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**SPACE OPTIMISED**

**LHN LIMITED**

**賢能集團有限公司\***

*(Incorporated in the Republic of Singapore with limited liability)*

**(Hong Kong stock code: 1730)**

**(Singapore stock code: 410)**

## **DISCLOSEABLE TRANSACTION ACQUISITION OF THE GEYLANG PROPERTY**

### **BUSINESS UPDATE UPDATE IN THE EXPANSION OF THE SPACE OPTIMISATION BUSINESS IN SINGAPORE**

#### **UPDATE IN THE EXPANSION OF THE SPACE OPTIMISATION BUSINESS IN SINGAPORE**

As disclosed in the Prospectus, the Group identified a target based on the preliminary feasibility study carried out by the Group for a potential property acquisition in Singapore to expand its space optimisation business, which was three floors of strata industrial units in a B1 light industrial building in Singapore. Subsequent to the Listing on 29 December 2017, the Group has been negotiating with the property owner for the Potential Strata Units Acquisition but to date, the parties still have not come to any agreement on the terms and conditions of the Potential Strata Units Acquisition. As the Group has planned to expand its space optimisation business in Singapore by acquiring properties to expand its property portfolio, the Group has been searching for a suitable property based on its Selection Criteria.

#### **GEYLANG PROPERTY ACQUISITION**

The Board is pleased to announce that the Group has entered into the Option to Purchase Agreement for the Geylang Property Acquisition, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Property to expand its space optimisation business. The Geylang Property will be used for the space optimisation business expansion as contemplated in the section, "Business – Our Business Strategies – Continue to expand our current business operations in Singapore, Indonesia, Thailand, Myanmar and Hong Kong – Space Optimisation Business – Singapore" in the Prospectus.

#### **Listing Rules Implications**

As one or more than one of the applicable percentage ratios in respect of the Geylang Property Acquisition is more than 5% and below 25%, the Geylang Property Acquisition constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

**Shareholders and potential investors of the Company should note that the Option to Purchase Agreement is subject to certain conditions precedent. As such, the Geylang Property Acquisition may or may not proceed. Accordingly, Shareholders and potential investors of the Company shall exercise caution when dealing in the shares of the Company.**

Reference is made to the prospectus of LHN Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 15 December 2017 (the “**Prospectus**”) relating to the listing (the “**Listing**”) of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited. Unless otherwise provided, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

## **UPDATE IN THE EXPANSION OF THE SPACE OPTIMISATION BUSINESS IN SINGAPORE**

As disclosed in the section, “Business – Our Business Strategies – Continue to expand our current business operations in Singapore, Indonesia, Thailand, Myanmar and Hong Kong – Space Optimisation Business – Singapore” in the Prospectus, the Group plans to acquire a property or part of a property for its industrial or commercial property portfolio under its space optimisation business. As disclosed in the Prospectus, a target has been identified based on the preliminary feasibility study carried out by the Group, which was three floors of strata industrial units in a B1 light industrial building in Singapore. As disclosed in the Prospectus, the Potential Strata Units Acquisition of such units was subject to successful negotiation of the terms and conditions of the Potential Strata Units Acquisition with the property owner and if the Potential Strata Units Acquisition will not proceed, the Group will select a target industrial or commercial property to acquire on the Selection Criteria for the expansion of the space optimisation business of the Group.

Subsequent to the Listing on 29 December 2017, the Group has been negotiating with the property owner for the Potential Strata Units Acquisition but to date, the parties still have not come to any agreement on the terms and conditions of the Potential Strata Units Acquisition. As the Group has planned to expand its space optimisation business in Singapore by acquiring properties to expand its property portfolio, the Group has been searching for a suitable property based on its Selection Criteria.

As the Group has entered into the Option to Purchase Agreement for the Geylang Property Acquisition as further described below, the Group will not continue the discussion with the landlord for the Potential Strata Units Acquisition.

## **GEYLANG PROPERTY ACQUISITION**

The Board is pleased to announce that the Group has entered into the Option to Purchase Agreement for the Geylang Property Acquisition, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Property to expand its space optimisation business. The Geylang Property will be used for the space optimisation business expansion as contemplated in the section, “Business – Our Business Strategies – Continue to expand our current business operations in Singapore, Indonesia, Thailand, Myanmar and Hong Kong – Space Optimisation Business – Singapore” in the Prospectus.

### **The Option to Purchase Agreement**

The major terms of the Option to Purchase Agreement are set out below:

|                                |   |                                                                                                                                                                                                   |
|--------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date                           | : | 31 October 2018                                                                                                                                                                                   |
| Parties                        | : | (1) WPS (Joo Seng), an indirect wholly-owned subsidiary of the Company as the Purchaser.<br><br>(2) Peace City Pte Ltd, as the Vendor, who is selling the Property is an Independent Third Party. |
| Subject matter                 | : | Pursuant to the Option to Purchase Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Geylang Property.                                                                |
| Information about the Property | : | The property located at 71 Lorong 23 Geylang, THK Building, Singapore 388386.                                                                                                                     |

The Property has a total land area of 1,562.7 square meters.

The Property is a leasehold estate of 99 years which commenced on 21 December 1993.

|                              |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Consideration                | : | The consideration for the Geylang Property Acquisition is S\$18,000,000 excluding GST. The Group 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Payment and Payment Schedule | : | <p>The Consideration is or will be satisfied (as the case may be) as follows:</p> <ul style="list-style-type: none"> <li>(i) The Deposit of S\$1,800,000 plus GST, being 10% of the purchase price, due on the acceptance date of the Option to Purchase Agreement (being 31 October 2018); and</li> <li>(ii) The remaining balance of S\$16,200,000 plus GST, being the purchase price less the Deposit to be paid on 7 January 2019.</li> </ul> <p>The Consideration has been or will be (as the case may be) settled in the following manner:</p> <ul style="list-style-type: none"> <li>(a) The Deposit has been settled by internal source of funding;</li> <li>(b) the balance of the consideration of S\$16,200,000 plus GST, or 90%, will be settled on the Completion Date as to: <ul style="list-style-type: none"> <li>• S\$4.5 million to be funded from the net proceeds from the global offering of the Company allocated for the acquisition of property in Singapore for the space optimisation business; and</li> <li>• S\$11.7 million to be funded by internal source of funding and bank borrowings.</li> </ul> </li> </ul> |
| Conditions precedent         | : | <p>The sale and purchase of the Property is subject to the Purchaser obtaining approval from (i) the Board; (ii) shareholders of the Purchaser and/or the shareholders of the Purchaser's holding company, LHN Group Pte. Ltd.; and/or (iii) the Regulatory Authority, within 14 days from the date of the Option to Purchase Agreement.</p> <p>If the approval is not obtained within 14 days from the date of the Option to Purchase Agreement, the Option to Purchase Agreement shall become null and void and all monies paid towards the purchase price (and GST) shall be refunded to the Purchaser.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Vacant possession            | : | The Purchaser will acquire the Property with vacant possession except for two units. The Vendor will pay monthly rent of the two units from the Completion Date to 31 March 2019, and vacant possession will be given to the Purchaser by end March 2019.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Completion                   | : | The Completion Date for the Geylang Property Acquisition shall be 7 January 2019.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

### Reasons for the Geylang Property Acquisition

As disclosed in "Business – Our Business Strategies" in the Prospectus, the Company plans to acquire a property or part of a property for its industrial or commercial property portfolio under its space optimisation business, and the selection criteria for acquiring an entire property for such purpose include, among others, that such property shall have the potential to increase the NLA by 10.0% (the "**NLA Criterion**").

Based on a preliminary study of the Group, the Board estimates that the Property has the potential to increase the NLA by 5%, which falls slightly short of the 10.0% threshold under the NLA Criterion. The Board considers that the Selection Criteria as disclosed in the Prospectus, including the NLA Criterion, are points of consideration rather than rigid requirements in exercising the Board's discretion and management decisions, and were put in place with an aim to identify a suitable property to increase the value of properties under the Company's property portfolio.

Further, the Board is of the view that the Geylang Property Acquisition will broaden the property portfolio of the Company in Singapore for its expansion of the space optimisation business, provide capital appreciation potential to the Group, and provide additional opportunities to generate revenue. The Geylang Property is intended for self-storage and last mile logistics services.

For the reasons outlined above, the Board considers that the 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 terms of the Geylang Property Acquisition including the Consideration, are fair and reasonable, on normal commercial terms, and the Geylang Property Acquisition is in the interests of the Shareholders and the Company as a whole.

### **Information of the Parties**

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 (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 and Hong Kong.

WPS (Joo Seng) is an indirect wholly-owned subsidiary of our Company, which primarily engages in space resource management.

The principal activities of the Vendor, Peace City Pte Ltd, are those of general contractors and builders, investment and holding company. The Vendor, its ultimate beneficial owners and its respective associates are independent third parties to the Group and its connected persons to the best of the Directors' knowledge.

### **Listing Rules Implications**

As one or more than one of the applicable percentage ratios in respect of the Geylang Property Acquisition is more than 5% and below 25%, the Geylang Property Acquisition constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

**Shareholders and potential investors of the Company should note that the Option to Purchase Agreement is subject to certain conditions precedent. As such, the Geylang Property Acquisition may or may not proceed. Accordingly, Shareholders and potential investors of the Company shall exercise caution when dealing in the shares of the Company.**

## DEFINITIONS

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

|                                             |                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Board”</b>                              | the board of Directors                                                                                                                                                                                                                                                                                                                                 |
| <b>“Company”</b>                            | 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: 41O)                                                                        |
| <b>“Completion Date”</b>                    | as determined under “Geylang Property Acquisition – The Option to Purchase Agreement – Completion”, being 7 January 2019. In the event that the Purchaser requires more time to arrange its funds, the parties mutually agree to extend the Completion Date to 14 January 2019 with no penalty whatsoever                                              |
| <b>“Consideration”</b>                      | the consideration for the Geylang Property Acquisition for a total of S\$18,000,000                                                                                                                                                                                                                                                                    |
| <b>“Deposit”</b>                            | the deposit in the sum of S\$1,800,000 plus GST                                                                                                                                                                                                                                                                                                        |
| <b>“Director(s)”</b>                        | director(s) of the Company                                                                                                                                                                                                                                                                                                                             |
| <b>“Group”</b>                              | the Company and its subsidiaries                                                                                                                                                                                                                                                                                                                       |
| <b>“GST”</b>                                | Goods and services tax in Singapore                                                                                                                                                                                                                                                                                                                    |
| <b>“Listing”</b>                            | the listing of the ordinary shares of the Company on the Main Board of the Stock Exchange                                                                                                                                                                                                                                                              |
| <b>“Listing Rules”</b>                      | The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time                                                                                                                                                                                                                                                      |
| <b>“Geylang Property” or “Property”</b>     | the property located at 71 Lorong 23 Geylang, THK Building, Singapore 388386, with a total land area of 1,562.7 square meters                                                                                                                                                                                                                          |
| <b>“Geylang Property Acquisition”</b>       | the acquisition of the Geylang Property as contemplated under the Option to Purchase Agreement                                                                                                                                                                                                                                                         |
| <b>“NLA”</b>                                | Net leasable area                                                                                                                                                                                                                                                                                                                                      |
| <b>“Option to Purchase Agreement”</b>       | the offer to purchase dated 31 October 2018 issued by the Vendor as the vendor of the Property and accepted by WPS (Joo Seng) as buyer for the Property                                                                                                                                                                                                |
| <b>“Potential Strata Units Acquisition”</b> | the potential acquisition of the three floors of strata industrial units in a B1 light industrial building in Singapore as disclosed in “Business – Our Business Strategies – Continue to expand our current business operations in Singapore, Indonesia, Thailand, Myanmar and Hong Kong – Space Optimisation Business – Singapore” in the Prospectus |
| <b>“Prospectus”</b>                         | the prospectus of the Company published in Hong Kong dated 15 December 2017 in relation to the global offering of the Company                                                                                                                                                                                                                          |
| <b>“Purchaser”</b>                          | WPS (Joo Seng) for the Geylang Property Acquisition as contemplated under the Option to Purchase Agreement                                                                                                                                                                                                                                             |
| <b>“Regulatory Authority”</b>               | The Stock Exchange or any regulatory authorities including the SGX-ST                                                                                                                                                                                                                                                                                  |

|                             |                                                                                                                                                                                                                                                                                                                 |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>“Selection Criteria”</b> | the criteria for selecting a target industrial or commercial property to acquire to expand the space optimisation 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 |
| <b>“Vendor”</b>             | Peace City Pte Ltd                                                                                                                                                                                                                                                                                              |
| <b>“SGX-ST”</b>             | Singapore Exchange Securities Trading Limited                                                                                                                                                                                                                                                                   |
| <b>“Stock Exchange”</b>     | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                                                                                         |
| <b>“S\$”</b>                | Singapore dollars, the lawful currency of Singapore                                                                                                                                                                                                                                                             |
| <b>“WPS (Joo Seng)”</b>     | Work Plus Store (Joo Seng) Pte. Ltd. (formerly known as LHN Industrial Space Pte. Ltd.) a limited liability company incorporated in Singapore on 27 March 2008 and an indirect wholly-owned subsidiary of our Company                                                                                           |
| <b>“%”</b>                  | per cent.                                                                                                                                                                                                                                                                                                       |

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

Singapore, 31 October 2018

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

**\* For identification purpose only**