

HATTEN LAND LIMITED

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

PROPOSED DIVESTMENT OF SUBSIDIARY, GOLD MART SDN BHD

1. INTRODUCTION

1.1. 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’s wholly-owned subsidiary, Hatten MS Pte. Ltd. (formerly known as Sky Win Management Consultancy Pte Ltd) (“**Hatten MS**”), has on 11 August 2020 entered into an agreement with Gold Mart Sdn Bhd (“**Gold Mart**”) (a wholly-owned subsidiary of Hatten MS), Tayrona Capital Pte. Ltd. (“**Tayrona Capital**”) and Wealth Express Holdings Group Limited (“**WEH**”) (the “**Agreement**”).

1.2. The Agreement provides for the proposed:

- (a) sale of all of Hatten MS’s rights and interest in the project “**Harbour City**” on the land located at Kawasan Bandar XLIII, District of Melaka Tengah, State of Melaka, Malaysia (the “**Project**”) via assignment and transfer of all of Hatten MS’s rights, control and interest in and to the intellectual property and intellectual property rights in relation to the Project (the “**Intellectual Property Rights**”) by Hatten MS to Tayrona Capital for a consideration of US\$60 million (for illustration purposes, equivalent to approximately RM252.0 million based on an exchange rate of RM4.1996:US\$1 as at the date immediately preceding the date of this announcement) (the “**Proposed Assignment**”); and
- (b) subscription by Tayrona Capital for 99,000,000 new ordinary shares of Gold Mart (the “**New Shares**”) to be issued at RM1.00 per share for a consideration of RM99,000,000 (the “**Investment Amount**”) (for illustration purposes, equivalent to approximately US\$23 million based on an exchange rate of RM4.1996:US\$1 as at the date immediately preceding the date of this announcement) (the “**Proposed Investment**”).

Following the Proposed Investment, the equity interest of Hatten MS in Gold Mart will be diluted from 100% to 1%, and Tayrona Capital will hold a 99% equity interest in Gold Mart. The Proposed Investment is considered a disposal of Hatten MS’s interest in Gold Mart pursuant to Chapter 10 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”).

The Proposed Assignment and Proposed Investment are together hereafter referred to as the “**Proposed Transaction**”. Pursuant to Listing Rule 1006(c), the total consideration of the Proposed Transaction shall comprise the consideration for the Proposed Assignment and the Proposed Investment, in aggregate amounting to approximately US\$83 million (approximately RM348.6 million based on an exchange rate of RM4.1996:US\$1) (“**Consideration**”).

1.3. The Agreement also provides that Tayrona Capital will pay US\$240 million to WEH for works and services to be provided by WEH to Tayrona Capital (the “**Tayrona-WEH Transaction**”) including, among other things, the completion of the development of the Project and marketing and management of the Project.

2. INFORMATION RELATING TO THE PROPOSED TRANSACTION

2.1. Information on Gold Mart

Gold Mart, a Malaysia-incorporated private company limited by shares, is a wholly-owned subsidiary of Hatten MS, which is in turn a wholly-owned subsidiary of the Company. As at the date of this announcement, Gold Mart has a registered and paid-up capital of RM1,000,000 comprising 1,000,000 ordinary shares.

Gold Mart is engaged in the business of property development in Malaysia. The only property development project for Gold Mart currently is the Project. The Project, located in Melaka Malaysia, is an integrated development which comprises a retail mall, luxury hotel and an outdoor-indoor theme park. The stage of completion of the Project is estimated at approximately 70%. As at the date of this announcement, the construction of the Project is halted due to a legal dispute with the main-contractor of the Project as announced by the Company on 14 May 2020.

In connection with the Project, Hatten MS has developed and owns various intellectual property rights including project designs and concepts, domain name, internet site and marketing materials ("**Intellectual Property**"). The Intellectual Property will be assigned to Tayrona Capital pursuant to the Proposed Assignment. As the Intellectual Property is utilised within the Group, it is not accounted for in the financial statements of the Company, Hatten MS or Gold Mart.

Based on Gold Mart's audited financial statement for the financial year ended 30 June 2019, it reported a net asset value of RM169.9 million and profit after tax of RM108.1 million. Based on Gold Mart's unaudited financial statement for the financial period of nine-months ending 31 March 2020, it reported a net asset value of RM184.9 million and profit after tax of RM16.5 million.

As set out in Paragraph 5.2 of this announcement, the Company will appoint a competent and independent valuer to value the assets to be disposed.

On completion of the Proposed Investment, Gold Mart will cease to be a subsidiary of the Company.

2.2. Information on Tayrona Capital

The information presented herein relating to information on Tayrona and WEH is based on information provided by Tayrona and WEH respectively. In respect of such information, the Company has not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.

Tayrona Capital is a private company limited by shares incorporated under the laws of the Republic of Singapore on 16 September 2016 with an issued and paid up capital of S\$2 million. Its principal business activity is investment holding. Tayrona Capital's shareholders are (i) Jaime Alfonso Ordonez Arturo with a stake of 85%, and (ii) Adhara Pte. Ltd. with a stake of 15%. Tayrona Capital's directors are Jaime Alfonso Ordonez Arturo and De Vera Arjane.

Tayrona Capital is part of the Tayrona group of companies ("**Tayrona Group**") headquartered in Singapore. Tayrona Group is in the business of hospitality and investment. Tayrona Capital is interested to acquire and complete the Project as an addition to its Sagana Hotels & Resorts network of 32 hotels and/or resorts worldwide and Ultra Luxury Integrated Destinations Collection which currently has operations and developments in 22 countries.

Tayrona Capital and its directors, substantial shareholders and their associates are not related to any of the Directors and the controlling shareholders of the Company or any of their respective associates. As at the date of this announcement, Tayrona Capital does not own any shares in the Company ("**Shares**").

2.3. Information on WEH

WEH is a private company limited by shares incorporated under the laws of the British Virgin Islands on 24 September 2018. Its principal business activity is investment holding. WEH's sole shareholder and sole director is William Chan.

WEH and its director, shareholder and their associates are not related to any of the Directors and the controlling shareholders of the Company or any of their respective associates. As at the date of this announcement, WEH does not own any Shares.

3. PRINCIPAL TERMS OF THE PROPOSED TRANSACTION

As the Proposed Transaction constitutes a "major transaction" as defined under Chapter 10 of the Catalist Rules, the Proposed Transaction is conditional upon the approval of shareholders of the Company ("**Shareholders**"). Accordingly, the Company will be seeking the approval of the Shareholders for the Proposed Transaction at an extraordinary general meeting ("**EGM**") to be convened.

3.1. Consideration

Pursuant to the Agreement, the Consideration for the Proposed Transaction is approximately US\$83 million (equivalent to approximately RM348.6 million or S\$113.9 million based on the exchange rate of US\$1.00:S\$1.3723 as at the date immediately preceding the date of this announcement), to be satisfied fully in cash. The Consideration was arrived at on a willing buyer and willing seller basis, and upon arm's length negotiations after taking into consideration the net assets of the Gold Mart of RM184.9 million as at 31 March 2020 and rationale of the transactions contemplated by the Agreement as set out in paragraph 4 of this announcement.

The Consideration will be payable by Tayrona Capital to Gold Mart and Hatten MS respectively on the Completion Date (as defined below).

Tayrona Capital has confirmed that it has adequate fund ready, willing and available to fulfil its obligations to pay for the Proposed Transaction and the Tayrona-WEH Transaction. Tayrona Capital shall, no later than thirty (30) days from the date of the Agreement (or such other period as Hatten MS may agree in writing), deliver to Hatten MS a confirmation of financial resources, in form and substance acceptable to Hatten MS, declaring that a reputable financial institution has earmarked funds to satisfy Tayrona Capital's payment obligations under the Agreement.

3.2. Completion

Subject to the terms and conditions of the Agreement, completion of the Proposed Transaction shall take place three (3) business days following the fulfilment of the conditions set out in paragraph 3.3 of this announcement, or such other date as may be agreed in writing between the parties to the Agreement ("**Completion Date**"). The indicative Completion Date shall be no later than the cut-off date of 15 November 2020, or such other date as may be agreed in writing between Hatten MS and Tayrona Capital.

3.3. Conditions Precedent

Completion of the Proposed Transaction is conditional upon, *inter alia*, the following conditions having been satisfied or waived:

- (a) delivery by Gold Mart to Tayrona Capital of a certificate signed by a director of Gold Mart confirming that all of the warranties given by Gold Mart under the Agreement are true, accurate and correct in all material respects as at the Completion Date;

- (b) delivery by Gold Mart to Tayrona Capital of a certificate signed by a director of Gold Mart confirming that there has been no material adverse change in the operations, assets, business or financial condition of Gold Mart occurring on or prior to the Completion Date (where "**material adverse change**" means any material adverse change that has caused the net asset value of Gold Mart to decrease by 20% or more based on its audited accounts);
- (c) the results of Tayrona Capital's due diligence investigations into Gold Mart and its assets being satisfactory;
- (d) all authorisations, clearances, licences, orders, confirmations, consents, exemptions, grants, permissions, registrations, recognitions, clearances and other approvals from any governmental authority and shareholders necessary or appropriate for or in connection with the Proposed Transaction, having been obtained if necessary; and
- (e) the Company obtaining Shareholders' approval at an EGM for the Proposed Transaction.

3.4 Completion Obligations

On the Completion Date, each party to the Agreement shall comply with their respective obligations comprising, *inter alia*, the following:-

- (a) Gold Mart shall deliver or make available to Tayrona Capital:
 - (i) a certified true copy of the shareholders' resolutions of Gold Mart approving *inter alia* (1) the issue and allotment of the New Shares and the entitlement of Tayrona Capital to subscribe for the New Shares at the Investment Amount; (2) the registration of the issuance of the New Shares and the issuance of the share certificate in respect of the New Shares in the name of Tayrona Capital;
 - (ii) the new share certificate in respect of the New Shares issued and allotted in favour of Tayrona Capital;
 - (iii) the written resignations of each of the existing directors of Gold Mart, from his office as a director to take effect on the Completion Date; and
 - (iv) the written resignation of the secretary of Gold Mart to take effect on the Completion Date;
- (b) Hatten MS shall deliver or caused to be delivered to Tayrona Capital a certified true copy of the resolutions of the directors of Hatten MS approving *inter alia* the entry into the Deed of Assignment (as defined in the Agreement) and the assignment and transfer of the Intellectual Property Rights;
- (c) the Deed of Assignment shall be duly executed by Hatten MS and Tayrona Capital;
- (d) Tayrona Capital shall deliver copies of the resolutions of the board of directors of Tayrona Capital approving the entry into and execution of the Agreement, and performance of its obligations under the Agreement; and
- (e) Tayrona Capital shall pay in total US\$323 million in full in cash, on the Completion Date by way of telegraphic transfer or by such other method or in such mode as the relevant parties may agree in writing.

3.5 Post Completion Obligations

After the Completion Date, Hatten MS shall comply with its obligations to Gold Mart and Tayrona Capital comprising, *inter alia*, the following:-

- (a) Hatten MS shall work with Gold Mart on the administrative governmental requirements in Malaysia with respect to the “Malaysia-My-Second-Home” program for foreign investors such as rendering assistance to Gold Mart to process applications under the program and assisting Gold Mart to liaise with the relevant Malaysian governmental authorities in connection thereof. Approval of such applications is dependent on various factors including the profile of purchasers acceptable to the government of Malaysia;
- (b) Hatten MS shall work with Gold Mart on the administrative requirements to be satisfied for applications to the relevant Malaysian governmental authority for the name of the Project to be changed to “Tayrona City” or such other name determined by the Investor, assisting Gold Mart in its application for the change in name, and liaising with the relevant Malaysian Governmental Authorities in connection thereof; and
- (c) subject to the applicable laws and other requirements (including financial and track-record requirements), in the event that Hatten MS is given the right to develop the 66 acres sea-fronting lands owned by Hatten MS’s ultimate shareholder (the “**Land Bank**”), Hatten MS will offer to Tayrona Capital a right of first refusal to co-develop the Land Bank on terms and conditions to be mutually agreed. Nothing in the Agreement shall be construed to give Tayrona Capital any right or interest in, or option to, the Land Bank.

4. RATIONALE AND USE OF PROCEEDS

4.1 The rationale for the Proposed Transaction is as follows:-

- (a) the proceeds of US\$60 million pursuant to the Proposed Assignment will bolster the Company’s balance sheet and provide it with greater financial flexibility. In view of the challenging business sentiments due to the Covid-19 pandemic, the Company believes that the Proposed Transaction is an opportunity to raise funds and is in line with the Company’s plans to monetise its assets;
- (b) with Tayrona Capital’s international track record and expertise in hotel development and hospitality management, the Company believes that there are strong potential and synergies for both companies to collaborate together in other projects in Melaka moving ahead; and
- (c) as at the date of this announcement, the construction of the Project is halted due to a legal dispute with the main-contractor of the Project as announced by the Company on 14 May 2020. Tayrona Capital and WEH have agreed to work with the Company to work out a settlement solution with the main-contractor. A settlement with the main-contractor would allow the Project to resume construction towards completion. The Company believes that this will help retain market confidence in the track record of the Company.

4.2 On completion of the Proposed Transaction, the Group estimates that there will be net proceeds of approximately US\$59.7 million payable to the Group, being the cash consideration from the Proposed Assignment less estimated expenses of approximately S\$380,000 (approximately US\$277,000 based on the exchange rate of US\$1.00:S\$1.3723). The excess of net proceeds of US\$59.7 million (approximately RM250.8 million) over the net asset value of Gold Mart of RM184.9 million as at 31 March 2020 is RM65.9 million, which is also the estimated gain on disposal of Gold Mart from the Proposed Transaction.

The Group intends to use the net proceeds from the Proposed Assignment as follows:-

- (a) US\$25.0 million will be used to settle the net amount owing by entities within the Group to Gold Mart;
- (b) US\$34.7 million for the repayment of outstanding borrowings owed by the Group and working capital purposes.

Pending deployment of the net proceeds, such proceeds may be placed as deposits with banks and/or financial institutions, invested in short-term money markets or debt instruments or for any other purpose on a short term basis as the Directors may, in their absolute discretion, deem fit from time to time.

5. REQUIRED DISCLOSURES UNDER THE CATALIST RULES

5.1 Relative Figures Under Rule 1006 of the Catalist Rule

The relative figures computed on the bases set out in Rule 1006 of the Catalist Rules in respect of Proposed Transaction and based on the latest unaudited consolidated financial statements of the Group for the financial period ended 31 March 2020 are as follows:

	Bases of Calculation	Relative Figures (%) in relation to the Proposed Transaction
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	50.0% ⁽¹⁾
(b)	Net profits attributable to the assets disposed of, compared with the Group's net loss	(47.4)% ⁽²⁾
(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	141.7% ⁽³⁾
(d)	Number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities of the Company previously in issue	Not applicable.
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's 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 (i) the net asset value of the assets of Gold Mart amounted to approximately RM184.9 million; and (ii) the net asset value of the Group which amounted to approximately RM369.6 million, as at 31 March 2020.
- (2) Based on: (i) the net profits attributable to Gold Mart of approximately RM16.5 million for the nine-months ended 31 March 2020; and (ii) the Group's net loss of approximately RM34.8 million, for the nine-months ended 31 March 2020.

- (3) Based on (i) the market capitalisation of the Company of S\$80.9 million; and (ii) The Consideration of approximately US\$83 million (equivalent to approximately S\$113.9 million) The market capitalisation is based on 1,434,596,353 shares in issue and the volume weighted average price of S\$0.0564 on 6 August 2020, being the last market day preceding the date of the Agreement where trades were recorded.
- (4) No part of the consideration, namely the US\$240 million payable by Tayrona Capital to WEH under the Tayrona-WEH Transaction will be paid to Hatten MS or the Company after completion of the Proposed Transaction and in connection with Hatten MS's post-completion obligations pursuant to Paragraph 3.5.

As the relative figure computed pursuant to Rule 1006(c) respect of the Proposed Transaction is more than 75% (which exceeds the 50% threshold in the Catalist Rules) and pursuant the guidance provided in Practice Note 10A paragraph 4.6 on negative numbers in the computation of the relative figures, the Proposed Transaction constitutes a "major transaction" as defined under Chapter 10 of the Catalist Rules. Accordingly, the Company intends to seek the approval of its Shareholders for the Proposed Transaction at an EGM to be convened.

5.2 Independent Valuation Report

According to Rule 1014(5), where a disposal of assets is one where any of the relative figures as computed on the bases set out in Rule 1006 exceeds 75%, the issuer must appoint a competent and independent valuer to value the assets to be disposed. The Company shall appoint an independent valuer to value the assets to be disposed. The independent valuation shall be provided in the circular for the purposes of the EGM.

6. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

- 6.1. The financial effects of the Proposed Transaction set out below are purely for illustrative purposes only and do not reflect the actual future financial position of the Company or the Group after the completion of the Proposed Transaction.

The most recently completed financial year of the Company is the financial year ended 30 June 2020 ("FY2020"). As such financial results have yet to be announced as at the date of this announcement, the pro forma financial effects in this section have been prepared based on the latest 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 Transaction had been completed on 1 July 2018 for the purposes of illustrating the financial effects on the Group's earnings per share ("EPS"); and
- (b) that the Proposed Transaction 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 Transaction.

For the purpose of the EGM, the circular will comprise the financial results of FY2020 if such results have been announced by the Company prior to the circular publication.

6.2. NTA per Share

	Before the Proposed Transaction	After the Proposed Transaction
NTA (RM'000)	384,868	318,229
Number of Shares ('000)	1,434,596,353	1,434,596,353
NTA per Share (RM cents)	26.8	22.2

6.3. EPS

	Before the Proposed Transaction	After the Proposed Transaction
Net profit attributable to Shareholders (RM'000)	18,854	101,225
Weighted average number of Shares ('000)	1,434,596,353	1,434,596,353
Earnings per Share (RM cents)	1.3	7.0

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or (to the best of the knowledge of the Directors) the controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Transaction or the Tayrona-WEH Transaction (other than in their capacity as Directors or Shareholders of the Company).

8. SERVICE AGREEMENTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Transaction or the Tayrona-WEH Transaction. Accordingly, no service agreements will be entered into with the Directors or controlling shareholders of the Company or their respective associates in connection with the Proposed Transaction or the Tayrona-WEH Transaction.

9. CIRCULAR TO SHAREHOLDERS

A circular to Shareholders setting out, among others, further information on the Proposed Transaction, together with the notice of EGM to be convened, will be despatched to Shareholders in due course. The Company will make further announcements relating to the Proposed Transaction as and when necessary.

10. 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.

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 Proposed Transaction and the Tayrona-WEH Transaction, 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 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
HATTEN LAND LIMITED

Dato' Tan June Teng, Colin
Executive Chairman and Managing Director
11 August 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.