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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 UNDER THE HONG KONG LISTING RULES ACQUISITION OF RIGHT-OF-USE ASSETS OF CARPARKS IN SINGAPORE

ACQUISITION OF RIGHT-OF-USE ASSETS

The Board is pleased to announce that the Group, through two of its wholly-owned subsidiaries, LHN Parking and LHN Space Resources, is successful in the joint tender as a consortium for the operation and management of 33 public carparks in the Central Zone of Singapore. On 27 November 2020, LHN Parking and LHN Space Resources had provided a confirmation for the acceptance of the tender. For the avoidance of doubt, the formal contract documents, including the licence agreement, are being prepared and have yet to be entered into as at the date of this announcement.

LISTING RULES IMPLICATIONS

Pursuant to IFRS16, as the Group will be paying a fixed fee per month to the JTC for the operation and management of the JTC Carparks, the Group is required to recognise the licence to be granted for the JTC Carparks as the right-of-use assets in accordance to the Listing Rules.

As one or more than one of the applicable percentage ratios for the acquisition of right-of-use assets in respect of the JTC Carparks is more than 25% and below 100%, such acquisition of right-of-use assets of the JTC Carparks constitutes a major transaction for the Company under the Listing Rules, and is therefore subject to the notification, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

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* For identification purpose only

Terms for the JTC Carparks

The major terms for the JTC Carparks are set out below:

- Parties** : (1) LHN Parking and LHN Space Resources, as a consortium for the operation and management of the JTC Carparks. LHN Parking and LHN Space Resources are expected to be the licensees for the Licence Agreement to be entered into
- (2) JTC, as the buyer for the services of operation and management of the JTC Carparks, and an Independent Third Party

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

Description of service : Operation and management of the JTC Carparks

Term of the licence : For an initial term of three years commencing on 1 January 2021 and expiring on 31 December 2023 (both days inclusive), with a renewal option to further extend the term yearly up to a further three years. See also "Renewal of the licence" below.

Licence fees : Total monthly licence fee for the initial three years term is equivalent to S\$19,880,308.83, which was determined through the tender process.

Monthly licence fee (other than the first monthly licence fee) plus GST shall be payable within the first seven working days of each calendar month by way of GIRO to JTC's designated account.

Renewal of the licence : JTC reserves the right to exercise option at its absolute discretion to extend the Licence Agreement yearly up to three years at the same terms and conditions (inclusive of any amendments). For avoidance of doubts, this shall not be construed that the Licensees shall have an irrevocable option right to extend the said licence

Security deposit : Prior to the commencement of the initial term, the Licensees shall pay a security deposit of S\$2,208,923.20 in the form of a security deposit guarantee (being a guarantee issued by a bank or insurance company registered with the Monetary Authority of Singapore, or a licenced finance company registered with the Monetary Authority of Singapore), as performance guarantee

Preparation of sites : The Licensee shall perform site preparation, design, installation of equipment, operation, maintenance and management of the car parks according to the specifications and comply with all necessary authorities' requirements

Insurances : The Licensees shall be solely liable for, shall at all times fully indemnify and keep fully indemnified the JTC in respect of, and shall keep himself at all times insured (by effecting and maintaining a public liability policy with coverage adequate to comply with the Licence Agreement), against any liability, loss, claim, demand or proceeding whatsoever in respect or:

- (i) personal injury or death; or
- (ii) any damage whatsoever to any property real or personal, including tenants' property,

arising out of or in connection with or by reason of or caused by the performance of this Contract or occasioned by the act, omission, negligence, default, breach or failure of the Licensees (or any entity authorised by the Licensee) or due to any circumstances reasonably within the Licensees' control.

The Licensees shall also during the term of the Licence Agreement maintain at his own expense with an insurance company, a work injury compensation policy as required under the Work Injury Compensation Act (Cap 354 of Singapore) or any statutory modification or re-enactment thereof.

Termination : The Licence Agreement shall be automatically terminated if the Licensee(s) become bankrupt or insolvent or have a receiving order made against him or present his petition in bankruptcy or make arrangement with or assignment in favour of his creditors or agree to carry out his obligations under the Licence Agreement under a committee of inspection of his creditors or if being a company, goes into liquidation other than voluntary liquidation for the purposes of amalgamation or reconstruction or if a receiver or manager of the Licensee's undertaking or assets is appointed, or possession taken or execution levied by creditors or debenture holders or on the crystallisation of a floating charge, and without prejudice to the clause below, the Licensee(s) shall thereupon yield possession of the site(s) within seven days of receipt of a written notice from JTC requiring him to do so.

Without prejudice to any rights of JTC in an appropriate case to treat the Licence Agreement as repudiated by the Licensee under general law, JTC may serve a notice in writing of the termination of the Licence Agreement ("**Notice of Termination**") on the Licensees. The Notice of Termination shall have the effect of terminating the Licence after the expiry of 30 days (or such longer period as JTC may in its sole discretion decide) from the date of service or deemed service of the Notice of Termination to the Licensees.

LHN Parking and LHN Space Resources will settle the monthly licence fees and security deposit through its internal sources of funding and banker's or insurance guarantee, respectively.

RIGHT-OF-USE ASSETS

Pursuant to IFRS16, the operation and management of the JTC Carpark under the Licence Agreement will be recognised as right-of-use assets for an amount of approximately S\$19.4 million, which is calculated with reference to the present value of the aggregated payments to be made under the Licence Agreement for the initial term of three years.

REASONS FOR THE TRANSACTION

The successful tendering of the JTC Carparks allows the Group to continue to expand its operations and management of carparks as part of its ordinary course of business, in particular under its carpark management service of the Facilities Management Business. The Board is of the view that the acquisition of right-of-use asset of the JTC Carparks allows the Company to expand its portfolio of carparks managed and to generate revenue.

With the JTC Carparks, the number of carparks in Singapore and Hong Kong under the Group's management total up to 74. Taking into account of the above factors, the Directors consider that the terms of the JTC Carparks, are fair and reasonable, on normal commercial terms, in the interests of the Shareholders and the Company as a whole.

INFORMATION ABOUT THE PARTIES

Information about the Company, LHN Parking and LHN Space Resources

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 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.

LHN Parking is an indirect wholly-owned subsidiary of the Company, which primarily engages in carpark management and operation services.

LHN Space Resources is an indirect wholly-owned subsidiary of the Company, which primarily engages in space resource management and general warehousing.

Information about JTC

JTC, established in 1968, is 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 buyer of the services for JTC Carparks.

JTC and the Government of the Republic of Singapore are third parties independent of the Group and its connected persons as well as the Company's Directors, substantial shareholders and their respective associates (as defined under the Catalist Rules and Listing Rules), to the best of the Directors' knowledge.

INFORMATION ABOUT THE JTC CARPARKS

The JTC Carparks comprises a total of 33 JTC carparks in the Central Zone in Singapore as follows:

Carpark location	Number of equivalent parking lots (approx.)
Fusionopolis 1	613
Fusionopolis 2 (Tower A & Tower B)	445
Biopolis 1	935
JTC Launchpad (Phase 2 75,77,81)	104
MUH (Mediapolis)	296
Pixel Building	33
20 Ayer Rajah Crescent	217
28 Ayer Rajah Crescent	207
47-79 Ayer Rajah Crescent (include Launchpad 1)	485
65A Jalan Tenteram	138
AMK Industrial Park 1 Plot B	33
Blk 1 & 3 Amk Tech I Ang Mo Kio Ind Pk 2A	290
Blk 5 Amk Tech II Ang Mo Kio Ind Pk 2A	493
Blk 10 Amk Autopoint Ang Mo Kio Ind Pk 2A	419
Blk 20 Amk Techlink Ang Mo Kio Ind Pk 2A	979
Blk 176 Sin Ming Autocare Sin Ming Drive	397
Sin Ming AutoCity 160 Sin Ming Drive	913
Woodlands Loop 15	859
Woodlands Link 20 & 22	1,245
Marsiling Industrial Estate Road 5 and Road 10	171
Blk 1 YS-One Yishun St 23	1,662
231-287 Kranji Road	100
35 to 43 Kranji Way	33
Kranji motor workshop – Blks 2,4,6	90
Yew Tee – 359 to 399 Woodlands Road	179
JTC Food Hub@Senoko	451
trendspace (formerly Furniture Hub)	448
Woodlands North Coast	358
TimMac (Machine Metal and Timber Hub)	1,052
Multi-Storey Recycling Facility	949
Sin Ming Industrial Estate (SM7)	269
Toa Payoh Industrial Park (TP57 and TP59)	397
Alexandra Village Industrial Park (AV2)	171

LISTING RULES IMPLICATIONS

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CATALIST RULES IMPLICATIONS

As the entry into the acceptance of the tender for the JTC Carparks is in the ordinary course of business of the Group, the disclosure requirements of this announcement are referenced from Chapter 7 of the Catalist Rules. As the Company has undertaken to comply with the more onerous set of listing rules, this announcement was prepared in accordance with the disclosure requirements of Chapter 14 of the Listing Rules.

The abovementioned 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 2021.

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 acquisition of the right-of-use assets for the JTC Carparks, and the transactions as contemplated for the JTC Carparks, including the Licence Agreement. The Company has obtained the written approval from Fragrance Ltd. in lieu of holding a general meeting for the said acquisition and transactions. Accordingly, no shareholders' meeting will be convened by the Company to approve the said acquisition and transactions.

GENERAL

A circular containing, among other things, further details of the acquisition of right-of-use assets for the JTC Carparks 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:

"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)
"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 Licence Agreement)
"Independent Third Party(ies)"	third party(ies) independent from the Company and its connected persons, as well as the Company's Directors, substantial shareholders and their respective associates (as defined under the Listing Rules and the Catalist Rules)
"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
"JTC Carparks"	The 33 JTC carparks in the Central Zone of Singapore awarded to LHN Parking and LHN Space Resources. See "Information about the JTC Carparks" for detail

“LHN Parking”	LHN Parking Pte. Ltd. (formerly known as LHN Vehicle Parking Management Pte. Ltd.), a limited liability company incorporated in Singapore on 5 September 2007 and an indirect wholly-owned subsidiary of the Company
“LHN Space Resources”	LHN Space Resources Pte. Ltd., a limited liability company incorporated in Singapore on 15 July 2009 and an indirect wholly-owned subsidiary of the Company
“Licence Agreement”	the licence agreement to be entered into, among others, LHN Parking and LHN Space Resources for the JTC Carparks
“Licensees”	LHN Parking and LHN Space Resources
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“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
“%”	per cent.

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

Singapore, 27 November 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.