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LHN GROUP

SPACE OPTIMISED
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: 410)

DISCLOSEABLE TRANSACTION

ENTERING INTO JOINT VENTURE AGREEMENT

INTRODUCTION

The Board is pleased to announce that on 3 June 2020, WPS, an indirect wholly-owned subsidiary of the Company together with LCR and the JV Company entered into the Joint Venture Agreement, for the establishment of a new joint venture and sets out the joint venture arrangements of the JV Company.

The joint venture has been set up for the intention to acquire and operate the JV Property, namely a JTC industrial property located at 5 Toa Payoh West, Singapore 318877 comprised in Lot 7276M of Mukim 17, pursuant to the terms of the JV Property SPA.

LISTING RULES IMPLICATION

As one or more than one of the applicable percentage ratios in respect of the maximum financial contribution of the Group as contemplated under the Joint Venture Agreement is more than 5% and below 25% under the Listing Rules, the entering into the Joint Venture Agreement and the transactions contemplated under such agreement constitute a discloseable transaction for the Company, and is therefore subject to the notification, announcement requirements but exempt from shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 3 June 2020, WPS, an indirect wholly-owned subsidiary of the Company, together with LCR and the JV Company entered into the Joint Venture Agreement, for the establishment of a new joint venture and sets out the joint venture arrangements of the JV Company.

The joint venture has been set up for the intention to acquire and operate the JV Property, namely a JTC industrial property located at 5 Toa Payoh West, Singapore 318877 comprised in Lot 7276M of Mukim 17, pursuant to the terms of the JV Property SPA.

THE JOINT VENTURE AGREEMENT

The principal terms of the Joint Venture Agreement are set out below:

Date : 3 June 2020

Parties : (1) LCR
(2) WPS
(3) JV Company

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

Agreed Proportions : The shareholding of the Holders in the JV Company shall be in the proportion set out below:

- LCR (60%)
- WPS (40%)

Share capital of JV Company : (1) Upon incorporation on 19 August 2019, the JV Company has an initial issued share capital of S\$100 comprising 100 Shares, which were wholly-owned by LCR.

(2) Upon the signing of the Joint Venture Agreement, on 3 June 2020, the share capital of the JV Company was increased as follows:

- LCR injected a further S\$119,900 for an additional 119,900 Shares; and
- WPS injected S\$80,000 for 80,000 Shares, which were funded through internal sources of funding.

The aggregated consideration for the subscription of shares by each of LCR and WPS is determined through arm's length negotiation with reference to the portion of the Purchase Price to be paid by cash (which is equivalent to approximately 27% of the Purchase Price plus GST and stamp duty).

Objective of JV Company : The objective of the JV Company primarily includes:

- (a) the acquisition and ownership of the JV Property pursuant to the terms of the JV Property SPA; and
- (b) the running and operation of the JV Property as storage of cars, spare parts, vehicle inspection (without servicing and repair activities) and ancillary office and any other usages as approved by JTC.

For the principal terms of the JV Property SPA, please refer to "Information about the Property" below.

JV Property management : The parties agree that JV Company shall appoint WPS or its appointed nominee to manage the JV Property as a storage of cars, spare parts, vehicle inspection (without servicing and repair activities) and ancillary office in accordance with such terms and conditions as may be imposed by JTC and/or other Competent Authorities, and the by-laws and regulations for the time being in force and applicable.

The appointment shall include the following terms:

- (i) the JV Company shall pay WPS or its appointed nominee monthly charges at 10% of the JV Company's monthly revenue;
- (ii) WPS or its appointed nominee shall provide its expertise in property management of the JV Property;
- (iii) the JV Company shall bear the costs related to the day-to-day running and operation of the JV Property;

- (iv) the JV Company shall pay for the commission incurred in relation to the leasing of the JV Property to third parties; and
- (v) the JV Company shall pay for the outgoings, expenses (including capital expenditures) and costs arising from the management of the JV Property (including cost overruns).

Composition of JV Company Board : The JV Company Board shall comprise of two directors, one to be appointed by LCR and one to be appointed by WPS. The chairman of the meetings of the JV Company Board shall rotate between the director appointed by LCR and the director appointed by WPS on an annual basis.

A director holding office at the time his appointer ceases to hold Shares shall be deemed to have vacated office forthwith without any claim for compensation for loss of office or otherwise except salary and fees (if any) which have accrued.

Management of JV Company : The unanimous decision of the JV Company Board shall determine the managerial and financial policies of the JV Company including (but not limited to) the scope of its activities and operations.

Quorum for general meetings of JV Company : Notwithstanding anything in the constitutional documents of the JV Company to the contrary, no action of the JV Company shall be taken at any Holders' meeting unless a quorum of Holders is present throughout the meeting. The quorum for all Holders' meetings (including an adjourned meeting) shall be at two Holders including LCR and WPS or their representatives/proxies.

Right of first refusal : A Holder (the "**Transferor**") who desires to transfer all or any of its interests to any third party shall give to JV Company and the other Holder notice in writing of such desire ("**Transfer Notice**").

The Transfer Notice shall constitute an offer to the other Holder to acquire the Sale Interest on the terms and conditions stipulated therein. If the other Holder desires to accept such offer, it shall give written notice of its acceptance of all (and not some only) of the Sale Interest offered, to the Transferor within 30 days of the date of despatch of the Transfer Notice (which date of despatch shall be specified therein) and the Sale Interest shall be transferred to the other Holder.

In respect of the Sale Interests not taken up by the other Holder, the Transferor shall be entitled to transfer all (and not part only) of such Sale Interests to the third party (except a Prohibited Person) identified in the Transfer Notice within 90 days of the lapse or rejection of the offer, on terms which are no less favourable than those first offered to the other Holder.

If a Holder transfers part (and not all) of its interest to the third party (except a Prohibited Person) identified in the Transfer Notice pursuant to the provisions above, the parties acknowledge that they shall negotiate in good faith with each other and the said third party transferee (except a Prohibited Person) to amend the relevant provisions of the Joint Venture Agreement and the constitutional documents of the JV Company in relation to the proportion of shareholding.

Tag along sale : If a Holder (the "**Tag Shareholder**") intends to sell all of its Shares to a third party buyer (except a Prohibited Person) subject to the terms and conditions under the Joint Venture Agreement, then the Tag Shareholder must give a notice in writing (the "**Sale Notice**") to each other Holder (the "**Offeree**") stating its intention to sell some or all of its Shares to the third party buyer (except a Prohibited Person).

The Offeree may within ten business days of receipt of the Sale Notice give notice (the "**Tag Along Notice**") to the Tag Shareholder of its wish to sell the same proportion of the Shares held by or on behalf of the Offeree at the date of the Sale Notice at the same sale price per Share and otherwise on the terms contained in the Sale Notice.

If no Tag Along Notice is received by the Tag Shareholder from any Offeree within ten business days of receipt of the Sale Notice, then the Tag Shareholder may proceed on the terms set out in the Sale Notice. If an Offeree gives a Tag Along Notice to the Tag Shareholder, then, subject to the terms and conditions of the Joint Venture Agreement, the Tag Shareholder must not sell any of its Shares in accordance with the Sale Notice, unless contemporaneously with that sale, all Shares specified in each Tag Along Notice (the **"Tag Along Shares"**) are sold at the same price per Share and on the same terms and conditions as specified in the Sale Notice.

If the third party buyer (except a Prohibited Person) is unwilling or unable to purchase any of the Tag Along Shares, the Tag Shareholder may, contemporaneously with the sale of its Shares to the third party buyer (except a Prohibited Person), itself purchase those Tag Along Shares at the same price per Share and on the same terms and conditions specified in the Sale Notice, if the other Offeree is willing (but without any obligation) to sell, except that no Offeree will be required to provide the Tag Shareholder with any warranties or indemnities in relation to that sale other than market standard warranties relating to the title and ownership of the relevant Shares.

Permitted transfers : Transfer or disposal made by one Holder (the **"Seller"**) to the other Holder or a Permitted Transferee, provided always that where the Permitted Transferee ceases, or will cease, in relation to the Seller, to be a corporation which wholly-owns, is wholly-owned by or is wholly-owned by the corporation which is wholly owned by the Seller, the Seller shall procure that the Sale Interests are transferred back to it or to another of its Permitted Transferees prior to the first mentioned Permitted Transferee ceasing to be a corporation which wholly-owns, is wholly-owned by or is wholly-owned by the corporation which is wholly owned by the Seller.

Restrictions on share transfer : Subject always to JTC's prior written consent, any law, listing rules or other requirements of any regulatory authority (including but not limited to the requirements of the Catalist Rules and the Listing Rules binding on a Holder (the **"Permitted Condition"**), and the prior written consent of the other Holder being obtained, the Seller shall not be entitled to transfer or dispose all or any of its interest in Shares to any person unless:

- (a) it is a permitted transfer referred to above;
- (b) in respect of any transfer or disposal of any Sale Interests to any third party (except a Prohibited Person):
 - (i) the Seller has performed and complied with all its obligations as contemplated under the Joint Venture Agreement;
 - (ii) the Sale Interests are first offered by the Seller to the other Holder in accordance with the Joint Venture Agreements;
 - (iii) the Permitted Condition shall have been complied with or otherwise fulfilled;
 - (iv) in respect of the Sale Interests not taken up by the other Holder, the Seller shall be entitled to transfer all (and not part only) of such Sale Interests to the third party (except a Prohibited Person) identified in the Transfer Notice within 90 days of the lapse or rejection of the offer, on terms which are no less favourable than those first offered to the other Holder.

JTC approvals and consents : The JV Company shall observe and comply with such terms and conditions as may be imposed by JTC in the grant of its consent to the sale and purchase of the JV Property, and in particular, shall seek JTC's prior written consent for (i) the transfer of shares, change of mode of business and change or inclusion of trade/use; (ii) the demise, transfer, assign or part with the possession of the JV Property or any part thereof in whatsoever manner; and (iii) any form of reconstruction howsoever brought about including any form of amalgamation or merger with or takeover by another company, firm or body or party.

Being individually a corporate entity, the parties shall ensure that JTC's prior written consent is obtained prior to any transfer, allotment or acquisition of its shares.

JTC, a Singapore state-owned real estate company and statutory board under the Ministry of Trade and Industry, which was set-up by the Government of Singapore as the country's principal developer and manager of industrial estates and their related facilities, is the lessor of the JV Property. In order to obtain the approval from JTC for the sale and purchase of the JV Property, the shareholding structure of the JV Company have been submitted to JTC at the point of application. Under the government lease for the land on which the JV Property is situated, if there will be any change to the shareholding structure to the JV Company, which will lead to an indirect acquisition or disposal of the JV Company or their shareholders, prior approval must be sought from JTC. Although JTC is not a party to the Joint Venture Agreement, to ensure the parties to the Joint Venture Agreement are aware of the requirements, such clause has been added for clarity.

Funding and financing for JV Company : The Purchase Price shall first be financed by Third Party Financing. In the event there is insufficient Third Party Financing, the shortfall required shall be financed by the shareholders' loans in the Agreed Proportions.

In addition to a portion of the Purchase Price, the Holders shall also provide, within seven business days from the receipt of debit note or payment request from the JV Company, and in accordance with the Agreed Proportion the necessary funds to enable the JV Company to make the following payments as below (the **"Initial Payments"**):

- (i) 100% of the Purchase Price (plus GST);
- (ii) the amount of the *ad valorem* duty chargeable on the sale and purchase of the JV Property to the Commissioner of Stamp Duties, the Inland Revenue Authority of Singapore;
- (iii) any costs incurred in relation to the performance of the JV Property SPA, including but not limited to the application fees to JTC and lawyer's fees; and
- (iv) all sums payable by the JV Company to the relevant authorities.

If a notice is issued by the JV Company Board to require funding contribution in the Agreed Proportion, the Holders shall ensure that it contributes its portion of such funding contribution, via shareholders' loans, within seven business days after receipt of notifications from the JV Company of its portion of such payment amount or no later than three business days prior to the due date for payment to JV Company of such amount, whichever is the later, or such other date as the JV Company Board, as the case may be, may determine. If any Holder defaults (the **"Breaching Holder"**) providing all or any part of its Agreed Proportion of its funding contribution in respect of the JV Company (the **"Short-fall Capital"**), the other Holder (the **"Contributor"**) shall, upon such default by the Breaching Holder, have the obligation to contribute the whole or part of the Short-fall Capital by way of the shareholders' loans (the **"Substitute Contribution"**).

Shareholders' loans : The Holders undertake with each other and with the JV Company to contribute, in the Agreed Proportion, that any funding required by the JV Company, which is in excess of the Third Party Financing, which includes but is not limited to the following:–

- (i) not more than thirty-five per cent (35%) of the Purchase Price (plus GST), if the Holders so agree, and the Initial Payments;
- (ii) outgoings and expenses (including capital expenditures) in respect of the JV Property not covered by Third Party Financing;
- (iii) costs arising from the management of the JV Property (including cost overruns) not covered by Third Party Financing;
- (iv) the fees to be included in the property management agreement; and
- (v) such additional funding requirements as determined by the JV Company Board and approved by the Holders and not covered by Third Party Financing,

and in this connection, the Holders shall severally grant the shareholders' loans, in the Agreed Proportion and in any other manner resolved by the JV Company Board from time to time.

Shareholders' loans advanced pursuant to the Joint Venture Agreement may be repaid in whole or in part by the JV Company on such date or dates as the JV Company Board may decide, provided that (unless the JV Company Board decides otherwise) repayment shall be made to all Holders in proportion to the outstanding principal amount of each of their respective the shareholders' loans. For the avoidance of doubt, payment by the JV Company only extends to the shareholders' loans contributed by the Contributor, and shall not include any Short-fall Capital and interest, which shall be a debt recoverable by the Contributors from the Breaching Holder personally.

Each shareholders' loan advanced shall bear interest at three percent or at mutually agreed rate, to be accrued annually. Payment of all accrued interest shall be made on such date or dates as the JV Company Board may decide and shall be made proportionately to all Holders so that no accrued interest in respect of any tranche of a the shareholders' loan shall be paid to any Holder in full unless the interest then accrued and owing to the other Holder in respect of that tranche shall at such time also be paid in full and no accrued interest in respect of a tranche shall be paid in part unless all accrued interest then outstanding in respect of that tranche shall be proportionately paid in part to all Holders.

Advances : JV Company agrees with and undertakes to the Holders that it shall bear the aggregate amount of any liability incurred by the Holders on behalf of the JV Company arising under or in connection with the JV Property SPA and shall indemnify the Holders for any such payment made by a Holder and agreed to by the other Holder.

Maximum financial contribution : The maximum financial contribution (including but not limited to the subscription consideration for additional shares of the JV Company, the Purchase Price, the guarantees to be provided for Third Party Financing, and the shareholders' loans under the Joint Venture Agreement) shall not exceed S\$12,000,000 for LCR and S\$8,000,000 for WPS.

WPS will finance its shareholders' loans to the JV Company through internal sources of funding.

Breaches and indemnity : If any Holder (the "**Indemnifying Holder**") breaches any of its obligations in respect of the Initial Payments, such Holder shall indemnify the other Holder (the "**Indemnified Holder**") for all losses, costs, damages, claims, demands, actions, proceedings, liabilities and expenses whatsoever (including but not limited to all legal costs or attorney's fees on a full indemnity basis) which the Indemnified Holder may suffer arising from such breach by the Indemnifying Holder, including but not limited to all losses, costs, damages, claims, demands, actions, proceedings, liabilities and expenses whatsoever (including but not limited to all legal costs or attorney's fees on a full indemnity basis) without prejudice to any other rights or remedies which the Indemnified Holder may have as a result of the said breach by the Indemnifying Holder.

Any payment required to be made by way of indemnity under this clause must be paid within 30 days of receipt of written notice requesting payment. Any Holder who fails to comply with the notice by the end of the 30 day period shall pay interest to the Holder making the request on any sum or sums which he has not then paid, at the rate of two per cent (2%) + prime rate or financing bank rate, whichever is higher, compounded with monthly rests and payable monthly on the last day of each month, provided that if the last day of such month is not a business day, then on the next business day.

The Holder who has given the Undertaking shall be duly indemnified based on the Agreed Proportions by the other Holder in the event of default of payment obligation by the JV Company resulting in the credit providing instructions enforcing the relevant Undertakings.

The Breaching Holder shall be liable to pay to the Contributor, the Substitute Contribution, together with interest at the rate of two per cent (2%) + prime rate or financing bank rate, whichever is higher, compounded with monthly rests and payable monthly on the last day of each month, provided that if the last day of such month is not a business day, then on the next business day, or from the date when such Short-fall Capital was due to the JV Company until the date the Breaching Holder contributes the whole of such amount to the Contributor, such repayment by the Breaching Holder to be made within six months from the date of the Substitute Contribution by the Contributor, unless otherwise agreed to by the Contributor in writing. For the avoidance of doubt, the Contributor shall be under no obligation to extend the repayment period beyond the six month period for the Breaching Holder. In the event repayment of the Substitute Contribution, together with interest accrued hereon, is not repaid by the Breaching Holder to the Contributor, and no extension for repayment has been granted by the Contributor, or such extension as granted by the Contributor has expired, the Contributor or a third party named by the Contributor (other than Prohibited Person) shall have the right to purchase the Shares held by the Breaching Holder, subject always to the Permitted Conditions.

Deadlock

: If a deadlock arises in that any of the following events has occurred in relation to the JV Company (the **"Deadlock Matter"**):

- (i) no quorum is present at a meeting and its adjourned meeting of the JV Company Board, as the case may be, duly convened in accordance with applicable laws, the constitutional documents of the JV Company and the provisions of the Joint Venture Agreement;
- (ii) no quorum is present at a Holders' meeting and its adjourned Holders' meeting duly convened in accordance with applicable laws, the constitutional documents of the JV Company and the provisions of the Joint Venture Agreement;
- (iii) a resolution of the JV Company Board for the transaction of any business of the JV Company cannot be passed after two successive attempts; or
- (iv) a resolution of the Holders for the transaction of any business of JV Company cannot be passed after two successive attempts;

the JV Company Board shall, within seven days of the occurrence of such Deadlock Matter, refer the Deadlock Matter to the chief executive officer for the time being of LCR, in the case of LCR, and the chief executive officer for the time being of WPS, in the case of WPS, who shall jointly appoint a mediator who shall discuss the matter in good faith and endeavour to resolve the Deadlock Matter amicably within 30 days following the occurrence of the Deadlock Matter (the **"CEO Resolution Period"**).

In the event that no mediator can be agreed upon within 30 days of the occurrence of the Deadlock Matter, or the deadlock is not resolved within the CEO Resolution Period, a Holder shall, without prejudice to any other rights and remedies it may have, be entitled to serve within fourteen business days after the expiry of 30 days of the occurrence of the Deadlock Matter or the CEO Resolution Period, as the case may be, a notice on the other Holder to request for an extraordinary general meeting of the JV Company to wind up the JV Company. Notwithstanding the dispatch of such notice, any Holder (the **"Purchaser"**) may offer to purchase all and not some of the Shares of the JV Company held by the other Holder (the **"Vendor"**) at the price indicated in the Joint Venture Agreement (the **"Purchaser's Price"**) by notice in writing. The Vendor shall notify the Purchaser in writing within 30 days of the Purchaser's notice whether it accepts or declines the Purchaser's offer and if the Vendor declines the Purchaser's offer, the Vendor shall be bound to purchase all the Shares held by the Purchaser in the capital of the JV Company at the price for each of the Purchaser's Shares equal to the Purchaser's Price.

Distribution of income

: Except as may otherwise be agreed in writing by the Holders and subject to any restrictions under the Singapore Companies Act (Chapter 50 of Singapore), JV Company shall distribute all of its audited profits after taxation (in each of its financial year) which are lawfully available for distribution, subject to its working capital requirements, to its respective Holders in their respective Agreed Proportion by way of dividend or capital reduction as soon as reasonably practicable after such accounts have been approved by the JV Company Board.

Duration and termination : The Joint Venture Agreement shall take effect from the date of the Joint Venture Agreement, subject to such approval as may be required under the Listing Rules, without limit in point of time and shall cease and determine upon the dissolution of JV Company.

In the event that the JV Property SPA is rescinded, cancelled or terminated for any reason whatsoever, the Holders shall within 14 days after the date of rescission, cancellation or termination, as the case may be, take the necessary steps to procure the dissolution of the JV Company.

INFORMATION ABOUT THE PROPERTY

The JV Property to be acquired is currently vacant and is a JTC industrial property located at 5 Toa Payoh West Singapore 318877 comprised in Lot 7276M of Mukim 17. After the acquisition, the JV Property is intended to be used as storage of cars, spare parts, vehicle inspection (without servicing and repair activities) and ancillary office and any other usages as approved by JTC.

The JV Property Vendor is selling as the lessee of the JV Property of the balance of the lease expiring on 30 May 2030 under Certificate of Title (SUB) Volume 616 Folio 156. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the JV Property Vendor and its ultimate beneficial owner are third parties independent from LCR, the Company and its connected persons (as defined under the Listing Rules).

On 13 September 2019, the JV Company entered into the JV Property SPA regarding the sale and purchase of the JV Property at the Purchase Price of S\$3.2 million and paid the deposit of 5% of the Purchase Price of S\$3.2 million (with GST thereon) on the same day. Under the JV Property SPA, the sale and purchase of the JV Property is subject to approval from JTC and Competent Authorities, including the National Environmental Agency (Central Building Plan Unit). On 28 April 2020, JTC has issued the in-principle approval on the sale and purchase of the JV Property. Prior to obtaining the in-principle approval of JTC, the approval from the National Environmental Agency (Central Building Plan Unit) is required and has been obtained. No other approval is to be obtained from Competent Authorities for the sale and purchase of the JV Property. As at the date of this announcement, the JV Company is in the process of completing the acquisition of the JV Property. On completion, the JV Property Vendor shall execute and deliver to the JV Company a proper assurance of the JV Property. The JV Property Vendor and the JV Company agreed that the Property shall be sold with vacant possession to be delivered on completion.

INFORMATION ABOUT THE PARTIES

Information about the Company and WPS

The Company is a real estate management services group, with the ability to generate value for its landlords and tenants through its expertise in space optimisation, and logistics service provider headquartered in Singapore. The Group currently has three main business segments, namely: (i) space optimisation business; (ii) facilities management business; and (iii) logistics services business, which are fully integrated and complement one another. The Group currently operates mainly in Singapore, Indonesia, Thailand, Myanmar, Malaysia and Hong Kong.

WPS is an indirect wholly-owned subsidiary of our Company, which is an investment holding company.

Information about LCR

LCR is one of the largest car fleet rental company in Singapore that is wholly-owned by WayDrive Holdings Pte. Ltd. which is a local joint venture between Motor-way Credit Pte Ltd and Toh Motors Pte. Ltd.. LCR provides its customers with a one-stop-shop for their car rental needs via major ride hailing platforms through strategic partnerships with its partners as well as a full service vehicle maintenance facilities.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, LCR and its ultimate beneficial owner are third parties independent from the Company and its connected persons (as defined under the Listing Rules).

Information about JV Company

JV Company was incorporated on 19 August 2019. As at the date of this announcement, other than entering into the JV Property SPA (and the underlying option to purchase), the JV Company has not commenced operations. As such, no financial information is available as of the date of this announcement.

JV Company is intended to acquire and run the JV Property namely a JTC industrial property located at 5 Toa Payoh West Singapore 318877 comprised in Lot 7276M of Mukim 17, as part of the industrial property portfolio under the space optimisation business of the Group.

The JV Company will be accounted as an associate of the Group. The financial results of the JV Company will be equity accounted for in the financial statements of the Group. As such, the entry into the Joint Venture Agreement is not expected to have any material financial impact on the consolidated liabilities, net tangible asset per share and the consolidated earnings per share of the Group for the financial year ending 30 September 2020.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT VENTURE AGREEMENT

The entry into the Joint Venture Agreement would enable the Group to expand its business under the industrial property segment in accordance with the JV Property approved usage. Furthermore, the Group will be providing property management services for the JV Property, which will also increase the source of income and expand the properties managed by the Group under the Facilities Management Business.

The terms and conditions of the Joint Venture Agreement were arrived at after arm's length negotiations between the parties. The Board is of the view that the terms of the Joint Venture Agreement and the transactions contemplated thereunder were negotiated on an arm's length basis between the parties and are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As one or more than one of the applicable percentage ratios in respect of the maximum financial contribution of the Group as contemplated under the Joint Venture Agreement is more than 5% and below 25% under the Listing Rules, the entering into the Joint Venture Agreement and the transactions contemplated under such agreement constitute a discloseable transaction for the Company, and is therefore subject to the notification, announcement requirements but exempt from shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, no Director is required to abstain from voting on the board resolutions in relation to the approval of the transactions contemplated under the Joint Venture Agreement.

CATALIST RULES IMPLICATION

The disclosure requirements of this announcement in respect of the entry into the Joint Venture Agreement are referenced from Chapter 7 of the Catalist Rules. Being dual-primary listed on both Catalist of the SGX-ST and the Stock Exchange, the Company has undertaken to comply with the more onerous set of listing rules. Accordingly, this announcement had been prepared in accordance to the disclosure requirements of Chapter 14 of the Listing Rules.

FINANCIAL ASSISTANCE AND GUARANTEES

As at the date of this announcement, with the establishment of the joint venture as contemplated under the Joint Venture Agreement, the aggregate amount of the Group's financial assistance given to and guarantees given for facilities granted to affiliated companies (as defined under Rule 13.11(2)(a) of the Listing Rules) exceeded 8% of the asset ratio under the Listing Rules. Details are set out as follows:

Name of affiliated companies (the "Affiliated Companies")	Effective interest held	Loans to the affiliated companies S\$'000	Committed capital injection yet to be injected S\$'000	Guarantees for facilities granted to the affiliated companies S\$'000	Unutilised guaranteed facilities granted to the affiliated companies S\$'000	Guaranteed facilities utilised by the affiliated companies S\$'000
Work Plus Store (AMK) Pte. Ltd.	50.0%	151 ⁽¹⁾	—	24,000	—	23,457
Four Star Industries Pte Ltd	50.0%	867 ⁽¹⁾	—	6,925	—	6,846
Metropolitan Parking Pte. Ltd.	50.0%	313 ⁽¹⁾	—	15,400	—	15,400
Work Plus Store (Kallang Bahru) Pte. Ltd.	50.0%	2,442 ⁽¹⁾	—	14,000	7,200	6,800
JV Company	40.0%	—	—	—	—	—

Note:

(1) Interest charged at 3% per annum with no fixed terms of repayment. The loans were funded through internal sources of funding of the Group.

DEFINITIONS

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

“Agreed Proportion”	the proportion of shareholding interests of the Holders in JV Company, namely, 60% by LCR and 40% by WPS
“Board”	the board of Directors
“Catalist Rules”	Section B of the listing manual of the SGX-ST as amended, supplemented or modified from time to time
“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 Catalist of the SGX-ST (SGX symbol: 410)
“Competent Authority(ies)”	the relevant competent authority(ies) appointed under the Planning Act (Chapter 232 of Singapore)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“GST”	goods and service tax charged under the Goods and Services Tax Act (Chapter 117A of Singapore)
“Holder(s)”	the holder(s) of the share(s) of JV Company
“Joint Venture Agreement”	the joint venture agreement entered into among LCR, WPS and JV Company on 3 June 2020
“JTC”	JTC Corporation (Abbreviation: JTC; Chinese: 裕廊集团; pinyin: Yùláng Jítuán), formerly known as Jurong Town Corporation, is a Singapore state owned real estate company and statutory board under the Ministry of Trade and Industry headquartered in Jurong, Singapore. Established in 1968, the company was set up by the Government of Singapore as the country’s principal developer and manager of industrial estates and their related facilities
“JV Company”	Motorway Automotive Pte. Ltd., incorporated on 19 August 2019, a Singapore limited liability company
“JV Company Board”	the board of directors of JV Company
“JV Property”	a JTC industrial property located at 5 Toa Payoh West Singapore 318877 comprised in Lot 7276M of Mukim 17
“JV Property SPA”	the option to purchase agreement entered into between the JV Property Vendor as the seller and the JV Company as the purchaser in respect of the sale and purchase of the JV Property, which the JV Company has accepted the offer to purchase the JV Property on 13 September 2019, and became the binding sale and purchase agreement for the acquisition of the JV Property
“JV Property Vendor”	Philips Electronics Singapore Pte Ltd., a Singapore limited liability company, the seller of the JV Property
“LCR”	Lion City Rentals Pte. Ltd., a Singapore limited liability company, an independent third party to the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time

“Permitted Transferee”	in relation to any Holder, any other corporation which wholly-owns, is wholly-owned by or is wholly-owned by the corporation which is wholly owned by such Holder, and which remains so during the term of the Joint Venture Agreement;
“Prohibited Person”	(a) any direct competitor of the other Holder; (b) any person with whom an association would be unlawful or impractical for the JV Company or other Holder (including, without limitation, by virtue of sanctions issued by the European Union, the United States of America, Singapore, or another jurisdiction material to the business of the JV Company or the other Holder); or (c) any person with whom an association would be materially reputationally harmful to the JV Company or the other Holder (including, without limitation, by virtue of a publicised history of criminal conduct of such person, its affiliates, or management), considered relative to the public reputation of the existing Holders and the JV Company.
“Purchase Price”	the purchase price stated in the JV Property SPA, being S\$3.2 million exclusive of GST, imposition duty and levy
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shareholders”	shareholders of the Company
“Share(s)”	ordinary share(s) in the issued share capital of JV Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$”	Singapore dollars, the lawful currency of Singapore
“Third Party Financing”	financing from external sources by way of loans and other credit facilities from banks or other credit providing institutions obtained by JV Company, on terms reasonably acceptable to the Holders
“Undertaking”	bonds, undertakings, guarantees, indemnities, warranties or other form of security provided for Third Party Financing
“WPS”	WPS (TPY) PTE. LTD., an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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

Singapore, 3 June 2020

As at the date of this announcement, the board of directors of the Company comprises Mr. Lim Lung Tieng and Ms. Lim Bee Choo as executive directors; and Ms. Ch’ng Li-Ling, Mr. Yong Chee Hiong and Mr. Chan Ka Leung Gary as independent non-executive directors.

* *For identification purpose only*