

(Company Registration No.: 201420225D)
(Incorporated in the Republic of Singapore on 10 July 2014)

PROPOSED ACQUISITION OF FOUR STAR INDUSTRIES PTE LTD AND ENTRY INTO JOINT VENTURE

The Board of Directors (the “**Board**”) of LHN Limited (the “**Company**” and together with its subsidiaries, collectively the “**Group**”) wishes to announce that its wholly-owned subsidiary Singapore Handicrafts Pte Ltd (“**SHPL**”), a company specialising in the manufacturing and trading of rosewood furniture, together with an unrelated business partner W&S Star Pte. Ltd. (“**WSPL**”), have on 27 July 2016 entered into a sale and purchase agreement with San (Private) Limited (the “**Vendor**”) to purchase the entire issued and paid up share capital of Four Star Industries Pte Ltd (the “**SPA**”). WSPL is a privately owned company incorporated in Singapore engaged in the principal activities of storage and warehousing; and wholly owned by an individual who is an unrelated business associate of the Group.

The total issued and paid up share capital of Four Star Industries Pte Ltd (“**Four Star**”) is S\$3,000,000, comprising 3,000,000 shares (the “**Sale Shares**”). Four Star is engaged in the business of manufacture and wholesale trade of mattresses and related furniture products at a leased property at 44 Kallang Place, Four Star Building, Singapore 339172 (the “**Property**”). The Property is a JTC Corporation (“**JTC**”) leasehold 6-storey purpose built flatted factory building with approximately 17 years remaining on the lease. With the proposed acquisition of Four Star, the Group expects to employ its space optimisation expertise on the furniture business and Property.

Under the terms of the SPA, SHPL and WSPL shall each purchase fifty per cent (50%) of the issued and paid up capital of Four Star. The purchase consideration for the Sale Shares payable to the Vendor shall be borne equally by SHPL and WSPL, amounting to S\$900,000 and will be satisfied entirely in cash (the “**Purchase Consideration**”). SHPL’s proportion of the Purchase Consideration, amounting to S\$450,000 will be funded entirely by internal resources of the Group.

The Purchase Consideration was arrived at after taking into consideration the latest net tangible asset value of Four Star as at 31 March 2016 amounting to approximately S\$945,700 after adjusting for payment of Four Star’s shareholder’s loan and settlement of the net working capital position by Four Star to the Vendor. The proposed acquisition of Four Star is in the ordinary course of business as it would enable the Group to augment and develop its space optimisation business (the “**Proposed Acquisition**”).

In connection with the Proposed Acquisition, SHPL and WSPL (the “**JV Partners**”) have entered into a shareholders’ agreement (the “**JV Agreement**”) in relation to Four Star to define the respective rights of the JV Partners pursuant to the Proposed Acquisition. Pursuant to the JV Agreement, the board of directors of Four Star shall comprise of two (2) directors, each to be appointed by SHPL and WSPL respectively.

The JV Agreement and Proposed Acquisition are not expected to have any material impact on the earnings per share or net tangible assets per share of the Group for the current financial year ending 30 September 2016.

None of the Directors or controlling shareholders of the Company, as well as their respective associates, has any interest, direct or indirect, in the abovementioned transactions (other than through their interests in the shares of the Company).

By Order of the Board

Kelvin Lim
Executive Chairman and Group Managing Director
27 July 2016

*LHN Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 13 April 2015. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**").*

*This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.