EnjinStarter will work together on the operation of metaverse and digital asset development incubator/accelerator and a blockchain gaming showcase and arcade, the promotion and cultivation of Melakan arts and culture, including but not limited to partnering with local artists for NFT creations, marketing and sales within Metaverse City and setting up regional headquarters in both digital and physical Melaka.

- Renewable energy initiatives:

The Group will be involved in securing, supplying, constructing, developing and managing solar photovoltaic plants and facilities in Malaysia, starting at malls in Melaka owned or managed by the Group and the Group's related corporations.

To improve our sustainability efforts, renewable energy is a major pillar of our digital pivot which involves the utilisation of renewable energy to lower the carbon footprint and operating costs of our activities. Apart from lowering overall energy costs, the Group's solar initiative will also enable renewable energy to be used for cryptomining activities at the Group's malls when such similar solar panels are installed in the future. Together with its partners, the Group aims to develop mega-scale solar panel power farms by 2027.

- Phygital:

With the acceleration of e-commerce during the pandemic lockdowns, the Group is in discussion with major regional e-commerce players to develop physical-digital ("Phygital") malls. These malls, commencing with Elements Mall, will combine omni-channel retail concepts with our brick-and-mortar property assets that will be supported by integrated supply chain solutions, customer service, training programs for retailers, live-streaming studios, among others. In addition, the Phygital mall activities can potentially spur adjacent economic activities such as logistics, warehousing, software development, co-working and hosting of data centres. The Group will also work together with partners to develop an e-sport centre, and organise inter-state and cross-border tournaments, events, training and other e-sports related opportunities.

The Group has obtained shareholders' approval to diversify its business to include blockchain and cryptocurrency mining, metaverse, renewable energy, and phygital via an extraordinary general meeting held on 30 December 2021.

b. Company's operating experience and proven track record in the New Business. If not, what are the Board's assessments in the proposed diversification?

It is currently envisaged that the New Business and related management will be overseen and spearheaded by the Executive Chairman and Managing Director of the Company and assisted by the existing management team with varied qualifications and experience.

In addition, one of the Independent Directors on the Board, Er. Loh Weng Whye ("Er. Loh"), is a highly qualified and well-regarded Professional Engineer in Singapore with deep expertise and experience in areas including investment, development, implementation and operation of power generation and renewable energy projects. He has been the CEO of several major power companies and also Senior Advisor to local and international power companies, renewable energy companies and investment companies. He was credited as Fellow of the Institution of Engineers, Singapore, FIES, Fellow of the Chartered Management Institute, United Kingdom, FCMI(UK), and Fellow of the Singapore Institute of Directors, FSID.

To further align the Board's experience with the New Business, the Group has recently appointed Mr Nicholas Aaron Khoo ("Nicholas") as the Independent Director, who has a diversified career spanning 20 years, working with technology start-ups and MNCs. Currently serving on the Board of the Casino Regulatory Authority, Nicholas has also served on various official committees/councils including the National Crime Prevention Council, Singapore50 (SG50) Education and Youth Committee, Vision 2030 Gen Z Subcommittee, Internet and Media Advisory Committee, and others. Nicholas has extensive experience in technology and digital media including video games, esports and fintech. He is co-founder of Singapore's Cybersports & Online Gaming Association (SCOGA), advisor to the Board of the Global Esports Federation, and a former Regional Director of Visa for Asia Pacific and Japan, working with global clients and internet companies like Tencent, Alibaba, LINE, Apple, Disney, Cotton On Group, Gucci, Nike, LVMH, Grab, Lazada, Shopee, Ctrip, Traveloka, Air Asia, Maxis, Canon, and other leading companies in Asia Pacific and Japan.

Counting on Er. Loh, Nicholas and other directors who also have various degrees of relevant know-how, the Company is readily equipped with sufficient expertise and experience at the Board level for overseeing and providing guidance to the New Business.

While expanding its in-house talent pool, the Group is also partnering with industry experts and leveraging on the expertise, resources, capability, track record and experience of its business partner(s) in the new areas of digital economy and blockchain. In addition, the Group is also tapping on the network of contacts of its business partner(s) to facilitate further strategic partnerships and commercial opportunities to support and strengthen the Company's investments and venture into the New Business.

c. What is the capital commitment required? If so, how does the Company plan to obtain such funding?

Contractual capital commitment, where applicable, has been announced in respective announcements and for certain strategic partnerships and/or business ventures, the Group's business partners are expected to contribute their resources respectively as well. The initial funding of the Group's digital and blockchain initiatives are supported by approximately 70% of new funds raised, together with the Group's internal funding. Since 16 September 2021, the Group has raised S\$4.96 million gross proceeds through new share placements and exercised warrants. The Group's digital strategy is essentially asset-light and involves re-purposing existing physical assets in Melaka which are currently under-utilised because of the COVID-19 pandemic. The Group will assess future fundraising needs depending on the forward momentum of the various projects already announced as well as future partnerships.

d. How will revenue be recognised and assets records in the Company's financial statements? Whether the Company has sought its auditors on the respective accounting treatments?

Prior to relevant announcements made regarding the New Business, the Group had preliminary discussions with the Company's auditors on the nature of New Business and accounting treatments of recognition of revenue and assets. Subject to the performance and completion of audit procedures, the auditors concur with the management's preliminary assessment on accounting treatments, in accordance with applicable accounting standards.

e. Will the current core business of the Group continue to exist?

The current core business of the Group will continue to exist and we will periodically evaluate market conditions with a view to optimise our business model that is aligned to long term market trends. Our digital initiatives aim to not only enhance the value of our physical assets but it is also intended to invigorate retail activities and enhance retail experiences in our malls by creating an omni-channel or Phygital retail platform with e-commerce and our real estate assets. At the same time, these activities can potentially spur adjacent economic activities and create new demand in various segments of the real estate market such as logistics, warehousing, co-working and data centres, which may benefit the Group's real estate portfolio.

Question 2:

In relation to the disposal of Gold Mart Sdn Bhd (“GMSB”) to Tayrona Capital Group Corporation (“Tayrona”)

- a. Please provide an update from the Board on the delay in completion – among others, its long-stop date and recourse to company should the transaction not complete.**
- b. Whilst Tayrona has “provided assurance that they remain keen and committed to completing the deal”, has the Company identified other potential buyers as its alternative options should the transaction fail to fall through?**

Company’s response:

At the date of this announcement, Tayrona has updated the Company that they are now awaiting for their bankers to complete the clearance and administrative process. Completion time of this clearance and administrative process might take longer due to various restrictions caused by the new variant of COVID-19. In addition, Tayrona has provided assurance that they remain keen and committed to completing the deal and for now there isn’t a long-stop date as the Company is trying to complete the transaction as soon as possible.

The Company will continue to look and explore various options available should the transaction fail to follow through.

Question 3:

In relation to the investment in subsidiaries and amounts due from subsidiaries, we note that the property valuation conducted by a third party firm of professional valuers on the development properties as at 30 June 2021 was estimated RM1,150,750,000 (including the development properties of GMSB)

- a. Please disclose the name of third party firm of professional valuers and its credentials**
- b. Given that the Company has obtained an independent valuation report (“IVR”) on its development properties, why did the auditors not rely on the IVR to ascertain for any impairment loss?**

Company’s response:

- a. Please disclose the name of third party firm of professional valuers and its credentials**

Laurelcap Sdn. Bhd, was incorporated in Malaysia in 2008. It provides independent valuation services, largely for merger and acquisition and financial reporting purposes, strategic investment advisory and agency and tenancy management & leasing services. Its clients range from publicly- listed companies to privately-owned small medium enterprises in Malaysia, Singapore and Hong Kong. For further details, please refer to its website (<https://laurelcap.com.my>).

- b. Given that the Company has obtained an independent valuation report (“IVR”) on its development properties, why did the auditors not rely on the IVR to ascertain for any impairment loss?**

As the ability of the Group to continue as going concern and the ability of the subsidiaries to realise its development properties at expected timings is inherently uncertain, the auditors are unable to ascertain any impairment loss notwithstanding the IVR.

By Order of the Board
HATTEN LAND LIMITED

Dato’ Tan June Teng, Colin
Executive Chairman and Managing Director
6 January 2022

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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