

HATTEN LAND LIMITED (UNDER INTERIM JUDICIAL MANAGEMENT)

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

ENTRY INTO BINDING KEY TERMS IN RELATION TO THE PROPOSED STRATEGIC INVESTMENT BETWEEN HUNGCHI ENTERPRISE PTE. LTD. AND HATTEN LAND LIMITED

The Interim Judicial Managers (the “**IJMs**”) of Hatten Land Limited (under interim judicial management) (the “**Company**” and together with its subsidiaries, the “**Group**” and each company within the Group being a “**Group Company**”) wish to announce that the Company has on 17 September 2024 entered into binding key terms (the “**Key Terms**”) for the proposed strategic investment by Hungchi Enterprise Pte. Ltd. (the “**Strategic Investor**” and together with the Company, the “**Parties**”, and each a “**Party**”) in the Company or the Group (the “**Proposed Investment**”) under which the Strategic Investor and the Company are keen to pursue investment and business opportunities together.

RATIONALE FOR THE PROPOSED INVESTMENT

The Proposed Investment is aimed at strengthening the Company's financial position and supporting its operational and developmental objectives, and is in line with the Group's continuing efforts on strategic restructuring initiatives to restructure its debts. The Group remains committed to engaging proactively with all relevant stakeholders to devise strategic solutions.

These restructuring efforts have been strengthened through the appointment of Messrs Deloitte & Touche Financial Advisory Services Pte. Ltd. (“**Deloitte**”) as the financial advisor of the Company on 28 March 2024 and the application to place the Company under judicial management (the “**JM Application**”). In connection with the JM Application, the Company has also applied to the Singapore Court to place the Company under interim judicial management pending the determination of the JM Application (the “**IJM Application**”). As announced by the Company on 5 August 2024, the JM Application and the IJM Application were filed as a proactive measure to facilitate the ongoing restructuring efforts and to forestall any possible precipitate action by other creditors. On 21 August 2024, Messrs Tan Wei Cheong and Lim Loo Khoon, care of Deloitte, were appointed as the joint and several interim judicial managers of the Company.

Among proposals from various investors and financiers, the Strategic Investor's proposal offers a comprehensive suite of resources and strategies for the Group and its key stakeholders, including minority shareholders and creditors, and also aligns with the Group's long-term growth strategy, i.e. to enhance the value and monetise the property assets of the Group.

Accordingly, the Company is of the view that the entry into the Key Terms is in the best interest of the Company and its key stakeholders, including minority shareholders and creditors.

INFORMATION ON THE STRATEGIC INVESTOR

The Strategic Investor is a private company incorporated in Singapore as an investment holding company. As at the date of this announcement, the Strategic Investor is wholly owned by Lucro Investments VCC, a body corporate incorporated as an umbrella variable capital company under the Variable Capital Companies Act 2018 of Singapore. Fleur Capital (S) Pte. Ltd., which is a holder of a capital markets services licence for fund management under the Securities and Futures Act 2001 of Singapore, is the fund manager of Lucro Investments VCC.

As at the date of this announcement, the Strategic Investor does not hold, directly or indirectly, any shares in the Company. The Strategic Investor has confirmed that, to the best of its knowledge, as at the date of this announcement, none of its existing directors or its sole shareholder holds, directly or indirectly, any shares in the Company.

The Strategic Investor is not an interested person as defined under Chapter 9 of the Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited

("SGX-ST") and does not fall under any category of persons as specified in Rule 812(1) of the Catalist Rules.

To the best of the Company's knowledge, the Strategic Investor and/or any of its existing directors and/or its sole shareholder do not have any connections (including business relationships or dealings) with the Company, the Group, the directors and substantial shareholders of the Company.

SALIENT TERMS OF THE KEY TERMS

The Proposed Investment

Subject to the Parties entering into a definitive agreement (the "**Definitive Agreement**"), the Strategic Investor shall invest an aggregate of S\$11,400,000 (equivalent to approximately Malaysian Ringgit 38,131,000) (the "**Investment Amount**") in the Company pursuant to the Proposed Investment, on terms and conditions acceptable to both Parties with relevant provisions pertaining to super priority rescue financing and conditional upon the Company entering into a scheme of arrangement with its creditors.

The Proposed Investment will be undertaken via placement of new shares in the Company (each a "**Hatten Share**") or subscription for convertible debt securities or convertible equity securities or a combination of both, such that following issue of the new Hatten Shares (whether pursuant to a placement exercise or exercise of conversion or such other convertible rights), the Strategic Investor will acquire not less than 60% and not more than 70% of the enlarged share capital of the Company on a fully diluted basis as at the date of completion of the Proposed Investment.

Conditions Precedent

The injection of the Investment Amount, which will be undertaken in two equal tranches, is subject to fulfillment of certain conditions precedent including (but are not limited to) the following (the "**Conditions Precedent**"):

- (a) the Company having obtained all relevant approvals, consents and/or waivers from its directors, shareholders and any other third parties for the Proposed Investment and the transactions contemplated thereunder (on terms and conditions acceptable to the Parties, each acting reasonably), and all such approvals, consents and/or waivers remaining in full force and effect and not being revoked or amended;
- (b) the Strategic Investor having obtained the relevant waiver from the Securities Industry Council in respect of its obligation to make a mandatory takeover general offer under Rule 14 of the Singapore Code on Take-overs and Mergers arising from the Proposed Investment and transactions contemplated thereunder (such waiver on terms and conditions acceptable to it, acting reasonably), and such waiver remaining in full force and effect and not being revoked or amended;
- (c) the Hatten Shares remaining listed on the Catalist Board of the SGX-ST and there being no proposal, and no notification, indication or order from the SGX-ST, for the delisting of the Hatten Shares;
- (d) there being no notification, indication or order from the SGX-ST that the trading of the Hatten Shares on the Catalist Board will or may be suspended for ten (10) business days or more:
 - (i) due to any breach of (or any inability to comply with) the Catalist Rules or applicable laws by the Company, any Group Company or any of their respective directors, officers, employees or agents; or
 - (ii) due to any of the circumstances under Rules 1303(5) to 1303(8) of the Catalist Rules;
- (e) the Strategic Investor (and its relevant professional advisors) having completed all relevant due diligence (whether legal, operational, financial or otherwise) on the Group and the findings and results of such due diligence, being satisfactory to the Strategic Investor. The Strategic Investor

shall complete its due diligence within an initial period of two (2) months from the date of the Key Terms (the “**Due Diligence Period**”). The Due Diligence Period may be extended by a further period of one (1) month (or such longer period as may be agreed between the Parties) by way of written notice to the Company specifying the reasons and/or documents and/or information as may be required by the Strategic Investor at any time before expiry of the Due Diligence Period;

- (f) the Strategic Investor having received evidence that the Comprehensive Management Agreement (as defined below) have been entered into by the relevant parties;
- (g) unless waived by the Strategic Investor in writing, the Relevant Arrangements (as defined below) have been entered into and completed on terms and conditions acceptable to the Strategic Investor; and
- (h) such other conditions to be agreed between the Parties.

Completion

Subject to satisfaction of the relevant Conditions Precedents:

- (a) the completion of the first tranche of the Investment Amount shall take place on a business day falling not later than five (5) months from the date of the Definitive Agreement; and
- (b) the completion of the second tranche of the Investment Amount shall take place on a business day falling not later than ten (10) months from the date of the Definitive Agreement.

Haitong Facility and Secured Bonds

As announced by the Company on 22 September 2017, the Company had entered into a convertible loan agreement with Haitong International Financial Products (Singapore) Pte. Ltd. (“**Haitong**”) pursuant to which Haitong agreed to extend to the Company a convertible loan of an aggregate amount of US\$20,000,000 (the “**Haitong Facility**”). The Company had also, as announced by the Company on 8 March 2018, issued US\$25,000,000 guaranteed secured bonds bearing a fixed interest rate of 8.0 per cent per annum payable semi-annually in arrear (the “**Secured Bonds**”) to certain bondholders (the “**Bondholders**”).

In connection with the Proposed Investment, the Strategic Investor shall procure for the novation of the Haitong Facility and the Secured Bonds to the Strategic Investor or such entity as it may designate (as the new lender) and/or for such other arrangements to be implemented for the settlement of the outstanding indebtedness under the Haitong Facility and the Secured Bonds (such novation together with any such arrangements collectively, the “**Relevant Arrangements**”).

The Strategic Investor’s entry into the Relevant Arrangements shall be subject to the following:

- (a) the Strategic Investor (and its relevant professional advisors) having completed relevant due diligence (whether legal, operational, financial or otherwise and as required to facilitate its entry into the Relevant Arrangements) on the Group, and the findings and results of such due diligence being satisfactory to the Strategic Investor; and
- (b) the terms and conditions of the Relevant Arrangements being acceptable to the Strategic Investor.

Following the entry into the Relevant Arrangements, the Company shall repay or otherwise settle the outstanding indebtedness under the Haitong Facility and Secured Bonds with the Strategic Investor (or its designated entity) in accordance with the terms of the Relevant Arrangements within a period of not more than eight (8) years starting from the date of entry into the agreement(s) pertaining to the Relevant Arrangements.

For the avoidance of doubt, the Company will only be liable to the Strategic Investor for the sum that is agreed between the Strategic Investor and the Bondholders and Haitong under the Relevant

Arrangements, and the Company will have no liability to make payment of all sums due and owing under the original Haitong Facility and the Secured Bonds.

Proposed Third Party Collaboration

In connection with the Proposed Investment, the Strategic Investor shall procure the entry by a third party identified by the Strategic Investor (the “**Third Party**”) with the Company (and/or its relevant Group Company) into certain agreements to facilitate, among others, the resumption and/or the development of the projects currently undertaken by the Group in Malaysia (the “**Proposed Third Party Collaboration**”). Below sets out some of the principal terms and conditions relating to the Proposed Third Party Collaboration.

For the purposes of this section, the conditions to the Proposed Third Party Collaboration shall collectively refer to the following conditions: (a) the Definitive Agreement having been executed; and (b) the second tranche of the Investment Amount having been completed in accordance with the terms of the Definitive Agreement (the “**Collaboration Conditions**”).

Comprehensive Management Agreement

Following signing of the Definitive Agreement, the Strategic Investor shall procure the Third Party to enter into a comprehensive management agreement with the Company, to appoint the Third Party and/or its associates as the manager of the operation and construction of the Harbour City Development (the “**Comprehensive Management Agreement**”).

Development Funding

Harbour City is one of the Company’s major development projects, comprising a mall, both indoor and outdoor theme parks, and three hotel blocks (“**Harbour City Development**”).

Subject to satisfaction of the Collaboration Conditions and consent from the receivers and managers appointed in respect of the Harbour City Development, the Strategic Investor shall procure the Third Party and/or its associates to provide funding of up to Malaysian Ringgit 400,000,000 (approximately S\$119,589,000) (the “**Development Funding**”) to complete the construction of the Harbour City Development. Amounts disbursed under the Development Funding shall be subject to a 10% interest rate per annum on the amount disbursed as approved by both the Third Party and the Company. Such interest shall start to accrue from the date of disbursement until payment. The Company (or the relevant Group Company) shall repay to the Third Party (or its associates, as the case may be) all amounts disbursed under the Development Funding and accrued interests on or by such date(s) to be agreed between the Company and the Third Party.

Harbour City Development

Subject to, among others, satisfaction of the Collaboration Conditions and consent from the receivers and managers appointed in respect of the Harbour City Development, the Strategic Investor shall procure that the Third Party carries out the following:

- (a) the Third Party appoints a qualified contractor (the “**Qualified Contractor**”) to resume the construction of the Harbour City Development. The Qualified Contractor shall be equipped with the necessary permits, licenses, resources and experience to undertake such construction activities;
- (b) the Third Party procures that the Qualified Contractor fully resumes the construction of the Harbour City Development within three (**3**) months of it entering into a binding agreement with the Third Party (the specific resumption date shall be subject to the Qualified Contractor’s contract details); and
- (c) the Third Party procures that the Qualified Contractor completes the construction such that the Certificate of Completion and Compliance for the Harbour City Development shall be obtained no later than 31 October 2027.

Healthcare Alliance

Subject to satisfaction of the Collaboration Conditions, the Strategic Investor shall procure the Third Party (or its associates) to assist with the negotiation and finalisation of the terms and conditions for a collaboration to be entered into by the Company (or the relevant Group Company) with a healthcare company listed on the Shenzhen Stock Exchange to secure its significant presence in Imperio Mall.

Hospitality Alliance

Subject to satisfaction of the Collaboration Conditions, the Strategic Investor shall procure the Third Party to operate and manage up to 200 suites in Hatten Suites as part of Hatten City Phase 1 (Hatten Place) under the management of the Company or its associates within six (6) months from the date of the Definitive Agreement (or such later date as may be agreed between the Third Party and the Company).

In addition, subject to satisfaction of the Collaboration Conditions and the relevant parties entering into binding lease agreements, the Strategic Investor shall, on a best efforts basis, procure the Third Party and its associates to procure tenants recruitment to occupy at least 300 commercial units in Elements Mall under the management of the Group.

Exclusivity

During the Due Diligence Period, the Company shall negotiate and deal exclusively with the Strategic Investor in relation to an investment (whether via equity subscription or convertible debt or equity securities or otherwise) in the Company (or the Group), and the Company (and its directors, officers, employees or agents) shall not participate in any negotiations or discussions or deal in any manner whatsoever with any other person regarding any investment or funding in and/or sale of the shares in the Company without the knowledge and approval of the Strategic Investor.

Term and Termination

The Key Terms are valid for the Due Diligence Period, unless terminated earlier mutually by the Parties in writing. Notwithstanding the foregoing, the Key Terms shall automatically terminate upon execution of the Definitive Agreement for the Proposed Investment.

DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Key Terms is available for inspection during normal business hours at the registered office of the Company at 53 Mohamed Sultan Road, #03-01, Singapore 238993 for a period of three (3) months commencing from the date of this announcement.

Shareholders and potential investors are advised that the Proposed Investment is subject to various conditions precedent and further definitive agreements, and there is no certainty or assurance the Proposed Investment proceeds on the terms as presently agreed or otherwise.

Although the Company's shares are under suspension since 6 August 2024, shareholders and investors are advised to read this announcement and any past and future announcements by the Company carefully when dealing with the shares of the Company. Shareholders and investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take or when dealing with their shares in the Company.

Submitted by the Interim Judicial Managers

For and on behalf of the Company
Tan Wei Cheong
Joint and Several Interim Judicial Manager

18 September 2024

This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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