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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 UNDER THE HONG KONG LISTING RULES

ESTABLISHMENT OF THE TUAS SOUTH JOINT VENTURE

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The Board is pleased to announce that on 1 October 2021, LHN Group, a directly wholly-owned subsidiary of the Company, the JV Company, Way Assets and Mr. Lim, both Independent Third Parties, entered into the Joint Venture Agreement. The joint venture has been established to include Way Assets and Mr. Lim as joint venture partners, for the Tuas South Property. As disclosed in the Tuas South Announcement, the JV Company has entered into the Option to Purchase for purchase of the Tuas South Property at the Purchase Price.

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 (including the Subscription, and shareholder's loan and bank guarantees to be provided for the settlement of the Consideration by the JV Company) is more than 5% and below 25%, the entering into the Joint Venture Agreement (including the Subscription) constitute discloseable transactions of the Company, and is therefore subject to the notification and announcement requirements but is exempt from shareholders' approval requirement pursuant to as set out in Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the Tuas South Announcement. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Tuas South Announcement.

As disclosed in the Tuas South Announcement, the JV Company accepted the Option to Purchase for the sale and purchase of the Tuas South Property, which forms a binding sale and purchase agreement for the acquisition of the Tuas South Property upon execution of the Option to Purchase, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Tuas South Property at the Consideration, being S\$21,000,000, exclusive of GST.

ESTABLISHMENT OF THE TUAS SOUTH JOINT VENTURE

The Board is pleased to announce that on 1 October 2021, LHN Group, a directly wholly-owned subsidiary of the Company, the JV Company, Way Assets and Mr. Lim, both Independent Third Parties, entered into the Joint Venture Agreement. The joint venture has been established to include Way Assets and Mr. Lim as joint venture partners, for the Tuas South Property. As disclosed in the Tuas South Announcement, the JV Company has entered into the Option to Purchase for purchase of the Tuas South Property at the Purchase Price. See "Information about the Parties – Information about the Company and The JV Company" below for further details.

THE JOINT VENTURE AGREEMENT

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

Date : 1 October 2021

Parties : (1) LHN Group
(2) Way Assets
(3) Mr. Lim
(4) The 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:

- LHN Group (60%)
- Way Assets (20%)
- Mr. Lim (20%)

Share capital : LHN Group holds one share of S\$1.00 in the JV Company prior to the completion of the Subscription.

On or before the Completion Date, or such other date as Parties may mutually agree in writing, LHN Group, Way Assets and Mr. Lim shall pay the following subscription consideration, and be entitled to the following JV Shares to be allotted to them:

Parties	Subscription consideration (S\$)	JV Shares to be allotted and issued
LHN Group	119,999.00	119,999
Way Assets	40,000.00	40,000
Mr. Lim	40,000.00	40,000
Total	199,999.00	199,999

Thereafter and in addition to the existing share capital of The JV Company, the total issued and paid-up share capital of the JV Company shall then be increased to S\$200,000.00, comprising 200,000 JV Shares.

The JV Shares shall be allotted and issued to the Holders stated above free from encumbrances and ranking *pari passu* with all other outstanding issued JV Shares of the JV Company in respect of all rights, dividends, entitlements and advantages as of and including the date of completion of the Subscription.

LHN Group, Way Assets and Mr. Lim will satisfy the aggregated subscription consideration of S\$119,999, S\$40,000 and S\$40,000 respectively through internal sources of funding.

The consideration for the Subscription by each of LHN Group, Way Assets and Mr. Lim 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 20% of the Purchase Price).

Conditions precedent for the Subscription

: The Holders' obligation to subscribe for the JV Shares shall be conditional upon the fulfilment of conditions, including but not limited to:

- (i) the bank account details of the JV Company, in such level of detail and manner necessary for the Holders to transfer their respective consideration, being received by the Holders at least five business days prior to the date of completion of the Subscription;
- (ii) all necessary corporate approvals and/or resolutions (including but not limited to the directors and shareholders resolutions of the JV Company) required for the issuance of the JV Shares to the Holders and the execution and performance of the Joint Venture Agreement having been obtained;

and in each case maintained in full force and effect as at the date of completion for the Subscription;

- (iii) all other approval, licence, registration, waiver, consent and authorisation as may be necessary or required to implement and/or effect the allotment and issuance of the JV Shares and the transactions contemplated herein being obtained, and if any such approvals, licences, registrations, waivers, consents and authorisations is subject to conditions, such conditions are reasonably acceptable to the Holders, and have been fully complied with as at the date of completion for the Subscription; and
- (iv) all of the representations and warranties given by each of the Parties under this Agreement remaining true, correct and complete in all respects and are not misleading in each case as of the date of this Agreement and as at the date of completion of the Subscription as though made on and as of that date.

The Holders may in their discretion waive (in whole or in part) any or all of the conditions.

Objective of the JV Company

: The objective of the JV Company shall be confined to:

- (a) the acquisition and ownership of the Tuas South Property pursuant to the terms of the Option to Purchase, and to any terms and conditions to be imposed by any relevant authorities;
- (b)
 - (i) the running and operation of the Tuas South Property as in accordance with the approved usage by the Competent Authorities and all other applicable laws, regulations, rules and directions by Competent Authorities (the "**Proposed Property Management**");
 - (ii) all activities, concerns, functions and matters reasonably incidental thereto; and
- (c) the refurbishment of the Property (the "**Proposed Refurbishment**");
- (d) the Holders hereby agree that at the end of the Term, in the event that the Holders mutually agree not to continue with the business of the JV Company, the Property shall be put up for sale as soon as practicable, unless a minimum of eighty per cent (80%) of the Holders vote against such sale; and
- (e) any business, undertaking or activity incidental to the operation of the business referred to in paragraphs (a) to (c).

Property management

- : Subject to the JV Company obtaining the necessary approvals from the Competent Authorities, the Parties agree that the JV Company shall enter into such agreement as appropriate to appoint LHN Group or its appointed (and duly qualified and competent) nominee (the “**Property Management Company**”) to achieve its business objectives (specified above) in accordance with such terms and conditions as may be imposed by the Competent Authorities, and the by-laws and regulations for the time being in force and applicable.

The property management agreement to be entered into shall include:

- (i) the JV Company to pay the Property Management Company a monthly charges of 10% of the JV Company’s monthly revenue (which includes rental and/or logistics management fee, but excludes proceeds from the sale of the Property) throughout the Term;
- (ii) in consideration of the above, the Property Management Company shall provide the overall management of the running and operation of the Tuas South Property, and all services provided by the Property Management Company shall be priced at reasonable rates that are typically extended to unrelated third parties;
- (iii) in the event that the Proposed Refurbishment is carried out at the Tuas South Property, the Property Management Company shall charge a monthly fee of S\$10,000.00 (the “**Project Management Fee**”) from the commencement date of the Proposed Refurbishment till but excluding the date of the issuance of the temporary occupation permit (“**TOP**”) for the Tuas South Property;
- (iv) after the TOP has been issued, the Property Management Company shall be entitled to charge and collect an incentive fee of 10% on the aggregate net profit before tax achieved by the JV Company, accruing from the date of the TOP (excluding any profit prior to the TOP date and any unrealised gain/loss on the Tuas South Property) (the “**Performance Incentive**”) up to the disposal of the Tuas South Property, and to be recalculated and paid out (excluding any Performance Incentives previously paid) to the Property Management Company at the close of each financial year. The Property Management Company is not entitled to any Performance Incentive if the JV Company incurs a cumulative aggregate net loss for the entire period beginning from the date of TOP till the end of the agreement term;
- (v) the JV Company shall run and operate the Tuas South Property as an industrial development. In doing so, the JV Company shall bear the direct costs related to the day-to-day running and operation of the Tuas South Property, such as paying for the manpower required (including cleaners, security guards, store men and forklift drivers);
- (vi) the JV Company shall hire and pay for the direct sales and marketing services required for the Proposed Property Management; and
- (vii) the JV Company shall pay for the outgoings, expenses (including capital expenditures) and costs arising from the management of the Tuas South Property (including cost overruns).

Trademark

- : The Parties agree that the Tuas South Property will be managed and marketed under the “LHN Group brand” and such rights shall not be in conflict with any obligation that LHN Group may owe to any third party. LHN Group shall grant a non-exclusive royalty-free licence to the JV Company to use LHN Group’s intellectual property (the “**LHN Group IP**”) in relation to any sales and marketing services as well as any ancillary activities for the Proposed Property Management;

Board composition

- : The JV Board shall comprise of four directors, two to be appointed by LHN Group, one by Way Assets and one by Mr. Lim, and the Holders agree to procure the acceptance of the director(s) appointed by each Holder. As at Completion Date, the JV Board shall comprise of two directors appointed by LHN Group and one director appointed by Mr. Lim. The chairman of the meetings of the JV Board shall be appointed by LHN Group who shall be entitled to have and/or exercise a casting vote in respect of matters and/or resolutions which cannot be approved and/or passed pursuant to a simple majority of votes.

A director holding office at the time his appointer ceases to hold shares of the JV Company 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 the JV Company

- : The determination of the managerial and financial policies of the JV Company, including (but not limited to) the scope of its activities and operations may be passed by a simple majority of votes cast by the directors at a directors' meeting.

General meetings

- : Notwithstanding anything in the constitutional documents of the JV Company to the contrary, including in particular regulations 77 and 78 of the constitutional documents, no action of the JV Company shall be taken at any general meeting unless a quorum of Holders is present throughout the meeting. The quorum for all general meetings (including an adjourned meeting) shall be at all times, LHN Group or their representatives or proxies.

Tag along sale

- : If a Holder intends to sell all of its shares to a third party buyer (except a Prohibited Person) (the "**Tag Shareholder**"), subject to other terms and conditions of the Joint Venture Agreement, then the Tag Shareholder must give a Sales Notice in writing to each other Holders (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 in writing (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 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 sales. If an Offeree gives a Tag Along Notice to the Tag Shareholder, the Tag Shareholder may only sell its shares if all shares specified in each Tag Along Notice, including that of the Offeree ("**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 purchase those Tag Along Shares on the same terms and conditions under the Tag Along Notice if the other Offeree is willing (but without any obligation) to sell.

Permitted transfers

- : Transfer or disposal may be made to the other Holders or a Permitted Transferee, provided always that where the Permitted Transferee ceases, or will cease, in relation to the seller of the JV Shares, to be a corporation which wholly-owns, is wholly-owned by or is wholly-owned by the corporation which is wholly owned by such seller, and such seller shall procure that the 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 said seller.

Restrictions of share transfer : Subject always to any additional limitations arising under any law, listing rules or other requirements of any regulatory authority (including but not limited to the requirements of SGX-ST Listing Rules and HK Listing Rules) binding on a Holder (collectively, “**Additional Requirements**”), a Holder (“**Seller**”) shall not be entitled to transfer or dispose all or any of its interests in the JV Shares to any person unless:

- (a) it is a permitted transfer referred to above;
- (b) in respect of any transfer or disposal of any 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 number of JV Shares and the face value of a shareholder’s loan to the JV Company that are supposed to be transferred by such Holder (the “**Sale Interests**”) are first offered by the Seller to the other Holders in accordance with the Joint Venture Agreement;
 - (iii) 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 ninety (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(s).

Funding and financing of the JV Company : The Purchase Price shall be financed through Third Party Financing. In the event that there is insufficient Third Party Financing, the shortfall required shall be financed by the Holders in the Agreed Proportions.

On or before the Completion Date, the Holders shall pay in accordance with the Agreed Proportion the following costs as set out below (the “**Initial Payments**”):

- (i) twenty per cent (20%) of the Purchase Price (inclusive of GST);
- (ii) the amount of the *ad valorem* duty chargeable on the Option to Purchase paid to the Commissioner of Stamp Duties of the Inland Revenue Authority of Singapore; and
- (iii) any costs associated with the purchase of the Tuas South Property, in accordance with the Option to Purchase.

If a written notice is issued by the JV Board requiring the contribution of funds in the Agreed Proportion, each Holder shall ensure that it contributes its portion of such funds via shareholders’ loans within seven Business Days after receipt of written notice from the JV Company of the amount payable or no later than three Business Days prior to the due date for payment to the JV Company of such amount, whichever is the later, or such other date as the JV Board may determine. If any Holder defaults in providing all or any part of its Agreed Proportion of its contribution of funds in respect of the JV Company (the “**Shortfall Capital**”), the other Holders (the “**Contributors**”) shall, upon such default by the breaching Holder (the “**Breaching Holder**”), have the obligation to contribute the whole or part of the Short-fall Capital by way of shareholders’ loans only in proportion to their remaining Agreed Proportions (“**Substitute Contribution**”).

Guarantees for financing : LHN Group, Way Assets and Mr. Lim shall provide guarantee for Third Party Financing severally in the Agreed Proportions.

Shareholders' loans

: Subject to Maximum Financial Contribution, the Holders undertake with each other and with the JV Company to contribute, in the Agreed Proportion, any funding required by the JV Company, which is in excess of Third Party Financing, (the "**Holder Loans**") which includes but is not limited to the following:

- (a) not more than thirty-five per cent (35%) of the Purchase Price (inclusive of GST), if the Holders so agree, and all other sums payable under the Initial Payment;
- (b) outgoings and expenses (including capital expenditures) in respect of the Tuas South Property not covered by Third Party Financing;
- (c) costs arising from the management of the Tuas South Property (including cost overruns) not covered by Third Party Financing;
- (d) the payments referred for the objectives of the JV Company; and
- (e) such additional funding requirements as determined by the JV Board and approved by the Holders which are not covered by Third Party Financing,

and in this connection, the Holders shall severally grant Holder Loans in the Agreed Proportion and in accordance with Holder Loan or in any other manner resolved by the JV Board from time to time.

Each shareholders' loan advanced shall bear interest at a rate of three percent (3%) 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 Board may decide and shall be made proportionately to all Holders so that no accrued interest in respect of any tranche of a shareholders' loan shall be paid to any Holder in full unless the interest then accrued and owing to the other Holders 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.

Shareholders' loans may be repaid in whole or in part by the JV Company on such date or dates as the JV Board may decide, provided that (unless the JV Board decides otherwise) repayment shall be made to all Holders in proportion to the outstanding principal amount of each of their respective shareholders' loans.

Advances

: The 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 Option to Purchase and shall indemnify the Holders for any such payment made by a Holder and agreed to by the other Holder.

Maximum financial contribution

: Notwithstanding any provision of this Joint Venture Agreement, the total aggregate contribution of each of the Holders to the JV Company, comprising their consideration for the Subscription, the guarantees to be provided for Third Party Financing, and the shareholders' loans to the JV Company, shall not exceed the following limits:

Party	Maximum financial contribution
LHN Group	S\$21,000,000.00
Way Assets	S\$7,000,000.00
Mr. Lim	S\$7,000,000.00

and each of the Holders shall not be liable or obliged under the Joint Venture Agreement or any agreement ancillary thereto to make any further contributions to the JV Company that exceeds each of the above limits. In the event of situations where costs overrun due to unforeseen circumstances, Parties will discuss on a separate basis and decide on the need to make further contributions to the JV Company or to source for additional Third Party Financing.

Breaches and indemnity

- : If any Holder breaches any of its obligations (the “**Indemnifying Holder**”), such Holder shall indemnify the other Holders (the “**Indemnified Holders**”) 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 the Joint Venture Agreement must be paid within 30 days of receipt of written notice requesting payment. Any Indemnifying Holder who fails to comply with the written notice by the end of the 30 day period shall pay interest to the Indemnified Holders for any outstanding sums, at a rate of two per cent (2%) plus the prime lending rate in Singapore, whichever is higher, compounded with monthly rests which is 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 Holders in the event of default of payment obligation by the JV Company resulting in the enforcement of the relevant Undertakings by such banks or other credit providing institutions.

The Breaching Holder shall be liable to pay to the Contributors, the Substitute Contribution, together with interest at the rate of two per cent (2%) plus prime 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 preceding Business Day, 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 Contributors, such repayment by the Breaching Holder to be made within six months from the date of the Substitute Contribution by the Contributors, unless otherwise agreed to by the Contributors in writing. For the avoidance of doubt, the Contributors 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 Contributors, and no extension for repayment has been granted by the Contributors, or such extension as granted by the Contributors has expired, the Contributors or a third party named by the Contributors (other than Prohibited Person) (“**Third-Party Purchaser**”) shall have the right to purchase the JV Shares held by the Breaching Holder, subject always to 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 Contributors. The number of the JV Shares that can be purchased by each Contributors can be up to a maximum amount equivalent to and required for the full discharge of the Substitute Contribution by that Contributors and interest accrued thereon. Where the number of the JV Shares that the Contributors and/ or the Third-Party Purchaser intends to repurchase exceeds the total number of the JV Shares available for sale, the JV Shares shall be divided in proportion to the amount of Substitute Contribution payable to each Contributors, and in the case of the Third-Party Purchaser, such proportion agreed between the Contributors.

- 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), the 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 the Agreed Proportions by way of dividend or capital reduction as soon as reasonably practicable after such accounts have been approved by the JV Board.
- Reserved matters** : The following reserved matters shall not be undertaken by the JV Company without the prior written approval of all the Holders:
- (a) disposal of the Tuas South Property during the Term;
 - (b) disposal of the JV Company's business; and
 - (c) changes to the JV Company's business activities.
- Duration and termination** : The Joint Venture Agreement shall take effect from the date of the Joint Venture Agreement, subject to regulatory approval as may be required without limit in point of time and shall cease and determine upon the dissolution of the JV Company.

In the context of the Joint Venture Agreement, "Business Day" refers to a day (other than a Saturday, a Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore.

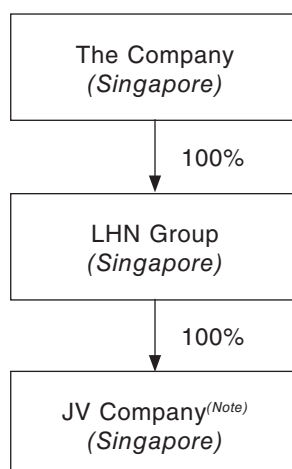
INFORMATION ABOUT THE PARTIES

Information about the JV Company

The JV Company is an indirect wholly-owned subsidiary of our Company prior to the Subscription. Immediately prior to establishing the joint venture under the Joint Venture Agreement, the JV Company has only entered into the Option to Purchase and has not commenced operation otherwise. As such, the JV Company has yet to generate any revenue or profit, and has no assets prior to the Joint Venture Agreement. The JV Company's registered principal businesses are refrigerated warehousing and storage.

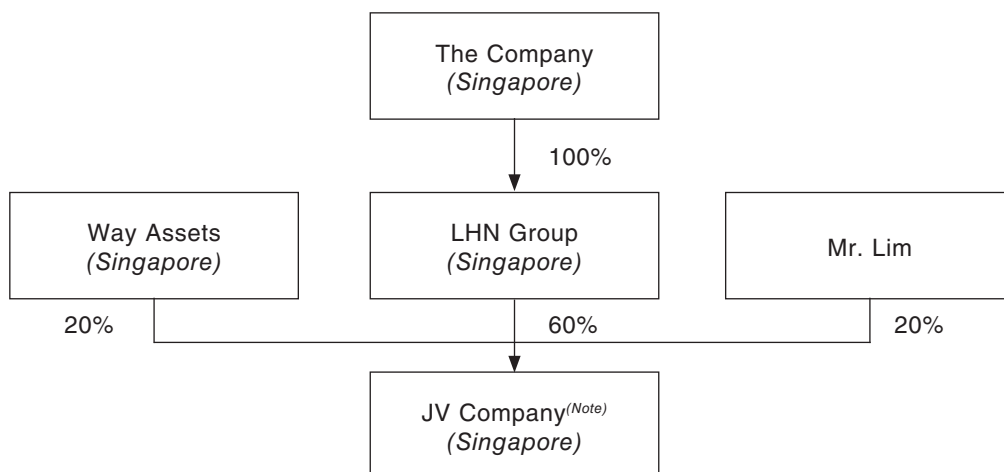
As disclosed in the Tuas South Announcement, the JV Company accepted the Option to Purchase on 14 July 2021 for the sale and purchase of the Tuas South Property, which forms a binding sale and purchase agreement for the Tuas South Property upon execution of the Option to Purchase, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Tuas South Property at the Consideration, being S\$21,000,000, exclusive of GST.

The following is a simplified corporate structure for the JV Company prior to the Joint Venture Agreement:



Note: The JV Company has entered into the Option to Purchase, being the binding sale and purchase agreement for the Tuas South Property. The completion for the acquisition of the Tuas South Property is yet to be completed prior to entry of the Joint Venture Agreement.

The following is the corporate structure of the JV Company immediately after completion of the Subscription as contemplated under the Joint Venture Agreement:



Note: The acquisition of the Tuas South Property as contemplated under the Option to Purchase is yet to be completed at the time of completion of the Subscription. The JV Company will remain as a non-wholly owned subsidiary of the Group post completion of the Subscription.

Information about the Company

The Company is a real estate management services group, with the expertise and experience 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. The Group currently operates mainly in Singapore, Indonesia, Thailand, Myanmar, Hong Kong, Malaysia and Cambodia.

Information about Way Assets and Mr. Lim

Way Assets is a company incorporated in Singapore on 17 February 2016 and is an investment holding company for a Singapore based single family office with interests in a long term diversified portfolio of assets including real estate, equities, investee companies and funds.

Mr. Lim has experience in the real estate business and had sat on boards of publicly listed companies.

Way Assets and Mr. Lim are third parties independent from the Company and its connected persons, as well as the Company's Directors, substantial shareholders and their respective associates (as defined under the Listing Rules and the Catalyst Rules), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries.

INFORMATION ABOUT THE TUAS SOUTH PROPERTY

As disclosed in the Tuas South Announcement, the Tuas South Property was acquired for industrial development purpose to expand the Group's expansion of its space optimisation business and to provide capital appreciation potential to the Group. On 1 October 2021, the remaining balance of S\$19,950,000 was paid subsequent to the establishment of the joint venture through a combination of bank borrowings and internal resources by the JV Company, of which the latter was funded by its shareholders in the Agreed Proportions.

The seller of the Tuas South Property is an Independent Third Party independent from the Company and its connected persons, as well as the Company's Directors, substantial shareholders, Way Assets and Mr. Lim, and their respective associates (as defined under the Listing Rules and the Catalyst Rules), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries.

For details of the Tuas South Property and the terms of the Option to Purchase, please refer to the Tuas South Announcement.

REASONS FOR ENTERING INTO THE JOINT VENTURE AGREEMENT

The Board is of the view that the strategic cooperation with Way Assets and Mr. Lim provides the Group with opportunities to collaborate with accredited investors who are interested and confident in our business model and wished to participate with us in the Tuas South Property project.

The Directors are of the view that the Joint Venture Agreement and the transactions contemplated thereunder were negotiated on normal commercial terms on arm's length basis, and that the terms of the Joint Venture Agreement are 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 (including the Subscription) is more than 5% and below 25%, the entering into the Joint Venture Agreement (including the Subscription) constitute discloseable transactions of the Company and is therefore subject to the notification and announcement requirements but is exempt from shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

CATALIST RULES IMPLICATION

As disclosed above under "Information about the Parties – Information about the Company and the JV Company", the Group has three main business segments, namely: (i) space optimisation business; (ii) facilities management business; and (iii) logistics services business.

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. The acquisition of the Tuas South Property and the establishment of the JV Company are not expected to have any material financial impact on the consolidated net tangible asset per share and the consolidated earnings per share of the Group for the financial year ending 30 September 2022. Being dual-primary listed on both the 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 with the disclosure requirements of Chapter 14 of the Listing Rules.

DEFINITIONS

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

"Agreed Proportions"	the proportion of shareholding interests of the Holders in the JV Company, namely, 60% by LHN Group, 20% by Way Assets and 20% by Mr. Lim
"Competent Authority(ies)"	the relevant competent authority(ies) appointed under the Planning Act (Chapter 232 of Singapore)
"Holder(s)"	the holder(s) of the share(s) of the JV Company
"Joint Venture Agreement"	the joint venture agreement entered into between the JV Company, LHN Group, Way Assets and Mr. Lim dated 1 October 2021 in relation to, among others, the joint venture arrangements for the JV Company and the Subscription
"JV Board"	the board of directors of the JV Company
"JV Company"	Chrysolite Industries Pte. Ltd., a limited liability company incorporated in Singapore on 29 April 2021 and an indirect wholly-owned subsidiary of the Company prior to the subscriptions by the JV Partners
"JV Shares"	the issued share(s) in the share capital of the JV Company
"LHN Group"	LHN Group Pte. Ltd. (Company Registration No. 200502846C), a company incorporated in Singapore and having its registered address at 10 Raeburn Park #02-18, Singapore 088702, a wholly-owned subsidiary directly held by the Company
"Mr. Lim"	Mr. Lim Hock San, an Independent Third Party

“Parties”	parties to the Joint Venture Agreement, namely, the JV Company, LHN Group, Way Assets and Mr. Lim
“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 Holders; (b) any person with whom an association would be unlawful or impractical for the JV Company or other Holders (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 Holders); or (c) any person with whom an association would be materially harmful to the reputation of the JV Company or the other Holders (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 Option to Purchase for the Tuas South Property, being S\$21,000,000, exclusive of GST
“Regulatory Authority”	The Stock Exchange or any regulatory authorities including the SGX-ST
“Subscription”	the issuance and allotment of 119,999 JV Shares to LHN Group, 40,000 JV Shares to Way Assets and 40,000 JV Shares to Mr. Lim pursuant to the terms of the Joint Venture Agreement
“Term”	means being ten (10) calendar years after the Completion Date or such other period as may be mutually agreed by the Holders
“Third Party Financing”	financing from external sources by way of loans and other credit facilities from banks or other credit providing institutions obtained by the JV Company, on terms reasonably acceptable to the Holders
“Tuas South Announcement”	the announcement of the Company dated 14 July 2021 in relation to the discloseable transaction for the acquisition of the Tuas South Property
“Undertakings”	bonds, undertakings, guarantees, indemnities, warranties or other form of security provided for Third Party Financing
“Way Assets”	WAY ASSETS PTE. LTD. (Company Registration No. 201603939C), a company incorporated in Singapore and having its registered address at 237 Alexandra Road, #06 – 11 The Alexcier, Singapore 159929
“%”	per cent.

By order of the Board

LHN Limited

Lim Lung Tieng

Executive Chairman and Group Managing Director

Singapore, 3 October 2021

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*