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**LHN
GROUP**

SPACE OPTIMISED

LHN LIMITED

賢能集團有限公司*

(Incorporated in the Republic of Singapore with limited liability)

(Hong Kong stock code: 1730)

(Singapore stock code: 410)

MAJOR TRANSACTION

ACQUISITION OF THE BALESTIER PROPERTY

INTRODUCTION

The Board is pleased to announce that on 16 September 2020, the Purchaser, an indirect wholly-owned subsidiary of the Company, has entered into the Option to Purchase for the Balestier Property, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Balestier Property at a Consideration of S\$18,100,000 plus GST.

LISTING RULES IMPLICATIONS

As at the date of the Option to Purchase, one or more than one of the applicable percentage ratios for the Balestier Acquisition is more than 25% and below 100% under Rule 14.07 of the Listing Rules, the Balestier Acquisition therefore 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.

INTRODUCTION

The Board is pleased to announce that on 16 September 2020, the Purchaser, an indirect wholly-owned subsidiary of the Company, has entered into the Option to Purchase for the Balestier Property, which forms the binding sale and purchase agreement for the Balestier Property upon execution of the Option to Purchase, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Balestier Property at a Consideration of S\$18,100,000 plus GST.

THE OPTION TO PURCHASE

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

Date	:	16 September 2020
Parties	:	(1) Purchaser, Coliwoo Balestier Pte Ltd (formerly known as LHN SB Pte Ltd), an indirect wholly-owned subsidiary of the Company, as the purchaser (2) the Vendor, an independent third party, as the seller
Information about the Balestier Property	:	<p>The Balestier Property is located at 320 Balestier Road, Singapore 329924, comprising of a four-storey corner building, of which, the first floor is tenanted, and the second, third and fourth floors are vacant. The Balestier Property is purchased subject to the tenancy agreement for the first floor (“Tenancy Agreement”), for which all Vendor’s rights and benefits will be assigned to the Purchaser on the Completion Date.</p> <p>The Balestier Property will be sold on an “as is where is” basis as at the date of the Option to Purchase.</p>
Consideration	:	<p>The total Consideration for the Balestier Acquisition shall be S\$18,100,000 plus GST, of which, S\$905,000 was paid as at the date of the Option to Purchase as deposit.</p> <p>The Parties have determined the total Consideration through arm’s length negotiation on normal commercial terms and taking into consideration, among others, the potential of the property, the value and the prevailing market prices of properties of similar nature available in the vicinity.</p>
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">(i) the deposit of S\$905,000 was paid by Purchaser to the Vendor through internal source of funding; and(ii) the remaining balance of S\$17,195,000 plus GST, being the total Consideration less the sum of deposit, is to be paid on the Completion Date which is to be funded by internal source of funding and bank borrowings.
Conditions precedent	:	The sale and purchase of the Balestier Property is subject to Purchaser obtaining the internal approval from the Board and the Shareholders.
Rescinding rights	:	<p>Upon any of the following events taking place, the Purchaser has the right to rescind the Option to Purchase:</p> <ul style="list-style-type: none">(i) the Purchaser’s solicitors failed to obtain the satisfactory replies to its legal requisitions from the various governmental authorities such as the land transport authority and the satisfactory drainage plans and road line plans;(ii) there being physical encroachment onto the property by any neighbouring property or properties that affects more than 3% of the land area of the property and that the Vendor cannot remedy the encroachment within three weeks after written notice is given to the Vendor’s solicitors; and(iii) the property or any part of the property is found to be affected by any government acquisition and/or notice, order or gazette notification of intended or actual acquisition by the relevant competent authority on or before the Completion Date which affects more than 3% of the landed area of the property.

Upon rescinding the Option to Purchase, the Vendor shall refund to Purchaser all monies paid by Purchaser towards the total Consideration free of interest or compensation within seven business days after such written notice and Purchaser shall forthwith return to the Vendor all the documents of title, plans and all other documents whatsoever delivered to it.

Completion : The sale and purchase of the Balestier Property shall be completed by the Completion Date.

INFORMATION ABOUT THE BALESTIER PROPERTY

The Balestier Property is located at 320 Balestier Road, Singapore 329924, comprising of a four-storey corner building, with a total land area of approximately 406.7 square meters. The first floor of the Balestier Property has been leased to the tenant by the Vendor with a tenancy term of two years from 10 July 2020 to 9 July 2022, for which all Vendor's rights and benefits will be assigned to the Purchaser on the Completion Date. The second, third and fourth floors will be delivered with vacant possession.

REASONS FOR AND BENEFITS OF THE BALESTIER PROPERTY

The Group intends to operate the Balestier Property as a co-living space. As such, the Balestier Acquisition will expand the Group's portfolio of properties under the co-living business in Singapore, increase the brand value of COLIWOO, provide potential capital appreciation to the Group and provide additional opportunities to generate revenue.

The Balestier Property is located at the junction of Balestier Road and Kim Keat Road, easily accessible via nearby Novena, Toa Payoh and Boon Keng MRT Stations. It is surrounded by major international schools and universities, and near to Health City Novena which makes it more attractive to individuals studying or working in these areas.

For reasons above, the Board considers that the Balestier Acquisition and the transactions contemplated under the Option to Purchase (including the Consideration) are fair and reasonable, on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Company is a real estate management services group, with the expertise and experience to generate value for its landlords and tenants through its expertise in space optimisation, and logistics service provider headquartered in Singapore. The Group currently has three (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, Malaysia and Cambodia.

The Purchaser is an indirect wholly-owned subsidiary of the Company, which primarily engages in space resource management.

The Vendor is Crescent Developments Private Limited, a private company engaged in wholesale trade and real estate development. The Vendor and its ultimate beneficial owners are independent third parties to the Group and its connected persons (which includes a director, chief executive or a substantial shareholder and their associates as defined under the Listing Rules) to the best of the Directors' knowledge, information and belief having made all reasonable enquiry. Based on definitions under the Catalyst Rules, none of the Directors or controlling shareholders of the Company, as well as their respective associates, has any interest, direct or indirect, in the abovementioned transactions other than through their respective interests in the shares of the Company.

CATALIST RULES IMPLICATION

As disclosed above under “Information of the Parties”, the Company is primarily in the business of real estate management services and the Balestier Acquisition is part of the Group’s strategy and plan to expand its portfolio of properties managed under the commercial and residential segment of its space optimisation business. Profits generated from the Balestier Property would be accounted for under the commercial and residential segment of the space optimisation business. Accordingly, the entry into the Option to Purchase for the purposes of acquiring and operating the Balestier Property is in the Group’s ordinary course of business.

The disclosure requirements of this announcement in respect of the Balestier Acquisition are referenced from Chapter 7 of the Catalist Rules. The Group will derive revenue from the first floor of the Balestier Property which is currently tenanted, upon assignment of the Tenancy Agreement to the Purchaser. The Balestier Acquisition is not expected to have any material financial impact on the consolidated net tangible asset per share and the consolidated earnings per share of the Group for the financial year ending 30 September 2020. Being dual-primary listed on both Catalist of the SGX-ST and the Stock Exchange, the Company has undertaken to comply with the more onerous set of listing rules. Accordingly, this announcement had been prepared in accordance to the disclosure requirements of Chapter 14 of the Listing Rules.

LISTING RULES IMPLICATIONS

As at the date of the Option to Purchase, one or more than one of the applicable percentage ratios for the Balestier Acquisition is more than 25% and below 100% under Rule 14.07 of the Listing Rules, the Balestier Acquisition therefore 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.

WRITTEN CONTROLLING SHAREHOLDER’S APPROVAL

Fragrance Ltd. is a controlling shareholder of the Company who directly holds 220,982,600 shares of the Company (representing 54.91% of the share capital of the Company) as at the date of this announcement. 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 Option to Purchase, being the Balestier Acquisition. The Company has obtained the written approval from Fragrance Ltd. in lieu of holding a general meeting for the transactions contemplated under the Option to Purchase. Accordingly, no shareholders’ meeting will be convened by the Company to approve the Balestier Acquisition.

GENERAL

A circular containing, among other things, further details of the Balestier Acquisition is expected to be despatched to the Shareholders in accordance with the Listing Rules for information purposes as soon as practicable within 15 business days after the date of this announcement.

DEFINITIONS

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

“ Balestier Acquisition ”	the acquisition of the Balestier Property as contemplated under the Option to Purchase
“ Balestier Property ”	the property located at 320 Balestier Road, Singapore 329924, comprising of a four-storey corner building
“ Board ”	the board of Directors
“ Catalist Rules ”	Section B of the listing manual of the SGX-ST as amended, supplemented or modified from time to time

“ Company ”	LHN Limited, 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)
“ Completion Date ”	three months after the date of the Option to Purchase
“ Consideration ”	the consideration for the Balestier Acquisition for a total of S\$18,100,000 plus GST
“ Director(s) ”	director(s) of the Company
“ Group ”	the Company and its subsidiaries
“ GST ”	Goods and services tax in Singapore (based on the prevailing rate as at the date of the Option to Purchase)
“ Listing Rules ”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“ Option to Purchase ”	the option to purchase entered into between the Vendor as the seller and Purchaser as the purchaser in respect of the sale and purchase of the Balestier Property on 16 September 2020
“ Party(ies) ”	party(ies) to the Option to Purchase
“ Purchaser ”	Coliwoo Balestier Pte Ltd (formerly known as LHN SB Pte Ltd), a company incorporated in the Republic of Singapore on 12 August 2020 with limited liability, and an indirect wholly-owned subsidiary of the Company
“ 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
“ Vendor ”	Crescent Developments Private Limited, the seller of the Balestier Property
“ % ”	per cent.

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

Singapore, 16 September 2020

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

* For identification purpose only