
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This circular is issued by LHN Limited (the “Company”). If you are in any doubt as to the contents herein or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all of your shares in the capital of Company held through The Central Depository (Pte) Limited in Singapore (“**CDP**”), you need not forward this circular to the purchaser or transferee as arrangements will be made by CDP for a separate circular to be sent to the purchaser or transferee.

If you have sold or transferred all of your shares in the capital of the Company represented by physical share certificate(s) or otherwise (including on the Stock Exchange), you should immediately forward this circular to the purchaser or transferee or to the bank, the stockbroker or other agent through whom the sale was effected for onward transmission to the purchaser or transferee.

This circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst.

This circular has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this circular, including the correctness of any of the statements or opinions made or reports contained in this circular. The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular is for information only. No extraordinary general meeting will be held as the Company has obtained the written approval from Fragrance Ltd., the controlling shareholder of the Company, in lieu of holding a general meeting for the (i) Joint Venture Agreement and the transactions contemplated under the Joint Venture Agreement; and (ii) Gul Avenue Acquisition and the transactions contemplated under the Gul Avenue SPA.

**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)

MAJOR TRANSACTIONS

(1) ESTABLISHMENT OF JOINT VENTURE

AND

(2) ACQUISITION OF THE GUL AVENUE PROPERTY

24 January 2020

* For identification purpose only

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DEFINITIONS

In this circular, 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, 50% by WPS KB and 50% by the JV Partner
“ASEAN”	the Association of Southeast Asian Nations, with ten member states, namely, Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam
“Board”	the board of Directors
“Catalist Rules”	Section B: Rules of Catalist 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
“Grantor” or “Gul Avenue Seller”	Amos Supply Pte. Ltd., the grantor (or seller as the case may be) of the Gul Avenue Property
“Group”	the Company and its subsidiaries
“GST”	Goods and services tax in Singapore
“Gul Avenue Acquisition” or “Potential Gul Avenue Acquisition”	the acquisition of the Gul Avenue Property as contemplated under the Gul Avenue Option to Purchase
“Gul Avenue Acquisition Announcements”	the announcements of the Company dated 17 May 2019, 8 August 2019, 26 September 2019, 2 December 2019, 3 December 2019, 23 December 2019 and 27 December 2019 in relation to the Acquisition of the Gul Avenue Property
“Gul Avenue Consideration”	the consideration for the Gul Avenue Acquisition for a total of S\$13,000,000 plus GST

DEFINITIONS

“Gul Avenue Deposit”	the deposit in the sum of S\$650,000 plus GST (being 5% of the Gul Avenue Consideration)
“Gul Avenue Extension Agreements”	the two extension agreements to the Gul Avenue Option to Purchase entered into between the Grantor and HN Logistics dated 8 August 2019 and 26 September 2019
“Gul Avenue Option to Purchase”	the offer to purchase dated 17 May 2019 issued by the Grantor as the Grantor of the Gul Avenue Property
“Gul Avenue Property”	the property located at 7 Gul Avenue, Singapore 629651, with a total land area of approximately 22,479.7 square meters
“Gul Avenue SPA”	the Gul Avenue Option to Purchase (as amended by the Gul Avenue Extension Agreements), which HN Logistics has accepted the offer to purchase the Gul Avenue Property on 2 December 2019, and became the binding sale and purchase agreement for the Gul Avenue Acquisition on 2 December 2019
“HN Logistics” or “Gul Avenue Purchaser”	Hean Nerng Logistics Pte Ltd (formerly known as LHN Logistics Pte Ltd), a limited liability company incorporated in Singapore on 18 June 1997 and an indirect wholly-owned subsidiary of the Company
“Holder(s)”	the holder(s) of the share(s) of the JV Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Joint Venture Agreement”	the joint venture agreement entered into between WPS KB, the JV Partner and Mr. Low in relation to, among others, the joint venture arrangements for the JV Company
“JTC”	JTC Corporation (Abbreviation: JTC; Chinese: 裕廊集團; 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 Board”	the board of directors of the JV Company
“JV Business”	the business of the JV Company, namely, to operate a self-storage with automated retrieval cum logistics activities and ancillary office on the JV Property

DEFINITIONS

“JV Company”	Work Plus Store (Kallang Bahru) Pte. Ltd., a company incorporated in Singapore with limited liability on 6 March 2019, which is owned as to 50% by the WPS KB Pte. Ltd. and 50% by the JV Partner with a total share capital of S\$2.00
“JV Party(ies)”	party(ies) to the Joint Venture Agreement
“JV Partner”	W&S Flexi Pte. Ltd., a company incorporated in Singapore with limited liability on 24 November 2015, which is ultimately owned by Mr. Low, and is also the shareholder of another joint venture of the Group, namely, Work Plus Store (AMK) Pte. Ltd.
“JV Property”	a JTC industrial property located on Lot 1452A of Town Subdivision 17 together with the building erected thereon and known as 202 Kallang Bahru Singapore 339339 for the unexpired residue of leasehold interest of 60 years commencing from 16 January 1981
“JV Property Letter of Intent”	the letter of intent dated 20 November 2019 issued by the JV Property Seller to the JV Company in respect of the sale and purchase of the JV Property
“JV Property Purchase Price”	the purchase price stated in the JV Property Letter of Intent and the JV Property SPA, being S\$17,000,000 (excluding GST)
“JV Property Seller”	HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Ascendas Real Estate Investment Trust)
“JV Property SPA”	the sale and purchase agreement dated 7 January 2020 entered into between the JV Property Seller as the seller and the JV Company as the purchaser in respect of the sale and purchase of the JV Property
“Latest Practicable Date”	15 January 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“LHN Group”	LHN Group Pte. Ltd., a limited liability company incorporated in Singapore on 4 March 2005 and a direct wholly-owned subsidiary of our Company
“Mr. Low”	Mr. Low See Ching (Liu Shijin), an independent third party and the ultimate sole shareholder of the JV Partner

DEFINITIONS

“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
“Prospectus”	the prospectus of the Company published in Hong Kong dated 15 December 2017 in relation to the global offering of the Company
“Regulatory Authority”	The Stock Exchange or any regulatory authorities including the SGX-ST
“Selection Criteria”	the criteria for selecting a property in Singapore to acquire for ISO tank depot and self-use logistics vehicle parking yard to expand the logistics services business, the details of which are set out in “Business – Our Business Strategies – Summary of Our Business Strategies by Business Segment and Associated Investment Costs” of the Prospectus
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shareholders”	shareholders of the 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 the JV Company, on terms reasonably acceptable to the Holders

DEFINITIONS

“Undertakings”	bonds, undertakings, guarantees, indemnities, warranties or other form of security provided for Third Party Financing
“Work Plus Store”	Work Plus Store Pte. Ltd. (formerly known as Hean Nerng Land Lease Pte. Ltd.), a limited liability company incorporated in Singapore on 21 September 2004 and an indirect wholly-owned subsidiary of the Company
“WPS KB”	WPS KB Pte. Ltd., a company incorporated in Singapore with limited liability on 6 March 2019, which is an indirect wholly-owned subsidiary of the Company
“%”	per cent.

In this circular, unless the context otherwise requires, the terms “core connected person(s)”, “connected person(s)”, “connected transaction(s)”, “controlling shareholder(s)” and “substantial shareholder(s)”, if used, shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as total in certain tables and the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.

Reference to the singular number includes references to the plural and vice versa and references to one gender include every gender.

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. Lim Lung Tieng (Executive Chairman)

Ms. Lim Bee Choo

Independent Non-executive Directors:

Ms. Ch'ng Li-Ling

Mr. Yong Chee Hiong

Mr. Chan Ka Leung Gary

Registered Office, and Principal Place of Business in Singapore:

10 Raeburn Park #02-18

Singapore 088702

Principal Place of Business in Hong Kong:

Rooms 802-804, 8/F.

Kin Wing Commercial Building

24-30 Kin Wing Street

Tuen Mun, New Territories

Hong Kong

24 January 2020

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTIONS
(1) ESTABLISHMENT OF JOINT VENTURE
AND
(2) ACQUISITION OF THE GUL AVENUE PROPERTY**

I. INTRODUCTION

Reference is made to the announcements of the Company dated 19 November 2019, 10 December 2019 and 7 January 2020 in relation to the Joint Venture Agreement entered into among WPS KB, the JV Partner, Mr. Low and the JV Company, which sets out the joint venture arrangements for the JV Company.

References are also made to the Gul Avenue Acquisition Announcements dated 17 May 2019, 8 August 2019, 26 September 2019, 2 December 2019, 3 December 2019, 23 December 2019 and 27 December 2019 in relation to the Gul Avenue Acquisition.

The purpose of this circular is to provide you with, among other things, further details of (i) the Joint Venture Agreement and the transactions contemplated thereunder; and (ii) the Gul Avenue Acquisition and the transactions contemplated under the Gul Avenue SPA.

LETTER FROM THE BOARD

II. THE ESTABLISHMENT OF JOINT VENTURE

A. The Joint Venture Agreement

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

Date : 19 November 2019

Parties : (1) WPS KB
(2) the JV Partner
(3) Mr. Low
(4) the JV Company

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

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

- WPS KB (50%)
- JV Partner (50%)

Share capital : WPS KB and the JV Partner initially each holds one share of S\$1.00 in the JV Company.

On or before the date of completion of the sale and purchase of the JV Property in accordance with the terms of the JV Property Letter of Intent and the JV Property SPA, or such other date as the JV Parties may mutually agree, the Holders shall be progressively allotted the following number of shares, such shares having been paid in full against the subscription consideration correspondingly set out in the table below:

Party	Number of shares	Aggregated subscription consideration
WPS KB	499,999	S\$499,999
JV Partner	499,999	S\$499,999

WPS KB will satisfy the aggregated subscription consideration of S\$499,999 through internal sources of funding.

LETTER FROM THE BOARD

On 11 December 2019, WPS KB and the JV Partner had each contributed S\$499,999 in cash to the issued and paid up ordinary share capital of the JV Company, and WPS KB funded the contribution through internal sources of funding. The aggregated consideration for the subscription of shares by each of WPS KB and the JV Partner is determined through arm's length negotiation with reference to the portion of the JV Property Purchase Price to be paid by cash (which is equivalent to approximately 27% of the JV Property Purchase Price plus GST and stamp duty).

- Objective of the 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 Letter of Intent and the JV Property SPA to be entered into, and to the terms of the JTC's assignment letter and to any terms and conditions to be imposed by JTC; and
 - (b) the running and operation of the JV Property as one of the work+store brands property offering self-storage with automated retrieval cum logistics activities and ancillary office of providing short and long term self-storage facilities to corporate and individual customers.
- JV Property management** : Subject to the JV Company obtaining the necessary approvals from JTC and/or other Competent Authorities, the parties agree that the JV Company shall enter into such agreement as appropriate to appoint WPS KB or its appointed nominee to manage the JV Property 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 property management agreement to be entered into shall include:
- (i) the JV Company to pay WPS KB or its appointed nominee monthly charges of 10% of the JV Company's monthly revenue;
 - (ii) WPS KB or its appointed nominee shall provide the overall management of the running and operation of the JV Business;

LETTER FROM THE BOARD

- (iii) WPS KB or its appointed nominee shall run and operate the JV Property as the JV Business. In doing so, the JV Company shall bear costs related to the day-to-day running and operation of the JV Property, such as paying for the manpower required (including cleaners, security guards, store men and forklift drivers);
- (iv) the JV Company shall hire and pay for the sales and marketing services required to run and operate the JV Property as a JV Business; 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).

**Use of WPS KB
intellectual property**

: WPS KB shall procure the rights to use the “WPS brand” from its legal owner, Work Plus Store. Such right shall not be in conflict with any obligation that Work Plus Store may owe to any third party, a non-exclusive royalty-free licence to use Work Plus Store’s intellectual property in relation to any sales and marketing services. In the event that, for any reason whatsoever, WPS KB no longer remains a holder of any share or shares in the JV Company, the JV Company’s licence to use Work Plus Store’s intellectual property shall terminate and the remaining Holder shall by special resolution resolve to change the JV Company’s name pursuant to Section 28 of the Singapore Companies Act (Chapter 50 of Singapore).

Board composition

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

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 unanimous decision of the JV Board shall determine the managerial and financial policies of the JV Company, including but not limited to the scope of its activities and operations.

LETTER FROM THE BOARD

General meetings : Notwithstanding anything in the constitutional documents of the JV Company to the contrary, 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 two Holders including WPS KB and the JV Partner, or their representatives or proxies.

First right of refusal : Mr. Low shall not transfer or dispose all or any of his shares in the JV Partner unless Mr. Low gives to WPS KB notice in writing of a desire to transfer or dispose all or any of his shares in the JV Partner in accordance with the terms of the JV Agreement.

The notice in writing shall constitute an offer to WPS KB to acquire Mr. Low's shares in the JV Partner on the terms and conditions stipulated therein. If WPS KB wishes to accept such offer, it shall give written notice of acceptance of all (or some) of Mr. Low's shares offered, to Mr. Low within 30 days.

In respect of shares in the JV Partner not taken up by WPS KB, Mr. Low shall be entitled to transfer such shares to the intended transferee identified in the notice in writing within 90 days of the lapse or rejection of the offer.

If Mr. Low transfers its shares to the intended transferee identified in the notice of writing pursuant to the above, the JV Parties acknowledge that they shall negotiate in good faith with each other and the said intended transferee to amend the relevant provisions of this Agreement and the constitutional document 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 other terms and conditions of the Joint Venture Agreement, then the Tag Shareholder must give a sales 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).

LETTER FROM THE BOARD

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 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 (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 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 made to the other Holder or a Permitted Transferee, provided always that where the Permitted Transferee ceases, or will cease, in relation to the seller of the shares of the JV Company, 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.

LETTER FROM THE BOARD

- Restrictions of 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, a Holder (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 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 sales interests are first offered by the Seller to the other Holder in accordance with the Joint Venture Agreement;
 - (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(s).
- 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.

LETTER FROM THE BOARD

WPS KB and the JV Partner, being individually a corporate entity, 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 of the JV Company

: The JV Property Purchase Price shall first 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.

The Holders shall provide, within seven business days from the receipt of debit note or payment request from the JV Company, and in the Agreed Proportions, the necessary funds to enable the JV Company to make the following payments (the "**Initial Payments**"):

- (i) to the seller of the JV Property, JTC or such other party as may be required by the solicitors of the seller of the JV Property or JTC in accordance with the Sale and Purchase Agreement;
- (ii) the amount of the ad valorem duty chargeable on the Sale and Purchase Agreement paid to the Commissioner of Stamp Duties, the Inland Revenue Authority of Singapore;
- (iii) other costs associated with the purchase of the JV Property; and
- (iv) all sums payable by the JV Company to the relevant authorities.

LETTER FROM THE BOARD

If a notice is issued by the JV Board to require funding contribution in the Agreed Proportion, the Holders shall ensure that it contributes its portion of such funding contribution, through shareholders' loans, within seven business days in Singapore 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 the JV Company of such amount, whichever is the later, or such other date as the JV Board, as the case may be, may determine. If any Holder defaults (the "**Breaching Holder**") in 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 shareholders' loans (the "**Substitute Contribution**").

- Guarantees for financing** : WPS KB and the JV Partner shall provide guarantee for Third Party Financing severally in the Agreed Proportions.
- Shareholders' loans** : The Holders undertake with each other and with the JV Company to contribute in the Agreed Proportions that any funding required by the JV Company, which is in excess of Third Party Financing, which includes but is not limited to the following:
- (a) not more than thirty-five per cent (35%) of the JV Property Purchase Price (plus GST), if the Holders so agree, and the Initial Payment;
 - (b) outgoings and expenses (including capital expenditures) in respect of the JV Property not covered by third party financing;
 - (c) costs arising from the management of the JV Property (including cost overruns) not covered by third party financing;
 - (d) the fees to be included in the property management agreement; and
 - (e) such additional funding requirements as determined by the JV Board and approved by the Holders and not covered by Third Party Financing,

LETTER FROM THE BOARD

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

Each shareholders' loan advanced shall bear interest at three (3) 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 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 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.

Shareholders' loan 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 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 by each Holder (including the subscription consideration for additional shares of the JV Company, the JV Property Purchase Price, the guarantees to be provided for Third Party Financing, and the shareholders' loans under the Joint Venture Agreement) shall not exceed S\$35,000,000.

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

LETTER FROM THE BOARD

Breaches and indemnity : If any Holder (the “**Indemnifying Holder**”) breaches any of its payment obligations for 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.

LETTER FROM THE BOARD

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 (6) 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 (6) 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) ("**3rd-Party Purchaser**") 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**"):
- (a) no quorum is present at a meeting and its adjourned meeting of the Board duly convened;
 - (b) no quorum is present at a shareholders' meeting and its adjourned shareholders' meeting duly convened;
 - (c) a resolution of the JV Board for the transaction of any business of the JV Company cannot be passed after two successive attempts; or
 - (d) a resolution of the Holders for the transaction of any business of the JV Company cannot be passed after two successive attempts;

LETTER FROM THE BOARD

the JV 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 the respective WPS KB and the JV Partner, 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 (“**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 14 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 requiring that the Deadlock Matter be referred to an independent arbitrator for determination and resolution.

- 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.
- 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 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.

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B. Information on the JV Property

Reference is made to the announcement of the Company dated 7 January 2020 in relation to the acquisition of the JV Property by the JV Company.

The JV Property to be acquired is a JTC industrial property located at 202 Kallang Bahru Singapore 339339 which has a gross floor area of 20,465.3 square meters and an unexpired residue of leasehold interest of 60 years commencing from 16 January 1981. The JV Property is intended to be managed by the Group and used for self-storage with automated retrieval cum logistics activities and ancillary office.

On 25 October 2019, JTC has granted in-principle approval to the sale of the JV Property by HSBC Institutional Trust Services (Singapore) Limited as trustee of Ascendas Real Estate Investment Trust, the JV Property Seller, to the JV Company, subject to the terms and conditions imposed on the JV Property Seller and the JV Company.

On 20 November 2019, the JV Company has been issued a JV Property Letter of Intent by the JV Property Seller in relation to the sale and purchase of the JV Property, being Lot 1452A of Town Subdivision 17 together with the building erected thereon and known as 202 Kallang Bahru Singapore 339339 for the unexpired residue of leasehold interest of 60 years commencing from 16 January 1981. The JV Company had on the same day paid a sum of S\$170,000, being the amount equivalent to 1% of the JV Property Purchase Price (the “**Earnest Fee**”). The JV Property Letter of Intent is non-binding and subject to contract. The JV Property Purchase Price is S\$17,000,000 exclusive of GST, which will be satisfied by the JV Company’s internal sources of funding and bank borrowings, which will be funded or guaranteed, respectively, by the Holders in equal proportions.

On 7 January 2020, the JV Company and the JV Property Seller had signed the JV Property SPA. As at the date of signing the JV Property SPA, the JV Company is required to pay a sum of S\$1,530,000, equivalent to 9% of the JV Property Purchase Price (together with the Earnest Fee, the “**Deposit**”) and S\$119,000, being GST on the Deposit. The balance of the consideration of S\$15,300,000 plus GST will be paid upon completion of the acquisition of the JV Property.

The JV Company has determined the purchase price by considering, among others, the remaining leasehold life, the potential of the property and the prevailing market prices of properties of similar nature available in the nearby area. Pursuant to the JV Property SPA, the completion date of the sale is expected to be on 14 February 2020 or the date falling fourteen days after receipt of JTC’s final confirmation that it has no objections to the execution of the instrument of transfer of the JV Property in favour of the JV Company, whichever is later or as mutually agreed. The acquisition of the JV Property is 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 2020.

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C. Information about the Parties

(i) Information about the Company and WPS KB

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 KB is an indirect wholly-owned subsidiary of the Company, which is an investment holding company.

(ii) Information about the JV Partner and Mr. Low

The JV Partner and its ultimate sole shareholder, Mr. Low See Ching, are independent third parties. The JV Partner is the shareholder of another joint venture of the Group, Work Plus Store (AMK) Pte. Ltd. Mr. Low, through two other wholly-owned holding companies, is also the ultimate shareholder of another two joint ventures of the Group, namely, Four Star Industries Pte. Ltd. and Metropolitan Parking Pte. Ltd.

Work Plus Store (AMK) Pte. Ltd., a joint venture of the Group, which is accounted for as a jointly-controlled entity of the Group, is held as to 50% by Work Plus Store Pte. Ltd., a wholly-owned subsidiary of the Group, and 50% by the JV Partner, a wholly-owned company held by Mr. Low.

Four Star Industries Pte. Ltd., a joint venture of the Group, which is accounted for as a jointly-controlled entity of the Group, is held as to 50% by Singapore Handicrafts Pte. Ltd., a wholly-owned subsidiary of the Group, and 50% by W&S Star Pte. Ltd., a wholly-owned company held by Mr. Low.

Metropolitan Parking Pte. Ltd., a joint venture of our Group, which is accounted for as a jointly-controlled entity of the Group, is held as to 50% by LHN Parking (GMT) Pte. Ltd., a wholly owned subsidiary of the Group, and 50% by GMTTC Private Limited, a wholly-owned company held by Mr. Low.

The principal business activity of the JV Partner is general warehousing.

Save as disclosed, the JV Partner and Mr. Low are third parties independent of the Company and connected persons of the Company, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries.

(iii) Information about the JV Company

As at the Latest Practicable Date, other than entering into the JV Property Letter of Intent and the JV Property SPA, the JV Company has not commenced operations. The JV Company is intended to become the owner of the JV Property. The JV Company is expected to engage in the space optimisation business, in particular, to operate the JV Business. The JV Property is intended to be managed by the Group and used for self-storage with automated retrieval cum logistics activities and ancillary office.

LETTER FROM THE BOARD

The JV Company is accounted as a jointly-controlled entity of the Company. It will not be accounted for as a subsidiary of the Company and its results will not be consolidated into 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.

D. Reasons for and Benefits of Establishing the Joint Venture

The Group currently has three joint ventures with Mr. Low other than the Joint Venture through the JV Company, namely, for the ownership and operation of the car park at Golden Mile Tower, Singapore, and two industrial properties under the Industrial Properties segment of the Space Optimisation business, namely, 38 Ang Mo Kio, Singapore and 44 Kallang Place, Singapore.

To date, the joint ventures with Mr. Low are running very smoothly, providing the Company opportunities to own, manage and operate larger properties than otherwise possible through funding the investment unilaterally by the Company.

Furthermore, to the best of the information, knowledge and belief of the Directors, Mr. Low is knowledgeable and experienced in the real estate business in Singapore and is desirous to form joint ventures with the Group as he believes in the Group's capacity and business vision. From the Group's perspective, Mr. Low is a respected and reputable professional in the real estate industry in Singapore and it will bring synergies to the Group and the Group's business for having him as our joint venture partner.

The terms and conditions of the Joint Venture Agreement, including the consideration for the subscription of shares of the JV Company and the terms of the shareholders' loans and guarantees to be provided, were arrived at after arm's length negotiations between the JV 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 JV Parties and are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

E. Financial Effect of the Joint Venture

As at the Latest Practicable Date, other than entering into the JV Property Letter of Intent and the JV Property SPA, the JV Company has not commenced operations. The JV Company is intended to become the owner of the JV Property. The JV Company is expected to engage in space optimisation business, in particular, to operate the JV Business.

The JV Company is accounted as a jointly-controlled entity of the Company and will not be accounted for as a subsidiary of the Company and its results will not be consolidated into the financial statements of the Group. As such, the entry into the Joint Venture Agreement and the acquisition of the JV Property are not expected to have any material financial impact on the consolidated net tangible asset per share and the consolidated liabilities, earnings per share of the Group for the financial year ending 30 September 2020.

Financial Assistance and Guarantees

Reference is made to disclosure in the announcement of the Company dated 19 November 2019 relating to financial assistance and guarantees.

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As at the Latest Practicable Date, 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	Effective interest held	Loans to the affiliated companies S\$ Million	Unutilised facilities granted to the affiliated companies S\$ Million	Committed capital injection yet to be injected S\$ Million	Guarantees for facilities granted to the affiliated companies S\$ Million	Guaranteed facilities utilised by the affiliated companies S\$ Million
Work Plus Store (AMK) Pte. Ltd.	50.0%	0.780 ⁽¹⁾	–	–	24.000	23.457
Four Star Industries Pte. Ltd.	50.0%	0.850 ⁽¹⁾	–	–	6.925	6.846
Metropolitan Parking Pte. Ltd.	50.0%	0.732 ⁽¹⁾	–	–	12.900	12.900
HLA Logistics Pte. Ltd.	29.4%	–	–	–	–	–
The JV Company	50.0%	0.665 ⁽¹⁾	14.000	–	14.000	–

Note:

(1) Interest charged at 3% per annum with no fixed terms of repayment.

F. Listing Rules Implications

As one or more than one of the applicable percentage ratios in respect of the maximum financial contribution of the Group (including the subscription consideration for additional shares of the JV Company, the JV Property Purchase Price, the guarantees to be provided for Third Party Financing, and the shareholders' loans under the Joint Venture Agreement) as contemplated under the Joint Venture Agreement is more than 25% and below 100%, the entering into the Joint Venture Agreement constitutes a major transaction for the Company, and is therefore subject to the notification, announcement and shareholders' approval requirements 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.

Written Controlling Shareholder's Approval

Fragrance Ltd. is a controlling Shareholder of the Company who directly holds 216,930,000 shares (representing 53.90% of the share capital) of the Company as at the Latest Practicable Date. In accordance with Rule 14.44 of the Listing Rules, to the best of the information, knowledge and belief of the Directors, no Shareholder is required to abstain from voting if the Company is to convene a general meeting for the approval of the transaction as contemplated under the Joint Venture Agreement, and that no accountants' report will be prepared for the establishment of the joint venture under the Joint Venture Agreement. As at the Latest Practicable Date, Fragrance Ltd. has provided a written approval to approve the Joint Venture Agreement and the all transactions contemplated under the Joint Venture Agreement (including the purchase of the JV Property).

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As such, no extraordinary general meeting will be held as the Company has obtained the written approval from Fragrance Ltd. in lieu of holding a general meeting for the Joint Venture Agreement and the transactions contemplated under the Joint Venture Agreement.

G. Catalist Rules Implications

The disclosure requirements of this circular in respect of the entry into the Joint Venture Agreement are referenced from Chapters 7 and 12 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 circular had been prepared to address the requirements of Chapter 14 of the Listing Rules.

III. ACQUISITION OF THE GUL AVENUE PROPERTY

A. The Gul Avenue SPA

The principal terms of the Gul Avenue Acquisition under the Gul Avenue SPA are set out below for ease of reference:

Date	:	2 December 2019
Parties	:	Amos Supply Pte. Ltd., an independent third party, as the Gul Avenue Seller HN Logistics, a wholly-owned subsidiary of the Company, as the Gul Avenue Purchaser
Information about the Gul Avenue Property	:	The Gul Avenue Property is located at 7 Gul Avenue, Singapore 629651.
Total consideration	:	The total Gul Avenue Consideration for the Gul Avenue Acquisition is S\$13,000,000 excluding GST. The Gul Avenue Deposit will be applied against the Gul Avenue Consideration as partial settlement of the Gul Avenue Consideration. The Gul Avenue Seller and HN Logistics have determined the Gul Avenue Consideration through arm's length negotiation on normal commercial terms, and taking into consideration, among others, the remaining leasehold life, the potential of the property, the value and the prevailing market prices of properties of similar nature available in the vicinity.

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- Payment and Payment Schedule** : The Gul Avenue Consideration is or will be satisfied (as the case may be) as follows:
- (i) The Gul Avenue Deposit of S\$650,000 plus GST has been fully paid by HN Logistics through internal source of funding; and
 - (ii) The remaining balance of S\$12,350,000 plus GST, being the purchase price less the Gul Avenue Deposit, to be paid on completion, and funded by the net proceeds of S\$1,782,000 allocated for acquisition of logistics property from the global offering of the Company's shares on the Main Board of the Stock Exchange and the balance to be funded through a combination of internal sources of funds and bank borrowings.
- Conditions precedent** : The sale and purchase of the Gul Avenue Property is subject to (i) HN Logistics obtaining approval from the Shareholders (if applicable) for the purchase of the Gul Avenue Property; and (ii) the JTC in principle approval for the sale and purchase of the Gul Avenue Property.
- If the approval from the Shareholders (if applicable) is not obtained on or before 27 December 2019, the Grantor shall be entitled to forfeit the Gul Avenue Deposit, GST and all other moneys paid (if any) by HN Logistics without prejudice to any other remedy available to the Grantor.
- As JTC has given the in-principle approval to the sale and purchase of the Gul Avenue Property and the Company has obtained the written approval from Fragrance Ltd. in lieu of holding a general meeting for the Gul Avenue Acquisition and the transactions contemplated under the Gul Avenue SPA, all conditions precedent for the sale and purchase of the Gul Avenue Property have been satisfied. See also “– Listing Rules Implications – Written Controlling Shareholder's Approval” for details of the written approval from Fragrance Ltd.
- Vacant possession** : Subject to the terms in the Gul Avenue Option to Purchase, the Gul Avenue Property will be sold with vacant possession on completion.

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- Completion** : The completion for the Gul Avenue Acquisition shall be:
- (i) 4 weeks from 2 December 2019, the date of exercise of the Gul Avenue Option to Purchase;
 - (ii) 4 weeks from the completion of the decontamination works if so required by JTC; or
 - (iii) 4 weeks from the completion of the rectification of any unauthorized works found on the Gul Avenue Property to be carried out by the Grantor,

whichever is the latest date.

As no decontamination works or rectification work is required, and all conditions precedent for the Gul Avenue Acquisition have been satisfied, the completion took place on 27 December 2019. Please refer to the Company's announcement dated 27 December 2019 in relation to the completion of the acquisition for the Gul Avenue Property for details.

As the Group will be obtaining financing to fund part of the Gul Avenue Consideration, it is expected that LHN Group will provide corporate guarantee to the financial institution for the bank borrowings up to a maximum of S\$10.4 million.

B. Information about the Gul Avenue Property

The Gul Avenue Property is located at 7 Gul Avenue, Singapore 629651, with a total land area of approximately 22,479.7 square meters and gross floor area of approximately 8,284 square meters. The Gul Avenue Property is a leasehold estate comprising Lot 215W of MK 7 with a 60-year lease that commenced on 1 November 1972 and Lot 307T of MK7 with a 57-year lease that commenced on 1 November 1975, and hence with a remaining leasehold life of approximately 13 years.

C. Reasons for the Gul Avenue Acquisition

As disclosed in "Business – Our Business Strategies" in the Prospectus, the Company plans to acquire a suitable property for its logistics services business and use part of the property as its parking yard for its logistics vehicles in Singapore as it currently leases the properties for the transportation business. The Group currently does not operate a parking yard for its logistics vehicles at its owned properties.

As disclosed in the Gul Avenue Acquisition Announcements and in the section "Business – Our Business Strategies – Continue to expand our current business operations in Singapore, Indonesia, Thailand, Myanmar and Hong Kong – Logistics Services Business" in the Prospectus, the Group plans to acquire a property or part of a property as an ISO tank depot and self-use logistics vehicle parking yard to expand its logistics services business. The Group signed a letter of intent and received a binding offer of an option to purchase a property for expansion of its logistics services business, which has a land area of approximately 322,647 square feet with a single storey detached factory and three-storey

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office building in Singapore. The acquisition is subject to, among others, the approval from JTC. In early 2019, JTC had declined to grant the approval for the proposed transaction as it intends to retain the waterfront facilities of this property for waterfront activities. Since the Group could not proceed with the acquisition of this property, this may adversely affect the operations of the transportation business.

As the Group will not be able to proceed with the said acquisition, it will be replaced by the Gul Avenue Acquisition for expansion of the logistics services business in Singapore. The Board confirms that the Gul Avenue Property satisfies all of the Selection Criteria as set out in “Business – Our Business Strategies – Summary of Our Business Strategies by Business Segment and Associated Investment Costs – Logistics Services Business” of the Prospectus relating to acquiring a property in Singapore as an ISO tank depot and self-use logistics vehicle parking yard and intends to utilise certain net proceeds from the global offering as part of the Gul Avenue Consideration. Please refer to “IV. Update on the Progress of the Use of Net Proceeds from the Global Offering” below for updated information on the use of net proceeds from the Global Offering.

Further, the Board is of the view that the Gul Avenue Acquisition will support the future stable growth of our transportation business by providing a more stable and fixed place of operations for the transportation business.

For the reasons outlined above, the Board considers that the Gul Avenue Property in all material respects matches the Group’s Selection Criteria and expansion plan as disclosed in the Prospectus.

Taking into account of the above factors, the Directors consider that the Gul Avenue Acquisition, and transactions contemplated under the Gul Avenue SPA (including the Gul Avenue Consideration), are fair and reasonable, on normal commercial terms, and the Gul Avenue Acquisition and the transactions contemplated under the Gul Avenue SPA are in the interests of the Company and the Shareholders as a whole.

D. Information about the Parties

(i) Information about the Company and HN Logistics

For information about the Company and the Group, please refer to “The Establishment of Joint Venture – Information about the Parties – Information about the Company and WPS KB” above.

The Gul Avenue Purchaser, HN Logistics, is an indirect wholly-owned subsidiary of our Company, which primarily engages in freight transport by road and warehousing logistics.

(ii) Information about the Gul Avenue Seller

The principal activities of the Gul Avenue Seller, Amos Supply Pte. Ltd., are manufacturing of wire rope slings and repairing of ships. The Gul Avenue Seller is a wholly-owned subsidiary of Amos Group Limited, a company listed on the Mainboard of SGX-ST (Stock Code: RF7). The Gul Avenue Seller and its ultimate beneficial owners are independent third parties to the Group and its connected persons (as defined under the Listing Rules) to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry.

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E. Financial Effect of the Gul Avenue Acquisition

The Gul Avenue Property will be held as leasehold land and building under property, plant and equipment in the Group after completion of the Gul Avenue Acquisition. The property, plant and equipment of the Group is expected to increase by approximately S\$13.4 million which consists of the purchase consideration of the property and stamp duty. Total assets is expected to increase by approximately S\$10.4 million and net asset value of the Group is expected to remain unchanged as the increase in property, plant and equipment will be offset by the decrease of approximately S\$3.0 million in bank balances and cash of the Group and the remaining of approximately S\$10.4 million will be financed by bank borrowings, which is expected to increase total liabilities by the same amount. The Group expects the Gul Avenue Acquisition will increase the annual depreciation charges by approximately S\$1.0 million. In addition, the Gul Avenue Acquisition is expected to increase finance costs by approximately S\$0.2 million for the financial year ending 30 September 2020.

As the Gul Avenue Property is intended to provide ancillary support to the Group's logistics services and is not a revenue-generating asset with an identifiable income stream, the Gul Avenue Acquisition is not expected to have any material impact on the Group's revenue. The Gul Avenue Property will be accounted for as a lease property under property, plant and equipment in the accounts of the Group, which will be depreciated throughout its remaining leasehold life.

Save as disclosed above, the Gul Avenue Acquisition is not expected to have any other material impact on the liabilities, net tangible asset and earnings per share of the Group for the financial year ending 30 September 2020.

F. Listing Rules Implications

As at the date of the Gul Avenue Option to Purchase, the Gul Avenue Acquisition (in the event that HN Logistics exercises the option to purchase the Gul Avenue Property) was expected to be a discloseable transaction based on the percentage ratios tests under Chapter 14 of the Listing Rules carried out at the time with one or more of the applicable percentage ratios that was expected to exceed 5% but all of the percentage ratios were expected to be below 25%.

As at the date of the Gul Avenue SPA, as one or more of the applicable percentage ratios in respect of the Gul Avenue Acquisition was more than 25% but below 100% under Rule 14.07 of the Listing Rules, the Gul Avenue Acquisition constitutes a major transaction for the Company and is therefore subject to the announcement, circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

(i) Accountant's Report

As the Gul Avenue Property is currently being used by the Gul Avenue Seller for its own use and is not a revenue-generating asset with an identifiable income stream, no accountant's report has been prepared in accordance with Chapter 4 of the Listing Rules for this circular.

(ii) Property Valuation

Please refer to Appendix I for the valuation and information on the Gul Avenue Property.

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(iii) Written Controlling Shareholder's Approval

Fragrance Ltd. is a controlling Shareholder of the Company who directly holds 216,930,000 shares (representing 53.90% of the share capital) of the Company as at the Latest Practicable Date. In accordance with Rule 14.44 of the Listing Rules, to the best of the information, knowledge and belief of the Directors, no Shareholder is required to abstain from voting if the Company is to convene a general meeting for the approval of the transaction as contemplated under the Gul Avenue Acquisition and no accountants' report will be prepared for the Gul Avenue Acquisition. On 2 December 2019, Fragrance Ltd. provided a written approval to approve the Gul Avenue Acquisition and all transactions contemplated under the Gul Avenue SPA.

As such, no extraordinary general meeting will be held as the Company has obtained the written approval from Fragrance Ltd. in lieu of holding a general meeting for the Gul Avenue Acquisition and the transactions contemplated under the Gul Avenue SPA.

G. Catalyst Rules Implications

The disclosure requirements of this circular in respect of the Gul Avenue Acquisition are referenced from Chapters 7 and 12 of the Catalyst Rules. Being dual-primary listed on both Catalyst of the SGX-ST and the Stock Exchange, the Company has undertaken to comply with the more onerous set of listing rules. Accordingly, this circular had been prepared to address the disclosure requirements of Chapter 14 of the Listing Rules.

IV. UPDATE ON THE PROGRESS OF THE USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

Following the completion of the Gul Avenue Acquisition, an updated breakdown of the use of net proceeds from the global offering of the Company is as follows:

S/N	Purpose of Net Proceeds	Amount Allocated	Amount Utilised	Balance
		HK\$'000	HK\$'000	HK\$'000
1	Expansion of the Group's space optimisation business by acquiring a new property in Singapore	26,815	26,815	–
2	Acquiring a property in Singapore for the Group's logistics services management business	10,611	10,611	–
3	Set out the Group's first operation in the PRC	1,776	–	1,776
4	General working capital	4,439	4,439	–
5	Acquiring transportation equipment for the Group's logistics services business	755	562	193
	Total	44,396	42,427	1,969

Amount utilised for general working capital of approximately HK\$4.4 million (equivalent to S\$0.7 million) consisted of payment for renovation cost in relation to master lease secured under our Space Optimisation Business.

LETTER FROM THE BOARD

Approximately HK\$26.8 million (equivalent to S\$4.5 million) allocated for the acquisition of property in Singapore for the Space Optimisation Business had been utilised as the partial payment for the acquisition of the property located at 71 Lorong 23 Geylang, THK Building, Singapore 388386, as announced by the Company on 7 January 2019.

Approximately HK\$10.6 million (equivalent to S\$1.8 million) allocated for the acquisition of a property in Singapore for our logistics services management business had been utilised as the partial payment for the Gul Avenue Acquisition, as announced by the Company on 27 December 2019.

The above utilisations are in accordance with the intended use of the net proceeds and percentages allocated, as stated in the Prospectus.

The Board will continue to update in periodic announcements on the utilisation of the balance of the proceeds from the global offering as and when the proceeds are materially disbursed and provide a status report on such use in its annual report and its quarterly and full year financial results announcements.

V. RECOMMENDATIONS

The Board considers that (i) the Joint Venture Agreement and the transactions contemplated under the Joint Venture Agreement; and (ii) the Gul Avenue Acquisition and the transactions contemplated under the Gul Avenue SPA are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Notwithstanding that no general meeting will be convened by the Company to approve (i) the Joint Venture Agreement and the transactions contemplated under the Joint Venture Agreement; and (ii) the Gul Avenue Acquisition and the transactions contemplated under the Gul Avenue SPA, if such a general meeting were to be convened by the Company, the Board would recommend the Shareholders to vote in favour of the resolutions to approve the said matters.

VI. FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Property Consultants Pte Ltd, an independent valuer, in connection with its valuation as at 11 December 2019.



24 January 2020

Jones Lang LaSalle Property Consultants Pte Ltd
1 Paya Lebar Link #10-08 Paya Lebar Quarter Tower 2
Singapore 408533
tel +65 6220 3888 fax +65 6200 4283

Company Reg No. 198004794D
Agency License No. L3007326E



Valuation (Land & Building)

The Board of Directors
LHN Limited (the “Company” and its subsidiaries, together the “Group”)
10 Raeburn Park
#02-18
Singapore 088702

Dear Sirs,

In accordance with the instructions of LHN Limited (the “**Company**”) to carry out valuation of the market value of the property to be acquired by the Company and/or its subsidiaries (hereinafter together referred to as the “Group”) in Singapore, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 11 December 2019 (the “valuation date”).

Our valuation is done on a market value basis. Market value is defined as “the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We have valued the property interest held for owner occupation by the Group in Singapore by using the Direct Comparison Method, assuming sale of the property interests in their existing state, subject to the existing tenancies and occupancy arrangement. We have also make reference to comparable sales transactions as available in the relevant market to carry out our assessment.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.



Jones Lang LaSalle

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors; the SISV Valuation Standards published by the Singapore Institute of Surveyors and Valuers; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as the gross floor areas, existing leases and occupancy arrangements, specifications, formal planning approval and other relevant matters.

We have carried out the title searches relating to the Property with the Land Title Registry. We have reported the information with regards to the ownership, tenure, land area and all encumbrances, if any, in our reports. However, we do not interpret nor ascertain the security of the ownership or legal interest in the Properties belonging to the client. In carrying out our valuation, we assumed that the client owned the assets as at the date of our valuation.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and architectural site and floor plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and where possible, the interior of the properties. However, we have not carried out investigations on site to determine the suitability of the ground conditions and the services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any items of disrepair which we regard as serious. We are not, however, able to give any assurance that the Properties are free of rot, infestation or any other structural defect.

The Property was inspected on 11 December 2019 by Ms. Valentine Chua. She has 6 years' experience in the valuation of properties in Singapore. The valuation of the property was prepared by Ms. Valentine Chua under the supervision of Mr. Tan Keng Chiam, Senior Director of the department.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Singapore Dollar (S\$). Our valuation is summarised below and the valuation certificates are attached.

Yours faithfully,

for and on behalf of
Jones Lang LaSalle Property Consultants Pte Ltd

Tan Keng Chiam
B.Sc. (Est. Mgt.) MSISV, MRICS
Appraiser Licence No: AD041-2004796D
Senior Director

Note: Tan Keng Chiam is a Singapore Licensed Appraiser and member of Singapore Institute of Surveyor and Valuer who has 29 years' experience in the valuation of properties in Singapore.



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APPENDIX III – VALUATION CERTIFICATE

PROPERTY INTEREST HELD FOR OWNER OCCUPATION BY THE GROUP IN SINGAPORE⁽¹⁾

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value as at 11 December 2019 S\$						
1	7 Gul Avenue Singapore 629651	<p>The Property consists of a 2-storey office building, a 2-storey factory building and 4 single-storey factory building erected on 2 adjoining rectangular shaped plots of land at the access road level.</p> <p>The Property was built in Circa 1970s with addition and alteration works done in Year 2003 and Year 2005. The Property is approximately 42 years old.</p> <p>The Property is located on Lot 307T Mukim 7 and Lot 215W Mukim 7 with site areas of 12,259.6 sq.m. (131,962 sq.ft.) and 10,220.1 sq.m. (110,009 sq.ft.) respectively.</p> <p>The Property has a gross floor area of approximately 8,284.21 sq.m. (89,171 sq.ft.).</p> <p>The Property is held under leasehold:</p> <table border="1"> <thead> <tr> <th>Lot Number</th> <th>Tenure</th> </tr> </thead> <tbody> <tr> <td>Lot 307T Mukim 7</td> <td>57 years lease commencing from November 1, 1975</td> </tr> <tr> <td>Lot 215W Mukim 7</td> <td>60 years lease commencing from November 1, 1972</td> </tr> </tbody> </table>	Lot Number	Tenure	Lot 307T Mukim 7	57 years lease commencing from November 1, 1975	Lot 215W Mukim 7	60 years lease commencing from November 1, 1972	The Property is currently occupied by Amos Supply Pte. Ltd. (formerly known as Gaylin International Pte Ltd).	13,000,000
Lot Number	Tenure									
Lot 307T Mukim 7	57 years lease commencing from November 1, 1975									
Lot 215W Mukim 7	60 years lease commencing from November 1, 1972									

⁽¹⁾ As advised by the Group.

Notes:

1. The Property is located along Gul Avenue, approximately 23 km from the city centre at Collyer Quay. The locality is an established industrial estate with developments comprising a mixture of purpose-built detached factories, standard factories and dormitories.
2. The reversionary owner is Jurong Town Corporation (JTC) and registered proprietor is Gaylin International Pte Ltd (according to title search done with Singapore Land Authority dated 9 December 2019).
3. The site of the Property is zoned as "Business 2" with a plot ratio of 1.4 according to the Master Plan Zoning (2019 Edition). "Business 2" in the Master Plan refers to areas used or intended to be used for clean industry, light industry, general industry, warehouse, public utilities and telecommunication uses and other public installations. Special industries such as manufacture of industrial machinery, shipbuilding and repairing, may be allowed in selected areas subject to evaluation by the competent authority.
4. According to JTC proposed transfer/assignment of leases dated 25 November 2019, the proposed authorised use is "General warehousing, transportation and containers storage".
5. Land rent payable upon assignment will be based on market rent rate prevailing on the Assignment Completion Date. The market rent rate prevailing as at 25 November 2019 is \$16.81 per square metres per annum for the land and will be revised depending on whether the Assignment Completion Date falls on or after the JTC Industrial Rent Review Exercise.
6. Pursuant to the title search record, the Property is subject to, inter alia, the following encumbrance:
 - Lot 307T Mukim 7
 - a. Subject to easement in favour of whole of MK7-720C in lease I/22097C lodged on September 21, 1982.
 - b. Mortgage IF/508059E was lodged on October 30, 2018 by E.Sun Commercial Bank, Ltd.
 - Lot 215W Mukim 7
 - a. Subject to easement in favour of whole of MK7-720C in lease I/19899C lodged on August 25, 1982.
 - b. Mortgage IF/508059E was lodged on October 30, 2018 by E.Sun Commercial Bank, Ltd.
7. Our valuation has been made on Direct Comparison Approach.

Direct Comparison Method

In arriving at our opinion of the market value of the Property, our valuation is based on direct comparison method with transactions of comparable properties within the vicinity and elsewhere.

In arriving at our valuation figure, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the Property. These selected comparables are industrial properties located within Jurong Industrial Estate, which were transacted in Year 2019. Both the Property and comparables are zoned for industrial use. The adjusted unit rate of the comparables range from S\$129/sq.ft. to S\$177/sq.ft. on gross floor area. We have taken into consideration of the prevailing market conditions and making due adjustments for differences between the Property and the comparables in terms of location, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions and other factors affecting their values to arrive at a unit rate of approximately S\$146/sq.ft.

The unit rate of the Property which is in line with the adjusted unit rate of these comparables is within a reasonable range.

FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out in this circular the financial information for the last three financial years with respect to the profits and losses, financial record and position, as a comparative table and the latest published statement of financial position together with the notes on the annual accounts for the last financial year for the Group.

The financial information of the Group for the year ended 30 September 2017 has been set out in the 2017 annual report of the Company, which was posted on 30 January 2018 on the Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0130/ltn20180130775.pdf>).

The financial information of the Group for the year ended 30 September 2018 has been set out in the 2018 annual report of the Company, which was posted on 31 December 2018 on the Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/1231/ltn20181231067.pdf>).

The financial information of the Group for the year ended 30 September 2019 has been set out in the 2019 annual report of the Company, which was posted on 26 December 2019 on the Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1226/2019122600001.pdf>).

INDEBTEDNESS STATEMENT**Bank Borrowings**

The Group primarily obtained bank borrowings to finance our acquisition of properties and logistics equipment. We also have a revolving loan for our short-term finance needs. As at 30 November 2019, being for the purpose of the indebtedness statement, the Group had outstanding bank borrowings of S\$48.3 million. These borrowings were secured by (i) legal mortgage of the Group's leasehold properties at 72 Eunos Avenue 7, 100 Eunos Avenue 7 and the Geylang Property; (ii) corporate guarantees provided by the Group; (iii) personal guarantees provided by a director and shareholder of a non-wholly owned subsidiary, who is not a controlling shareholder of the Company (the "**Subsidiary Director**"); and (iv) assignment of rental proceeds of the mortgaged properties.

As at 30 November 2019, the Group had undrawn bank facilities of S\$37.6 million.

Lease Liabilities

Since 1 October 2019, the Group has adopted IFRS 16 "Leases" ("**IFRS 16**") without restating comparatives as permitted under the standard. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. For details of impact of the adoption of IFRS 16, please refer to Note 2.1 to the consolidated financial statements of the Group for the year ended 30 September 2019.

As at 30 November 2019, the Group had lease liabilities of S\$110.6 million in respect of the Group's leased properties, plant and machinery, logistics equipment and motor vehicles.

Mortgages and Charges

Save as disclosed, the Group did not have any other mortgages and charges as at 30 November 2019.

Contingent Liabilities

The Group has provided corporate guarantees in favour of financial institutions in respect of facilities granted to certain subsidiaries and joint ventures. As at 30 November 2019, the outstanding amount of guaranteed facilities drawn down by certain subsidiaries and joint ventures amounted to approximately S\$53.4 million and S\$37.0 million, respectively.

Save as disclosed, the Group did not have any material contingent liabilities.

Other Information

Foreign currency amounts have been, for the purposes of this indebtedness statement, translated into Singapore dollars at the approximate rates of exchange applicable at the close of business on 30 November 2019.

Save as aforesaid and apart from intra-group liabilities and normal trade and bills payables in the ordinary course of the business, as at the close of business on 30 November 2019, the Group did not have other debt securities issued and outstanding, and authorized or otherwise created but unissued, outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans or other similar indebtedness, lease liabilities or hire purchase commitments, liabilities under acceptances or acceptance credits, guarantees or material contingent liabilities.

As at the Latest Practicable Date, the Directors were not aware of any or any material adverse change in the indebtedness position of the Group since 30 November 2019.

WORKING CAPITAL

As at the Latest Practicable Date, having made careful enquiries and taking into account of the internal resources of and existing banking facilities available to the Group as well as the transactions contemplated under the Joint Venture Agreement and the Gul Avenue SPA, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this circular.

FINANCIAL AND OPERATING PROSPECTS

The Group currently has three (3) 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, Hong Kong and Malaysia.

For the Space Optimisation Business, besides focusing on growing the co-living space business, the Group will continue to look for new properties and opportunities to grow and expand in Singapore and in China, in other regions that we currently have a presence in as well as into other countries in Asia.

With respect to the Facilities Management Business, the Group will continue to seek more external facilities management contracts by providing integrated facilities management services covering repair, maintenance and cleaning of buildings and offices, pest control and fumigation. In addition, the Group will continue to look for more locations for its car park management business in both Singapore and Hong Kong and also intends to expand the car park management business to Cambodia.

For the Logistics Services Business, the Group is optimistic on the demand for container storage and repair services and transportation services. As part of the expansion plan in countries, the Group has incorporated a subsidiary in Myanmar and intends to set up a new container depot there. In addition, the Group intends to set up a joint venture in Thailand to provide logistics services there.

Following the Group's acceptance of the offer to purchase the Gul Avenue Property as announced on 2 December 2019, the Group looks forward to the completion of the Gul Avenue Acquisition as this will support the future stable growth of our transportation business by providing a more stable and fixed place of operations for the transportation business.

Looking ahead, the Singapore economy is expected to remain volatile and the Group will cautiously explore new opportunities in Singapore and also other growth markets in the ASEAN region to expand its current business offerings.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

In accordance with the Rule 1202 of the Catalist Rules, the Directors collectively and individually accept full responsibility for the accuracy of the information given in this circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this circular constitutes full and true disclosure of all material facts about the Joint Venture Agreement, the Gul Avenue SPA, and the transactions contemplated under these agreements, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this circular misleading. Where information in the circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the circular in its proper form and context.

2. DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares or Debentures of the Company or Its Associated Corporations

As at the Latest Practicable Date, the interest or short position in the shares, underlying shares or debentures of the Company and/or its associated corporations (within the meaning of Part XV of the SFO) that Directors and chief executive of the Company as recorded in the register required to be kept under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long positions in the shares and underlying shares of the Company:

Name	Capacity	Number of Shares	Approximate percentage of issued share capital of the Company
Lim Lung Tieng ⁽¹⁾⁽²⁾	Founder of discretionary trusts, beneficiary of a trust	216,930,000	53.90%

Notes:

- (1) Lim Lung Tieng is one of the founders of The LHN Capital Trust and The Land Banking Trust. Trident Trust Company (B.V.I.) Limited, in its capacity as the trustee of The Land Banking Trust, holds the entire issued share capital of LHN Capital Pte. Ltd.. LHN Capital Pte. Ltd., in its capacity as the trustee of The LHN Capital Trust, holds the entire issued share capital of HN Capital Ltd., which in turn holds 85% of the total issued share capital of Hean Nerng Group Pte. Ltd.. Hean Nerng Group Pte. Ltd. holds the entire issued share capital of Fragrance Ltd.. Fragrance Ltd. is the beneficial owner of 216,930,000 Shares. Lim Lung Tieng is deemed under the SFO to be interested in the Shares held by Trident Trust Company (B.V.I.) Limited and LHN Capital Pte. Ltd.. Trident Trust Company (B.V.I.) Limited is deemed under the SFO to be interested in the interests held by LHN Capital Pte. Ltd.. LHN Capital Pte. Ltd. is deemed under the SFO to be interested in the interests held by HN Capital Ltd.. HN Capital Ltd. is deemed under the SFO to be interested in the interests held by Hean Nerng Group Pte. Ltd.. Hean Nerng Group Pte. Ltd. is deemed under the SFO to be interested in the interests held by Fragrance Ltd..

- (2) Lim Lung Tieng is one of the beneficiaries of The LHN Capital Trust of which LHN Capital Pte. Ltd. is the trustee. LHN Capital Pte. Ltd., in its capacity as the trustee, holds the entire issued share capital of HN Capital Ltd., which in turn holds 85% of the total issued share capital of Hean Nerng Group Pte. Ltd.. Hean Nerng Group Pte. Ltd. holds the entire issued share capital of Fragrance Ltd.. Fragrance Ltd. is the beneficial owner of 216,930,000 Shares. Lim Lung Tieng is deemed under the SFO to be interested in the Shares held by LHN Capital Pte. Ltd.. LHN Capital Pte. Ltd. is deemed under the SFO to be interested in the interests held by HN Capital Ltd.. HN Capital Ltd. is deemed under the SFO to be interested in the interests held by Hean Nerng Group Pte. Ltd.. Hean Nerng Group Pte. Ltd. is deemed under the SFO to be interested in the interests held by Fragrance Ltd..

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at the Latest Practicable Date, as far as is known to the Directors, the following persons/entities (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the shares and underlying shares of the Company:

Name	Capacity	Number of Shares	Approximate percentage of issued share capital of the Company
Fragrance Ltd. ⁽¹⁾⁽²⁾	Beneficial owner	216,930,000	53.90%
Wang Jialu ⁽¹⁾⁽³⁾	Deemed interest by virtue of interest held by spouse	216,930,000	53.90%
Hean Nerng Group Pte. Ltd. ⁽¹⁾⁽²⁾	Interest in a controlled corporation	216,930,000	53.90%
HN Capital Ltd. ⁽¹⁾⁽²⁾	Interest in a controlled corporation	216,930,000	53.90%
LHN Capital Pte. Ltd. ⁽¹⁾⁽²⁾	Trustee	216,930,000	53.90%
Trident Trust Company (B.V.I.) Limited ⁽¹⁾⁽²⁾	Trustee	216,930,000	53.90%
Lim Hean Nerng ⁽¹⁾⁽²⁾	Founder of discretionary trusts	216,930,000	53.90%
Foo Siau Foon ⁽¹⁾⁽²⁾	Founder of discretionary trusts	216,930,000	53.90%

Notes:

- (1) Fragrance Ltd., which is wholly-owned by Hean Nerng Group Pte. Ltd., which in turn is owned as to 5% by Lim Lung Tieng, 10% by Lim Bee Choo and 85% by HN Capital Ltd., is the beneficial owner of 216,930,000 Shares. By virtue of the SFO, Lim Lung Tieng, Wang Jialu, Hean Nerng Group Pte. Ltd., HN Capital Ltd., LHN Capital Pte. Ltd., Trident Trust Company (B.V.I.) Limited, Lim Hean Nerng and Foo Siau Foon are deemed to be interested in all of the Shares held by Fragrance Ltd..
- (2) Lim Hean Nerng, Foo Siau Foon and Lim Lung Tieng are the founders of The LHN Capital Trust and The Land Banking Trust. Trident Trust Company (B.V.I.) Limited, in its capacity as the trustee of The Land Banking Trust, holds the entire issued share capital of LHN Capital Pte. Ltd.. LHN Capital Pte. Ltd., in its capacity as the trustee of The LHN Capital Trust, holds the entire issued share capital of HN Capital Ltd., which in turn holds 85% of the total issued share capital of Hean Nerng Group Pte. Ltd.. Hean Nerng Group Pte. Ltd. holds the entire issued share capital of Fragrance Ltd.. Lim Hean Nerng, Foo Siau Foon and Lim Lung Tieng are deemed under the SFO to be interested in the Shares held by Trident Trust Company (B.V.I.) Limited and LHN Capital Pte. Ltd.. Trident Trust Company (B.V.I.) Limited is deemed under the SFO to be interested in the interests held by LHN Capital Pte. Ltd.. LHN Capital Pte. Ltd. is deemed under the SFO to be interested in the interests held by HN Capital Ltd.. HN Capital Ltd. is deemed under the SFO to be interested in the interests held by Hean Nerng Group Pte. Ltd.. Hean Nerng Group Pte. Ltd. is deemed under the SFO to be interested in the interests held by Fragrance Ltd..
- (3) Wang Jialu, the spouse of Lim Lung Tieng, is deemed under the SFO to be interested in the interests held by Lim Lung Tieng.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person who had an interest or a short position in any shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors or their respective close associates had any interest in any business which competes or is likely to compete with the businesses of the Group that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. INTEREST IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any assets which have been, since 30 September 2019 (being the date to which the latest published accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or their respective associates was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular and which is significant in relation to the businesses of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 September 2019, being the date to which the latest published accounts of the Company were made up.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group within the two years immediately preceding the date of this circular and are or may be material:

- (a) the agreement dated 29 January 2018 entered into between South East Asia Medlog Logistics Co. Pte. Ltd. and HLA Container Services Pte. Ltd., among others, to regulate the relationships of the shareholders of HLA Logistics Pte. Ltd. and the conduct of its business (the “**HLA Logistics Agreement**”);
- (b) the condominium unit sale and purchase agreement dated 26 April 2018 entered into between Spring CJW Development Pte. Ltd. as seller and LHN Residence Pte. Ltd. as purchaser for the sale and purchase of the total of 108 apartment units on floors 1, 2, 3, 5, 6, 7, 8, 9 and 10 in Block 1 A of Axis Residences, Street Duong Ngeap III, Phum Teuk Thla, Sangkat Teuk Thla, Khan Sen Sok, Phnom Penh City, Cambodia with a total area of 5,748.37 square meters of private area and 8,047.72 square meters of gross area including common facilities that LHN Residence Pte. Ltd. has the rights to use for a total consideration of US\$12,500,000 (the “**Axis Residences SPA**”);
- (c) the agreement dated 25 June 2018 entered into between South East Asia Medlog Logistics Pte. Ltd. and HLA Container Services Pte. Ltd. in relation to the amendment of clause 3.1 of the HLA Logistics Agreement;
- (d) the novation agreement dated 27 August 2018 entered into between Spring CJW Development Pte. Ltd. as seller, LHN Residence Pte. Ltd. as assignor and Axis A1 Properties Co., Ltd. as assignee to novate, assign and transfer all the rights and obligations of the assignor under Axis Residences SPA to the assignee;
- (e) the offer to purchase dated 31 October 2018 issued by Peace City Pte Ltd as the vendor and accepted by Work Plus Store (Joo Seng) Pte. Ltd. as purchaser for the sales and purchase of the property located at 71 Lorong 23 Geylang, THK Building, Singapore 388386 for a total consideration of S\$18,000,000 plus GST;
- (f) the business purchase agreement dated 1 March 2019 entered into among Industrial & Commercial Security Pte. Ltd. (“**ICS**”) as the seller, LHN Group and Prosegur Singapore Pte Ltd as the purchaser, relating to the sale and purchase of the ICS security services business and assets for an estimated maximum consideration (net) of approximately S\$1.497 million;
- (g) the Joint Venture Agreement; and
- (h) the Gul Avenue SPA.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any member of the Group.

9. EXPERT

The following is the qualification of the expert who has given an opinion or advice contained in this circular:

Name	Qualification
Jones Lang LaSalle Property Consultants Pte. Ltd.	Independent property valuer

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report or letter or opinion as set out in this circular and reference to its name in the form and context in which it appears in this circular.

As at the Latest Practicable Date, the expert above did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the expert above did not have any interest, direct or indirect, in any asset which since 30 September 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, has been acquired or disposed of by or leased to any member of the Group, or is proposed to be acquired or disposed of by or leased to any member of the Group.

10. MISCELLANEOUS

- (a) The joint company secretaries of the Company are Mr. Ng Chit Sing, who is an associate member of the Hong Kong Institute of Chartered Secretaries, and Mr. Lai Kuan Loong, Victor, who is a public accountant in Singapore registered with Singapore Accounting & Corporate Regulatory Authority, an affiliate member of the Chartered Secretaries Institute of Singapore, is a resident residing in Singapore to satisfy the requirements under the Singapore Companies Act.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at (i) the registered office of the Company at 10 Raeburn Park, #02-18, Singapore 088702 during normal business hours during any business day in Singapore (excluding gazetted holidays); and (ii) the office of Luk & Partners in association with Morgan, Lewis & Bockius, Suites 1902-09, 19/F., Edinburgh Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong during normal business hours during any business day in Hong Kong (excluding public holidays in Hong Kong) from the date of this circular up to and including 7 February 2020:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for the financial years ended 30 September 2017, 2018 and 2019;
- (c) the material contracts referred to in "7. Material Contracts" above in this appendix;
- (d) the JV Property Letter of Intent;
- (e) the JV Property SPA;
- (f) the property valuation report prepared by Jones Lang LaSalle Property Consultants Pte. Ltd. dated 24 January 2020 in relation to the Gul Avenue Property;
- (g) the written consent from Jones Lang LaSalle Property Consultants Pte. Ltd. referred to in "9. Expert" in this section to the circular; and
- (h) this circular.

