

## HATTEN LAND LIMITED

(formerly known as VGO Corporation Limited)  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 199301388D)

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### PROPOSED GRANT OF A CONVERTIBLE LOAN AMOUNTING TO US\$20 MILLION BY HAITONG INTERNATIONAL FINANCIAL PRODUCTS (SINGAPORE) PTE. LTD.

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#### 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 Company has, on 22 September 2017, entered into a convertible loan agreement (the “**Convertible Loan Agreement**”) with Haitong International Financial Products (Singapore) Pte. Ltd. (the “**Lender**”) and Dato’ Tan June Teng Colin @ Chen JunTing (“**Dato’ Colin Tan**”), pursuant to which the Lender has agreed to extend to the Company a convertible loan of an aggregate amount of US\$20,000,000 (the “**Loan**”), which is convertible into new fully paid ordinary shares in the capital of the Company (“**Shares**”) on the terms and subject to the conditions of the Convertible Loan Agreement.

#### 2. INFORMATION ON THE LENDER

The Lender is an investment holding company incorporated in Singapore. It is a wholly-owned subsidiary company of Haitong International Securities Group (Singapore) Pte. Ltd. The Lender does not currently hold any share in the Company.

The Lender (and in respect of its directors, shareholders and/or ultimate beneficial owners) does not fall within the category of persons set out under Rule 812(1) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”). In addition, the Loan and/or the issuance of the Conversion Shares would not result in any transfer of controlling interest in the Company.

Save as disclosed in this announcement, the Company confirms, to the best of their knowledge, that the Company, its Directors and/or substantial shareholders do not have any connection (including business relationships) with the Lender.

#### 3. SALIENT TERMS OF THE CONVERTIBLE LOAN AGREEMENT

The salient terms of the Convertible Loan Agreement are as follows:-

Principal Amount : US\$20,000,000

Disbursement : Subject to the fulfilment of the conditions precedent set out in the Convertible Loan Agreement (with material conditions precedent being reflected at Paragraph 4 below), the Lender agrees to disburse the Loan to a designated bank account, to be set up and maintained by the Company specifically for the use of the Loan, within 3 (three) business days from the date of the Convertible Loan Agreement, or at such later date as the Parties may mutually agree in writing (the “**Disbursement Date**”).

Purpose of the Loan : (i) Up to five (5) per cent of the entire Loan may be used for the working capital of the Group; and

- (ii) The balance of the Loan may be used for the completion of the Hatten City Projects, and other development projects undertaken by the Company, as approved by the Lender.

Term of the Loan : The term of the Loan shall be for a period of twenty-four (24) months from the Disbursement Date (the **"Loan Tenure"**).

Interest : The Loan shall bear interest at the rate of seven per cent. (7%) per annum (to be calculated on the basis of actual days elapsed on a year of 365 days) from the Disbursement Date.

All accrued interest on the Loan in any six-month period of the year shall be paid [in cash] to the Lender not later than the first day of the succeeding six-month period of the year, and the Lender may debit the same from any account maintained by the Company with the Lender until full payment at such rate of interest as specified herein or as may be notified to the Company from time to time.

Repayment of Loan : The Company shall not make any repayment of the whole or any part of the Loan within the first twelve (12) months from the date of the first drawdown on the Loan made by the Company (the **"Lock-Up Period"**). After the Lock-Up Period, the Company may repay the whole or any part of the Loan.

Conversion Right : The Lender shall have the right, at any time during the Loan Tenure, to convert the full sum of the Loan, or any part thereof which is outstanding, into fully paid new ordinary shares (the **"Conversion Shares"**) in the Company (the **"Conversion"**).

The number of Conversion Shares to be issued and allotted to the Lender pursuant to the Conversion shall be determined based on a fixed conversion price of S\$0.35 per Conversion Share (**"Conversion Price"**). For the purpose of the Conversion, the exchange rate of US\$ against S\$ shall be based on the prevailing daily exchange mid-rate as quoted by the HSBC Bank Singapore at 5 p.m. on the date of delivery of a notice of the Lender's intention to receive the Conversion Shares, to the Company.

The issuance and allotment of the Conversion Shares pursuant to the Conversion shall be conditional upon the Company having obtained all necessary consents, approvals and waivers from the Board, shareholders, and other persons (if relevant) and any relevant government authorities in Singapore in respect of such issuance and allotment

Status of the Conversion Shares : The Conversion Shares allotted and subsequent to the Conversion will be subject to all the provisions of the Constitution of the Company and shall rank in full for all entitlements, including dividends declared or recommended in respect of the then existing Shares, rights or other distributions, the Record Date for which is on or after the date of allotment and issuance of the Conversion Shares and (subject as aforesaid) will rank *pari passu* in all respects with the then existing Shares.

**"Record Date"** means, in relation to any dividends, rights, allotment or other distributions, the date on which

Shareholders must be registered in the register of members of the Company in order to participate in such dividends, rights, allotment, or other distributions;

- Undertakings : (i) So long as the Loan or any part thereof remain outstanding, the Company shall not, and shall procure that the Group shall not create or have outstanding any security on or over the whole or any part of their respective present or future properties, undertakings, assets or revenue of any kind whatsoever, to secure any indebtedness, save and except for such existing securities and/or future bank financing which have been disclosed to the Lender.
- (ii) Save and except with the prior written consent of the Lender (such consent not to be unreasonably withheld), the Company shall not sell, transfer, encumber or otherwise dispose of any of its assets including any of the shares in any of the companies within the Group, and shall procure that each company within the Group shall not sell, transfer or otherwise dispose of any of its assets, save and except for the disposal of assets in the ordinary course of business.
- (iii) the Company shall not, prior to the repayment of the Loan, undertake any fund-raising exercise and/or allot and issue any shares or securities or instruments convertible to shares, save and except with the prior written consent of the Lender (such consent not to be unreasonably withheld).
- Details of Security : The payment obligations under the Loan Agreement shall be secured by the following:
- (i) A personal guarantee to be provided by Dato' **Colin Tan** (the "**Personal Guarantee**"); and
- (ii) A charge over 400 million shares in the Company held by Hatten Holdings Pte Ltd ("**HHPL**"), a company jointly owned by Dato' Colin Tan and Dato' Tan Ping Huang Edwin @ Chen Bing Huang ("**Dato' Edwin Tan**") (the "**Share Charge**"). The Shares under the Share Charge representing 29% of the issued and paid up share capital of the Company as at the date of the Convertible Loan Agreement, is to be granted by HHPL in favour of the Lender.
- Adjustments to Conversion Price : The Conversion Price shall be subject to adjustments in the event of, *inter alia*, rights, bonus or other capitalization issues.
- Any material alteration to the terms of the Convertible Loan Agreement after issue to the advantage of the Lender is to be approved by shareholders, except where the alterations are made pursuant to the terms of the Convertible Loan Agreement.
- Notification : The Company shall announce the expiry of the Conversion Right, with the notice of expiry to be sent to the Lender at least one (1) month before the expiration of the Conversion Right.

Governing Law : The Convertible Loan Agreement is governed by, and shall be construed in accordance with, the laws of Singapore.

#### 4. CONDITIONS PRECEDENT OF THE CONVERTIBLE LOAN AGREEMENT

The disbursement of the Loan is subject to the fulfilment of the following conditions or, as the case may be, upon the conditions not having been breached on or before the Disbursement Date:

- (a) The Company obtaining all necessary consents, approvals and waivers from Board, shareholders, and other persons (if relevant) and any relevant government authorities in Singapore in respect of the Convertible Loan Agreement and the matters contemplated therein;
- (b) Due execution of the Share Charge;
- (c) Due execution of the Personal Guarantee;
- (d) All representations, warranties and undertakings of each Party under the Convertible Loan Agreement being complied with, and are true, accurate and correct as at the date of the Convertible Loan Agreement and each day up to and including the Disbursement Date;
- (e) There being no material adverse change or a development involving a prospective material adverse change (as reasonably determined by the Lender) in the assets, operations or financial condition of the Company occurring on or before the Disbursement Date; and
- (f) The terms and/or transactions contemplated under the Convertible Loan Agreement not being prohibited, restricted, curtailed, hindered, impaired or otherwise adversely affected by any relevant statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority in any jurisdiction.

The Company shall issue a written confirmation to the Lender confirming the fulfilment of the condition precedents. If any of the above conditions precedent has not been fulfilled (or waived by the Lender) on or before the Disbursement Date, the Convertible Loan Agreement (save for certain clauses relating to confidentiality and cost) will be terminated automatically and none of the parties shall have any claim of any nature whatsoever against the other party under the Convertible Loan Agreement.

#### 5. CONVERSION SHARES

As mentioned in section 3, the number of Conversion Shares to be issued and allotted to the Lender pursuant to the Conversion shall be determined based on a fixed conversion price of S\$0.35 per Conversion Share. For the purpose of the Conversion, the exchange rate of US\$ against S\$ shall be based on the prevailing daily exchange mid-rate as quoted by the HSBC Bank Singapore at 5 p.m. on the date of delivery of a notice of the Lender's intention to receive the Conversion Shares, to the Company. Therefore, at this juncture, the Company is unable to ascertain the maximum number of Conversion Shares which may be issued pursuant to the Convertible Loan Agreement.

Solely for illustrative purposes, based on the exchange mid-rate quoted by the HSBC Bank Singapore at 5 p.m. on 21 September 2017 of US\$ 1 : S\$ 1.35 ("**Illustrative Exchange Rate**"), the Loan amount in Singapore dollar is S\$27,000,000 and a maximum of 77,142,857 Conversion Shares may be issued in relation to the principal amount of the Loan under the Convertible Loan Agreement.

As at the date of the Convertible Loan Agreement, the Company has 1,375,080,353 ordinary shares in issue. Assuming the principal amount of the Loan is converted into Conversion Shares, and based on the Illustrative Exchange Rate, the 77,142,857 Conversion Shares will represent approximately 5.6% of the issued and paid up share capital of the Company as at the date of this announcement and approximately 5.3% of the enlarged issued and paid up share capital of the Company comprising 1,452,223,210 Shares.

The Conversion Price of S\$0.35 represents a premium of approximately 79.1% to the volume weighted average price of the Shares of S\$0.1954 for trades done on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 19 September 2017 (being the last full market day on which trades were done on the Shares before the Convertible Loan Agreement was signed).

An application to the SGX-ST will be made by the Company through its sponsor for the listing of and quotation for the Conversion Shares and any excess new shares to be issued arising from the adjustment of the Conversion Shares based on the terms of the Convertible Loan Agreement, on the Catalist. The Company will make the necessary announcement in due course upon receipt of the listing and quotation notice from the SGX-ST.

## **6. INTERESTED PERSON TRANSACTION ("IPT")**

The Personal Guarantee and Share Charge, which form part of the Convertible Loan Agreement, constitute IPTs under Chapter 9 of the Catalist Rules, as follows:

- (a) An "interested person transaction" is a transaction between an entity at risk and an interested person pursuant to Rule 904(5) of the Catalist Rules.
- (b) As the Company is an "issuer" on the Catalist, the Company is an "entity at risk" pursuant to Rule 904(2) of the Catalist Rules.
- (c) As Dato' Colin Tan (as a guarantor under the Convertible Loan Agreement) is the Executive Chairman and Managing Director, and deemed interested in HHPL, a controlling shareholder of the Company, he is an "interested person" under Rule 904(4)(a) of the Catalist Rules.
- (d) As HHPL (which owns the Shares under the Share Charge) is a controlling shareholder of the Company, it is an "interested person" under Rule 904(4)(a) of the Catalist Rules. HHPL is jointly owned by Dato' Colin Tan and Dato' Edwin Tan who are also the directors of the Company.
- (e) As the Personal Guarantee and Share Charge involve the provision of financial assistance, each of the Personal Guarantee and Share Charge is a "transaction" under Rule 904(6)(a) of the Catalist Rules.

As no fee and/or interest is payable by the Company to Dato' Colin Tan and HHPL in connection with the Personal Guarantee and Share Charge, respectively, for the purposes of Chapter 9 of the Catalist Rules, the value of the Personal Guarantee and Share Charge is nil.

Dato' Colin Tan and Dato' Edwin Tan have abstained and will abstain from voting on all board resolutions relating to the Convertible Loan Agreement.

The Audit and Risk Committee of the Company has reviewed the terms of the Personal Guarantee and Share Charge and is of the view that the provision of Personal Guarantee and Share Charge, while not on normal commercial terms, is not prejudicial to the interests of the Company and its minority shareholders.

## **7. DISCLOSURE ON ARRANGER'S FEE**

The Company shall pay an arranger fee of US\$200,000, being 1% on US\$20,000,000, to the Lender as the arranger fee for the Lender's arrangement of the Loan (the "**Arranger Fee**"), which shall be payable on the date of the first drawdown on the Loan made by the Company

(the “**First Drawdown**”).

The Arranger’s Fee will be deducted directly from the amount of the First Drawdown on the date of the First Drawdown, and is not refundable in any event and must be paid free of any restriction or condition and free and clear of any deduction or withholding for or on account of any tax and without deduction or withholding on account of any other amount whether by way of set-off, counterclaim or otherwise.

## **8. RATIONALE FOR THE LOAN AND USE OF PROCEEDS**

The Company is of the view that the Loan is beneficial to the Company, and the Group, as this arrangement will enable the Group to finance the completion of the Hatten City Project, and other approved development projects (where applicable), and to carry out its plans with minimal restrictions.

The net proceeds (after deducting estimated expenses of US\$200,000) from the Loan, being US\$19,800,000, are expected to be utilised for the following purposes:

	<b>US\$’000</b>	<b>Estimated timeframe</b>
<b>To primarily finance the completion of Hatten City Project and other approved development projects (where applicable)</b>	18,810	Within 24 months
<b>Working capital to be capped at 5% of the Loan.</b>	990	Within 24 months
	<hr/> 19,800 <hr/>	

Pending the deployment of the net proceeds, such proceeds may be deposited with banks and/or financial institutions, used for investment in short-term money markets instruments and/or marketable securities and/or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem appropriate in the interests of the Company.

The Company will make periodic announcements as and when the net proceeds from the Loan are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated. Where there is any material deviation from the stated use of net proceeds, the Company will announce the reasons for such deviation. The Company will also provide a status report on the use of the net proceeds in its annual report. Where the net proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the net proceeds have been applied in the status report. Any material deviation in the use of the net proceeds will be subject to the Catalyst Rules and appropriate announcements will be made by the Company on SGXNET.

## **9. DIRECTORS’ OPINION**

The Directors are of the opinion that, barring any unforeseen circumstances:

- (a) after taking into account the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements; and
- (b) after taking into account the present bank facilities and net proceeds from the Loan, the working capital available to the Group is sufficient to meet its present requirements.

Notwithstanding the present sufficiency of working capital, the Directors are of the opinion that the Loan will enable the Group to improve its financial position by increasing the cash available for project development and general corporate requirements.

## 10. FINANCIAL EFFECTS

Unless otherwise stated, all conversions in this announcement shall be based on the exchange rates of USD1.00: S\$1.35 and S\$1.00 : RM3.11 as at 21 September 2017.

As at the date of the Convertible Loan Agreement, the share capital of the Company is RM1,283,378,000, comprising 1,375,080,353 Shares. Upon the issue of the Loan, and assuming full conversion of the Loan into Conversion Shares based on the Illustrative Exchange Rate, the enlarged share capital will be approximately RM1,367,464,000, comprising 1,452,223,210 Shares.

Based on the unaudited financial statements of the Group for the financial year ended 30 June 2017 ("FY2017") and assuming no interest on the Loan is incurred, the financial effects of the Loan and full conversion of the Loan into Conversion Shares based on the Illustrative Exchange Rate on the Group are set out as follows:

- a) Effect on Net Asset Value per Share of the Group as at 30 June 2017, assuming the issuance of Loan and Conversion were effected on 30 June 2017; and

	Before issuance of Loan and Conversion	After issuance of Loan and Conversion
Net Asset value (RM'000)	227,410	311,496
Number of ordinary shares in issue	1,375,080,353	1,452,223,210
Net asset value per ordinary share (RM'sens)	16.54	21.45

- b) Earnings per Share of the Group for FY2017, assuming the issuance of Loan and Conversion were effected on 1 July 2016.

	Before issuance of Loan and Conversion	After issuance of Loan and Conversion
Profit after tax attributable to owners of the Company (RM'000)	8,722	8,722
Weighted average number of ordinary shares in issue	1,261,000,010	1,338,142,867
Earnings per share (RM'sen)	0.69	0.65

The above computations are purely for illustrative purposes only and do not reflect the actual financial results and position of the Group after the issuance of Loan and/or Conversion.

## 11. AUTHORITY TO ISSUE THE CONVERSION SHARES

The Conversion Shares will be allotted and issued by the Company pursuant to the general share issue mandate approved and granted by the shareholders of the Company at the extraordinary general meeting of the Company held on 20 January 2017 ("**General Mandate**").

The General Mandate authorises the Directors to allot and issue not more than 1,280,080,353 Shares, being 100% of the total number of issued Shares (excluding treasury Shares) as at the date of completion of the acquisition of Sky Win Management Consultancy Pte. Ltd. ("**Completion Date**"), of which the aggregate number of Shares that may be issued other than on a pro rata basis to existing Shareholders must not be more than 640,040,176 Shares, being 50% of the total number of issued Shares (excluding treasury Shares) as at the

Completion Date.

The Company had on 8 September 2017 proposed a one-time issuance of 3,016,000 new ordinary shares ("**Employee Shares**") to selected employees of the Group. Taking into account of the Employees Shares to be issued and allotted, the balance number of new Shares that may be issued other than on a pro-rata basis is 637,024,176 Shares. The proposed allotment and issuance of 77,142,857 Conversion Shares assuming full conversion of the Loan into Conversion Shares based on the Illustrative Exchange Rate will fall within the limits of the General Mandate.

**12. NO PROSPECTUS OR OFFER INFORMATION STATEMENT**

The issuance of Loan will be undertaken pursuant to a private placement exemption under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

**13. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save as disclosed herein, none of the Directors and substantial shareholders has any interest, direct or indirect, in the Convertible Loan Agreement (other than their direct or indirect shareholdings in the Company).

**14. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Convertible Loan 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.

**15. 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 Convertible Loan Agreement and the Group, 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.

**16. CAUTIONARY STATEMENT**

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 are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.



By Order of the Board  
**HATTEN LAND LIMITED**

Dato' Tan June Teng, Colin  
Executive Chairman and Managing Director  
22 September 2017

*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 UOB Kay Hian Private Limited (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 persons for the Sponsor are Mr Alvin Soh, Head of Catalist Operations, Senior Vice President, and Mr Josh Tan, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.*