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**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 GUL AVENUE PROPERTY**

References are made to the Gul Avenue Acquisition Announcements in relation to the Potential Gul Avenue Acquisition.

#### **ACQUISITION OF THE GUL AVENUE PROPERTY**

As disclosed in the Gul Avenue Acquisition Announcements, on 17 May 2019, HN Logistics has been granted with an option to purchase the Gul Avenue Property from the Grantor, and that the sale and purchase of the Gul Avenue Property is conditional upon, among others, HN Logistics obtaining approval from the JTC for the sale and purchase of the Gul Avenue Property. On 8 August 2019 and 26 September 2019, the parties have entered into Gul Avenue Extension Agreements to extend the deadline to obtain the JTC's approval for the sale and purchase of the Gul Avenue Property and approval from the shareholders of the Company to 27 December 2019.

The Board is pleased to announce that on 2 December 2019, the Group has accepted the offer to purchase the Gul Avenue Property from the Grantor as the JTC has given in-principle approval to the sale and purchase of the Gul Avenue Property on 25 November 2019.

The Gul Avenue Property will be used as the parking yard for the Group's logistics vehicles as contemplated under the expansion plan of the logistics services business as contemplated 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.

#### **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) is 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 is expected to exceed 5% but all of the percentage ratios are expected to be below 25%. As disclosed in the Gul Avenue Acquisition Announcements, the Company would provide an update announcement with the relevant computations as required under the Listing Rules if HN Logistics will accept the option to purchase the Gul Avenue Property.

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.

References are made to the Gul Avenue Acquisition Announcements in relation to the Potential Gul Avenue Acquisition.

## **ACQUISITION OF THE GUL AVENUE PROPERTY**

As disclosed in the Gul Avenue Acquisition Announcements, on 17 May 2019, HN Logistics has been granted with an option to purchase the Gul Avenue Property from the Grantor, and that the sale and purchase of the Gul Avenue Property is conditional upon, among others, HN Logistics obtaining approval from the JTC for the sale and purchase of the Gul Avenue Property. On 8 August 2019 and 26 September 2019, the parties have entered into Gul Avenue Extension Agreements to extend the deadline to obtain the JTC's approval for the sale and purchase of the Gul Avenue Property and approval from the shareholders of the Company to 27 December 2019.

The Board is pleased to announce that on 2 December 2019, the Group has accepted the offer to purchase the Gul Avenue Property from the Grantor as the JTC has given the in-principle approval to the sale and purchase of the Gul Avenue Property. As HN Logistics has accepted the offer to purchase the Gul Avenue Property, the Gul Avenue Option to Purchase (as amended by the Gul Avenue Extension Agreements) became the binding sale and purchase agreement for the Gul Avenue Acquisition, or the Gul Avenue SPA.

### **The Gul Avenue SPA**

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

<b>Date</b>	:	2 December 2019
<b>Parties</b>	:	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
<b>Information about the Gul Avenue Property</b>	:	The Gul Avenue Property is located at 7 Gul Avenue, Singapore 629651.
<b>Total consideration</b>	:	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.

**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 sources 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 will 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 certain conditions precedent, including HN Logistics obtaining approval from the shareholders of the Company (if applicable) for the purchase of the Gul Avenue Property.

If the approval from the shareholders of the Company (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.

**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.

**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.

### **Information of 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.

## **Reasons for the Gul Avenue Property**

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 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 sq.ft. with a single storey detached factory and three-storey 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 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.

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 shareholders of the Company and the Company as a whole.

## **Information of the Parties**

### ***Information about the Company and HN Logistics***

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, Hong Kong and Malaysia.

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.

## **Information about the Gul Avenue Seller**

The principal activities of the Gul Avenue Seller, Amos Supply Pte. Ltd., are manufacturing 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.

## **LISTING RULES IMPLICATIONS**

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, is 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 will exceed 5% but all of the percentage ratios are expected to be below 25%. As disclosed in the Gul Avenue Acquisition Announcements, the Company would provide an update announcement with the relevant computations as required under the Listing Rules if HN Logistics will accept the option to purchase the Gul Avenue Property.

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.

## **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 will be prepared in accordance with Chapter 4 of the Listing Rules for the circular to be despatched by the Company.

## **Property Valuation**

As the Gul Avenue Property will be held by the Group for its own use, the Gul Avenue Property is considered to be a property interest of the Group's non-property activities under Chapter 5 of the Listing Rules. As the carrying amount of the Gul Avenue Property does not exceed 15% or more of the total assets of the Group, no property valuation report will be prepared for the circular to be despatched by the Company.

## **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 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, as 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 that no accountants' report will be prepared for the Gul Avenue Acquisition. As at the date of this announcement, Fragrance Ltd. has provided a written approval to approve the Gul Avenue Acquisition and the 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.

## CATALIST RULES IMPLICATION

The disclosure requirements of this announcement in respect of the Gul Avenue Acquisition are referenced from Chapter 7 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 announcement had been prepared in accordance to the disclosure requirements of Chapter 14 of the Listing Rules.

## GENERAL

A circular containing, among other things, further details of the Gul Avenue Acquisition and the transactions contemplated under the Gul Avenue SPA 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:

<b>“Board”</b>	the board of Directors
<b>“Catalist Rules”</b>	Section B of the listing manual of the SGX-ST as amended, supplemented or modified from time to time
<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: 410)
<b>“Director(s)”</b>	director(s) of the Company
<b>“Grantor” or “Gul Avenue Seller”</b>	Amos Supply Pte. Ltd., the grantor (or seller as the case may be) of the Gul Avenue Property
<b>“Group”</b>	the Company and its subsidiaries
<b>“GST”</b>	Goods and services tax in Singapore (based on the prevailing rate as at the date of the Sale and Purchase Agreement)
<b>“Gul Avenue Acquisition” or “Potential Gul Avenue Acquisition”</b>	the acquisition of the Gul Avenue Property as contemplated under the Gul Avenue Option to Purchase
<b>“Gul Avenue Acquisition Announcements”</b>	the announcements of the Company dated 17 May 2019, 8 August 2019 and 26 September 2019 in relation to the Acquisition of the Gul Avenue Property
<b>“Gul Avenue Extension Agreements”</b>	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
<b>“Gul Avenue Consideration”</b>	the consideration for the Gul Avenue Acquisition for a total of S\$13,000,000 plus GST

“Gul Avenue Deposit”	the deposit in the sum of S\$650,000 plus GST (being 5% of the Gul Avenue Consideration)
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Prospectus”	the prospectus of the Company published in Hong Kong dated 15 December 2017 in relation to the global offering of the Company
“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
“SGX-ST”	Singapore Exchange Securities Trading Limited
“sq.ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$”	Singapore dollars, the lawful currency of Singapore
“%”	per cent.

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

Singapore, 2 December 2019

*As at the date of this announcement, the Board 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