LHN LIMITED
賢能集團有限公司*
(Incorporated in the Republic of Singapore with limited liability)
(Hong Kong stock code: 1730)
(Singapore stock code: 41O)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF 100% EQUITY INTEREST IN THE TARGET COMPANY

THE DISPOSAL

The Board is pleased to announce that on 21 May 2025, the Seller, an indirect wholly-owned subsidiary of the Company, entered into the Share Sale and Purchase Agreement with the Purchaser pursuant to which the Seller agreed to dispose of, and the Purchaser agreed to purchase, the Sale Share, representing 100% of the equity interest of the Target Company, at the Consideration.

LISTING RULES IMPLICATIONS

As one or more than one of the applicable percentage ratios in respect of the Disposal is/are more than 5% and below 25%, the Disposal therefore constitutes a discloseable transaction for the Company under the Listing Rules, and is therefore subject to the notification and announcement requirements but exempt from shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

THE SHARE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 21 May 2025, the Seller, an indirect wholly-owned subsidiary of the Company, entered into the Share Sale and Purchase Agreement with the Purchaser pursuant to which the Seller agreed to dispose of, and the Purchaser agreed to purchase, the Sale Share, representing 100% of the equity interest of the Target Company, at the Consideration.

The principal terms of the Share Sale and Purchase Agreement are set out below:

Date : 21 May 2025

Parties :

(1) Coliwoo Holdings Pte. Ltd., an indirect wholly-owned subsidiary of the Company, as the Seller; and

(2) CWL Properties Pte. Ltd., as the Purchaser.

For detailed background of the parties, please refer to "Information about the Parties" below.

Subject matter : Pursuant to the Share Sale and Purchase Agreement, the Seller agreed to dispose of, and the Purchaser agreed to purchase, the Sale Share, representing 100% of the entire issued share capital of the Target Company as at the date of the Share Sale and Purchase Agreement.

The Target Company is the sole legal and beneficial owner of the Property.

Consideration and payment terms : The Consideration for the Sale Share shall comprise:

(i) the purchase price of S$25,800,000.00 (the "**Purchase Price**"), out of which (a) an earnest deposit of S$260,000.00 (the "**Earnest Deposit**") and (b) a further deposit of S$1,290,000.00 (the "**Further Deposit**") has been paid by the Purchaser to the Seller as at the date of this announcement; and

(ii) a variable amount based on the net asset value of the Target Company as at the Closing Date, to be determined and adjusted in accordance with the terms of the Share Sale and Purchase Agreement.

The Parties agree that the Purchase Price constitutes the aggregate agreed consideration between the Parties for the property, plant and equipment of the Target Company.

The Earnest Deposit and the Further Deposit shall be applied towards the Purchase Price. The remaining balance of the Purchase Price, being S$24,250,000.00, shall be paid by the Purchaser at Closing and applied as follows:

(i) for the outstanding redemption monies payable to discharge the loan facilities granted to the Target Company which shall be an amount equivalent to the aggregate amount(s) owing under such loan facilities as at the Closing Date (the "**Loan Outstanding Amount**");

(ii) repayment of the Shareholders' Loans and Interest Accrued; and

(iii) the remainder to be paid to the Seller.

The Purchaser shall pay an amount equivalent to the proforma net asset value of the Target Company at Closing. A post-Closing adjustment to the Consideration shall be made in cash, based on the final net asset value of the Target Company as determined from the management accounts of the Target Company in respect of the period from 1 October 2024 to the Closing Date.

The Consideration was determined after arm's length negotiations on normal commercial terms, on a willing buyer and willing seller basis after taking into consideration, among others, the valuation of the Property, commissioned by the Company as at 31 March 2025 of S$25,800,000 performed by an independent valuer, Knight Frank Pte Ltd, using the direct comparison method, capitalisation method and discounted cash flow analysis (as defined hereinafter).

Direct Comparison Method

In this method, a comparison is made with sales of shophouses in the vicinity and other locations. Adjustments are made, where appropriate, for differences in location, siting, catchment, approved use, size, condition, other improvements, etc.

Capitalisation Method

In this method, the estimated gross revenue has been adjusted to reflect anticipated operating expenses, an ongoing vacancy & bad debts allowance, property management fees and property tax, producing a net income. The net income is capitalised for perpetuity at a yield rate which is appropriate for the type of use, tenure and reflective of the quality of the investment, based on analysis of yields reflected in the sales of comparable property types. Capital adjustments such as letting-up allowance, leasing commissions, capital expenditure and capitalised rental reversions are then made to derive the capital value of the Property.

Discounted Cash Flow Analysis

A valuation using the Discounted Cash Flow ("**DCF**") model is carried out over a period of ten years. The Property is hypothetically assumed to be sold at the beginning of the 11th year of the cash flow. The cash outflows are deducted from the cash inflows of the Property to obtain the net cash flows. The stream of net cash flows is discounted at an estimated required rate of return to obtain the Net Present Value. This form of analysis reflects investors' decision-making process and values the Property in such a manner as to attain the desired level of investment return commensurate with the risk of that asset class. In undertaking this analysis, we have also used a wide range of assumptions including rental growth during holding period, vacancy and bad debts allowance, costs associated with the initial purchase of the Property, etc. These imputed assumptions are intended to be aligned to known market circumstances/existing regulations to derive market value based on direct property purchase. One key component of the DCF model is the estimation of two market derived rates. One is the hurdle rate at which investors will discount the income stream over the assumed 10-year investment horizon. The second is the terminal capitalisation rate which is used to capitalise the income from Year 11 onwards, to derive the terminal value of the Property. The terminal capitalisation rate takes into consideration perceived market conditions in the future, estimated tenancy and cash flow profile and the overall physical condition of the Property in ten years' time.

Conditions precedent : The obligations of each Party to complete the sale and purchase of the Sale Share under the Share Sale and Purchase Agreement are subject to and conditional upon the following conditions precedent being fulfilled or waived by the relevant Party, by the Final Fulfilment Date (or such other time and/or date as the parties may mutually agree):

(i) If applicable, the obtaining of, or the waiving of any requirement to obtain, any approvals, authorisations, permits and consents from any governmental authority necessary for the consummation of the Transaction;

(ii) Subject to any mutual written agreement for any adjustment(s) to the balance of Purchase Price of S$24,250,000.00 that may be necessary to deal with such liabilities being the Seller's liabilities incurred in the ordinary course of business, all debts and liabilities of the Target Company up to and including the Closing Date being extinguished and/or settled by the Seller on or before Closing, and where any loans are made in favour of the Target Company, such loans being fully redeemed on or before Closing;

(iii) The passing of resolutions of the shareholder and the board of directors of the Seller and the board of directors of the Company, approving the Transaction;

(iv) The passing of resolutions of the shareholder and the board of directors of the Purchaser approving the Transaction;

(v) If applicable, the obtaining of, or the waiving of any requirement to obtain, any third-party approval or consent (including, but not limited to, approval or consent from SGX-ST and the Stock Exchange) as may be required in respect of the Transaction;

(vi) Save for the Loan Outstanding Amount (to be settled on and subject to Closing), all third-party loan liabilities of the Target Company having been fully discharged, or, as the case may be, waived;

(vii) The title to the Property being in good order, properly deduced and free from all encumbrances on Closing;

(viii) The Purchaser accepting the Property on an "as is where is" basis, with respect to the state and condition of the Property as at 2 April 2025;

(ix) The Purchaser having received satisfactory replies to the usual solicitors' requisitions to the various governmental authorities (unless expressly waived by the Purchaser in writing) in respect of the Property;

(x) No material adverse change having occurred;

(xi) Winding up and bankruptcy searches in respect of the Company and the Seller respectively showing that no results are available; and

(xii) Written confirmation from the parties to the management agreement dated 1 October 2021 and entered into between Coliwoo Property Management Pte. Ltd. and the Target Company (as extended by letters of extension dated 1 October 2022 and 1 October 2023) that it will be terminated at Closing.

Seller's obligations : The Seller shall before the Closing Date, commission a third party to (i) prepare, and shall bear the cost of preparing, the ongoing (as at the date of the Share Sale and Purchase Agreement) facades inspection report, and (ii) a periodic structural inspection report (the "**PSI Report**"), notwithstanding that the Purchaser agrees and acknowledges the abovementioned reports may be issued only after the Closing Date. In the event that the PSI Report discloses any defect that in the reasonable opinion of the Seller, gives rise, or which is likely to give rise, to damage of such severity that renders the Property unsafe for occupation and requires the occupants to vacate the building immediately (the "**Major Structural Defect**"), the Seller will bear the cost to rectify any such Major Structural Defect; provided always that the Seller shall not be liable to rectify any defect which is not a Major Structural Defect.

Closing : Closing shall take place on the Closing Date (i.e., 31 July 2025 or such other dates as may be agreed between the Parties).

REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARE SALE AND PURCHASE AGREEMENT

The Group had completed the acquisition of the Property in 2021 and has been operating the Property as a hotel. The Board considers that the Disposal is beneficial to the Group as the net proceeds to be received by the Group is expected to increase the cashflow of the Group thus allowing the Group to use the proceeds for working capital.

The Disposal is considered to be a good opportunity for the Group to realise its investment in the Property and secure more cash for future development and investment. It is also in line with the Group's strategic development plan to streamline and optimise the Group's business structure and resources.

For reasons above, the Board considers the terms of the Share Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better, and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

Information about the Company and the Seller

The Company is a real estate management services group headquartered in Singapore, with the expertise and experience to generate value for its landlords and tenants through its expertise in space optimisation. The Group currently has four main business segments, namely: (i) space optimisation business; (ii) property development business; (iii) facilities management business; and (iv) energy business. The Group has business operations primarily in Singapore, Indonesia, Myanmar and Cambodia.

The Seller is an indirect wholly-owned subsidiary of the Company in Singapore, which is an investment holding company.

Information about the Purchaser

The Purchaser is a limited liability company incorporated in Singapore, which is principally engaged in real estate development activities. It is owned as to 100% by an individual, Chia Teo Meng.

The Purchaser, its substantial shareholders, controlling shareholders and ultimate beneficial owners are Independent Third Parties to the Group to the best of the Directors' knowledge, information and belief having made all reasonable enquiries.

Information about the Target Company

The Target Company is an indirect wholly-owned subsidiary of the Company in Singapore, which primarily engages in space optimisation. It is the registered owner of the Property. As at the date of this announcement, the Property is subject to two ongoing tenancies: one expiring on 31 May 2025 and the other on 14 July 2027.

Upon Closing, the Target Company will cease to be a subsidiary of the Group.

Set out below is the audited financial information of the Target Company for the two financial years ended 30 September 2024:

	For the financial year ended 30 September 2024 S$'000	For the financial year ended 30 September 2023 S$'000
Revenue	958	896
Net profit/(loss) before taxation	4,721	2,360
Net profit/(loss) after taxation	4,724	2,331

The net asset value of the Target Company as at 30 September 2024 was approximately S$10,691,000.

LISTING RULES IMPLICATIONS

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MAINBOARD RULES IMPLICATIONS

The relative figures for the Disposal computed on the bases set out in Rule 1006 of the Mainboard Rules are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value.	4.04(1)
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	0.94(2)
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	12.00(3)
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
(e)	The 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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable

Notes:

(1) Net asset value of the assets to be disposed of and the net asset value of the Group as at 31 March 2025 were approximately S$10,861,000 and S$268,818,000, respectively.

(2) Net profits/(loss) is defined to be profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. Based on the unaudited net profits of approximately S$170,000 for the six months financial period ended 31 March 2025 of the assets to be disposed of, and the Group's net profits of S$18,049,000 for the six months financial period ended 31 March 2025.

(3) Based on the consideration to be received by the Group, being S$25,800,000, over the market capitalisation of the Company of approximately S$214,950,000, being 418,271,953 ordinary shares in issue multiplied by the volume weighted average price of the shares of S$0.5139 on 20 May 2025, being the last traded full market day immediately preceding the signing of the Share Sale and Purchase Agreement on 21 May 2025.

Under Chapter 10 of the Mainboard Rules, where, in respect of a disposal, any relative figure computed on the bases set out in Rule 1006 exceeds 5% but does not exceed 20%, the transaction shall constitute a "discloseable transaction" for the purposes of Chapter 10 of the Mainboard Rules. Based on the relative figures computed under Rule 1006 of the Mainboard Rules, as the relative figure under Rule 1006(c) exceed 5% but does not exceed 20%, the Disposal therefore constitutes a "discloseable transaction" under the provisions of Rule 1006 of the Mainboard Rules.

Financial Effects of the Disposal

Based on the unaudited accounts as at 31 March 2025, the book value of the Target Company amounted to approximately S$10.9 million. Subject to the final adjustment of the Consideration, it is expected that the Group will recognise an estimated loss of S$0.2 million (being related costs incurred for the Disposal) upon the Disposal for the financial year ending 30 September 2025 (which is calculated by reference to the carrying value of the Target Company as at 31 March 2025) as the Group had already recognised the fair value gain from the Property in the previous financial years.

Subject to the final adjustment of the Consideration, the Group expects to receive gross proceeds from the Disposal of approximately S$25.8 million and estimated net proceeds from the Disposal (after deducting bank loan outstanding amount and related costs) of approximately S$10.7 million. The excess of gross proceeds over the book value of the Target Company is approximately S$14.9 million. The proceeds from the Disposal are intended to be used for general working capital.

Upon completion of the Disposal, the Group will no longer have any shareholding interest in the Target Company.

The NTA and EPS effects of the Disposal on the Group as set out below are purely for illustrative purposes only and are neither indicative nor do they represent any projection of the financial performance or position of the Group after completion of the Disposal.

The financial effects have been prepared on a pro forma basis using the latest audited financial statements of the Group for the financial year ended 30 September 2024.

Net Tangible Asset per Share

	Before the Disposal	After the Disposal
NTA of the Group attributable to shareholders of the Company (S$'000)	254,181	254,181
Number of issued shares ('000)	418,272	418,272
NTA per share (Singapore cents)	60.77	60.77

Earnings per Share

	Before the Disposal	After the Disposal
Net profit of the Group attributable to shareholders of the Company (S$'000)	47,290	47,309
Weighted average number of shares ('000)	412,105	412,105
EPS (Singapore cents)	11.48	11.48

Interests of Directors and Substantial Shareholders

Save for their respective interests arising by way of their directorships and/or shareholders in the Company, none of the Directors or the substantial shareholders of the Company has any interest, direct or indirect, in the Disposal.

Service Contracts with Directors

There will be no person proposed to be appointed as a director of the Company or any of its subsidiaries in connection with the Disposal. Accordingly, no service contract is proposed to be entered into in connection with the Disposal.

Documents Available for Inspection

Copies of the Share Sale and Purchase Agreement and valuation report of the Property as at 31 March 2025 will be made available for inspection, at the registered office of the Company at 75 Beach Road, #04-01, Singapore 189689 during normal business hours during any weekday (excluding public holidays) for a period of three (3) months from the date of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"Board"	the board of Directors
"Closing"	the completion of the Transaction contemplated under the Share Sale and Purchase Agreement
"Closing Date"	31 July 2025 or such other dates as may be agreed between the Parties
"Company"	LHN Limited (formerly known as LHN Pte. Ltd.), a company incorporated with limited liability on 10 July 2014 under the laws of Singapore, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1730) and Mainboard of the SGX-ST (SGX symbol: 41O)
"Consideration"	the consideration payable by the Purchaser to the Seller in relation to the Disposal
"Director(s)"	director(s) of the Company
"Disposal"	disposal of the Sale Share as contemplated under the Share Sale and Purchase Agreement
"EPS"	earnings per share
"Final Fulfilment Date"	the date all the conditions precedent have been satisfied or waived, which must be no later than 30 July 2025, or such other date as the Parties may mutually agree in writing
"Group"	the Company and its subsidiaries
"Independent Third Party(ies)"	third party(ies) independent from the Company and its connected persons, as well as the Company's Directors, chief executive officer (or equivalent), substantial shareholders and their respective associates (as defined under the Listing Rules and the Mainboard Rules)
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"Mainboard Rules"	Section A of the listing manual of the SGX-ST: Rules of Mainboard, as amended, supplemented or modified from time to time
"NTA"	net tangible asset
"Parties"	the Seller and the Purchaser, and each, a "Party"
"Property"	the property situated at 115 Geylang Road, Singapore 389218 on Land Lot No. 7798W of Mukim 24 and comprised in Certificate of Title Volume 462 Folio 194
"Purchaser"	CWL Properties Pte. Ltd., a company incorporated in the Republic of Singapore with limited liability on 14 May 2007 and an Independent Third Party
"Sale Share"	1 share in the Target Company, representing 100% of the total issued shares of the Target Company
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Share Sale and Purchase Agreement"	the share sale and purchase agreement entered into between the Seller and the Purchaser on 21 May 2025 in relation to the sale and purchase of the Sale Share by the Seller to the Purchaser

"Shareholders' Loans and Interest Accrued"	the shareholders' loans provided to the Target Company by the Seller and interest accrued thereon, amounting to an aggregate sum of S$4,800,000
"Shareholders"	shareholders of the Company
"Seller"	Coliwoo Holdings Pte. Ltd., a company incorporated in the Republic of Singapore with limited liability on 7 September 2020 and an indirect wholly-owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"S$"	Singapore dollars, the lawful currency of Singapore
"Target Company"	Emerald Properties Pte. Ltd., a company incorporated in the Republic of Singapore with limited liability on 26 March 2021 with a total share capital of S$1.00 and an indirect wholly-owned subsidiary of the Company
"Transaction"	the sale and purchase of the Sale Share and such other transactions as may be contemplated by the Share Sale and Purchase Agreement
"%"	per cent.

By order of the Board
LHN Limited
Lim Lung Tieng
Executive Chairman and Group Managing Director

Singapore, 21 May 2025

As at the date of this announcement, the executive directors of the Company are Mr. Lim Lung Tieng and Ms. Lim Bee Choo; and the independent non-executive directors of the Company are Mr. Chan Ka Leung Gary, Mr. Ang Poh Seong and Mr. Lim Kian Thong.

* *For identification purpose only*