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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**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 reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “Singapore Exchange”) and the Singapore Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms Gillian Goh, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

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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 acquisition of the right-of-use assets for the operation and management of the JTC Carparks, and the transactions as contemplated for the JTC Carparks, including the Licence Agreement.



**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 FOR THE OPERATION AND MANAGEMENT OF THE JTC CARPARKS IN SINGAPORE

\* for identification purpose only

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## DEFINITIONS

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

“associate(s)”	has the meaning as ascribed to it under the Listing Rules and/or the Catalist Rules as the context requires, and as modified from time to time
“Board”	the board of Directors
“Catalist Rules”	Section B of the listing manual of the SGX-ST: Rules of Catalist 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)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“GST”	Goods and services tax in Singapore
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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
“Latest Practicable Date”	16 February 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

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## DEFINITIONS

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“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 operation and management of the JTC Carparks
“Licensees”	LHN Parking and LHN Space Resources
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“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
“%”	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 and/or the Catalist Rules as the context requires, as modified 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.*

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## LETTER FROM THE BOARD

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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)

**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 February 2021

*To the Shareholders,*

Dear Sir or Madam,

### MAJOR TRANSACTION UNDER THE HONG KONG LISTING RULES

#### ACQUISITION OF RIGHT-OF-USE ASSETS FOR THE OPERATION AND MANAGEMENT OF THE JTC CARPARKS IN SINGAPORE

#### I. INTRODUCTION

Reference is made to the announcement of the Company dated 27 November 2020 in relation to the acquisition of right-of-use assets in respect of the JTC Carparks. 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 Latest Practicable Date.

The purpose of this circular is to provide you with, among other things, further details of the acquisition of right-of-use assets for the operation and management of the JTC Carparks in Singapore.

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## LETTER FROM THE BOARD

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### II. ACQUISITION OF RIGHT-OF-USE ASSETS FOR THE OPERATION AND MANAGEMENT OF THE JTC CARPARKS

#### A. Terms for the acquisition of the right-of-use assets for the operation and management of the JTC Carparks

The major terms for the acquisition of the right-of-use assets for the operation and management of the JTC Carparks are set out below. These major terms are based on the tender award from JTC and the conditions of licence, being part the tender documents, that LHN Parking and LHN Space Resources have accepted when submitting the tender. To the best knowledge, information and belief of the Directors, the summary of major terms below should not be materially different from the material terms to be contained in the Licence Agreement.

- 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 public 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** : After 31 December 2023, 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.

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## LETTER FROM THE BOARD

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**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.



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## LETTER FROM THE BOARD

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**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.

To the best knowledge, information and belief of the Directors, these terms will have effect from the respective commencement dates of the licence to operate and manage the carparks under the Licence Agreement, notwithstanding that some of the respective commencement dates may be before the date of the Licence Agreement.

### **B. Information about the JTC Carparks**

The JTC Carparks comprises a total of 33 JTC carparks on different properties in different locations of the Central Zone in Singapore. Details of the JTC Carparks locations and equivalent parking lots are as follows:

<b>Carpark location</b>	<b>Number of equivalent parking lots (approx.)</b>
Fusionopolis 1	613
Fusionopolis 2 (Tower A & Tower B)	445
Biopolis 1	935
JTC Launchpad (Phase 2 75,77,81)	104

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## LETTER FROM THE BOARD

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<b>Carpark location</b>	<b>Number of equivalent parking lots (approx.)</b>
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

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## LETTER FROM THE BOARD

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### **C. Reasons for and benefits of the acquisition of right-of-use assets for the JTC Carparks**

The successful tendering for the operation and management of the JTC Carparks allows the Group to continue to expand its operation 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 for the operation and management of the JTC Carparks allows the Company to expand its portfolio of carparks managed and to generate service revenue from carpark management.

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

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.

### **D. Information about the Parties**

#### **(i) 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, which includes carpark operation and management; 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.

#### **(ii) 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.

Based on definitions under the Catalist Rules, none of the Directors or substantial shareholders (as defined under the Catalist Rules) of the Company, as well as their respective associates (as defined under the Catalist Rules), has any interest, direct or indirect, in the acquisition of the right-of-use of JTC Carparks other than through their respective interests in the shares of the Company.

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## LETTER FROM THE BOARD

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### **E. Financial effect of the transaction**

Pursuant to IFRS16, as the Group is 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 licences to be granted for the JTC Carparks as the right-of-use assets and would be considered an acquisition of right-of-use assets under the Listing Rules.

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar. After lease commencement, a lessee shall measure the right-of-use asset using a cost model, unless:

- (i) the right-of-use asset is an investment property and the lessee fair values its investment property under IAS 40; or
- (ii) the right-of-use asset relates to a class of plant, property and equipment to which the lessee applies IAS 16's revaluation model, in which case a lessee may elect to apply that revaluation model to all of the right-of-use assets that relate to that class of property, plant and equipment.

Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The right-of-use assets recognised for the licence of the JTC Carpark for the operation and management of the JTC Carpark under the Licence Agreement was categorised as right-of-use asset under plant, property and equipment of approximately S\$19.4 million, which was 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. The right-of-use asset recognised for the licence of the JTC carpark has not taken into account of any extension period of the Licence Agreement if JTC exercises the renewal option referred to in " – A. Terms for the acquisition of the right-of-use assets for the operation and management of the JTC Carparks – Renewal of the licence" above as there is no guarantee that JTC will exercise the option to renew the Licence Agreement. The Company will only be able to calculate the right-of-use assets to be recognised for such renewal when JTC exercises its renewal option.

LHN Parking and LHN Space Resources have settled the first month's monthly licence fees as at the Latest Practicable Date and security deposit through their respective internal sources of funding and insurance guarantee, respectively, and would continue to settle the remaining monthly licence fees through its their respective internal sources of funding.

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.

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## LETTER FROM THE BOARD

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### **F. 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 licences to be granted for the JTC Carparks as acquisition of 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 (on an aggregated basis since the operation and management of all 33 carparks have been obtained under one tender) for the initial three years plus the renewal option that JTC may exercise of up to three years referred to in “– A. Terms for the acquisition of the right-of-use assets for the operation and management of the JTC Carparks – Renewal of the licence” above is more than 25% and below 100%, such acquisition of right-of-use assets of the JTC Carparks together with the renewal option 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.

### **G. Catalyst Rules implications**

As disclosed above under “Information of the Parties”, the Group is primarily in the business of real estate management services, which includes the provision of facilities management services. The acceptance of the successful tender of the JTC Carparks is part of the Group’s strategy and plan to expand its portfolio of carparks managed under the Facilities Management Business. Profits generated from the Licence Agreement would be accounted for under the Facilities Management Business. Accordingly, 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 circular are referenced from Chapter 7 of the Catalyst Rules. Being dual-primary listed on both the 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 in accordance with the disclosure requirements of Chapter 14 of the Listing Rules.

### **H. 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 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 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 acquisition of the right-of-use assets for the operation and management of the JTC Carparks, and the transactions as contemplated for the JTC Carparks, including the Licence Agreement.

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## LETTER FROM THE BOARD

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### III. RECOMMENDATIONS

Having considered the reasons and benefits of the acquisition of right-of-use assets for the JTC Carparks as set out in Section II.C above, the Board considers that the acquisition of right-of-use assets for the JTC Carparks and the transactions as contemplated for the acquisition of right-of-use of the JTC Carparks are fair and reasonable, on normal commercial terms and in the interests for the Company and the Shareholders as a whole.

Notwithstanding that no general meeting will be convened by the Company to approve 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, 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.

### IV. 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*

**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 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>) and SGXNET website (<https://links.sgx.com/FileOpen/LHN%20Limited%20-%20Annual%20Report%202018%20-%2031Dec2018.ashx?App=Announcement&FileID=539003>).

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>) and SGXNET website (<https://links.sgx.com/FileOpen/E%20LHN%20Limited%20-%20Annual%20Report%20FY19.ashx?App=Announcement&FileID=591682>).

The financial information of the Group for the year ended 30 September 2020 has been set out in the 2020 annual report of the Company, which was posted on 29 December 2020 on the Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1229/2020122900517.pdf>) and SGXNET website (<https://links.sgx.com/FileOpen/LHN%20Limited%20-%20Annual%20Report%20FY20%20e.ashx?App=Announcement&FileID=643676>).

**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 31 December 2020, being for the purpose of the indebtedness statement, the Group had outstanding bank borrowings of S\$79.5 million. These borrowings were secured by (i) legal mortgage of the Group's leasehold properties at 72 Eunos Avenue 7, 100 Eunos Avenue 7, Geylang Property, 7 Gul Avenue, Cambodia Property and 320 Balestier Property; (ii) corporate guarantees provided by the Group; (iii) personal guarantees provided by directors and shareholders of certain non-wholly owned subsidiaries, who are not controlling shareholders of the Company (the "**Subsidiaries Directors**"), where applicable; and (iv) assignment of rental proceeds of the mortgaged properties.

As at 31 December 2020, the Group had undrawn bank facilities of S\$24.7 million.

**Lease Liabilities**

As at 31 December 2020, the Group had lease liabilities of S\$98.3 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 31 December 2020.

**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 31 December 2020, the outstanding amount of guaranteed facilities drawn down by certain subsidiaries and joint ventures amounted to approximately S\$84.4 million and S\$51.2 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 31 December 2020.

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 31 December 2020, 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 31 December 2020.

**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 for the acquisition of the right-of-use assets for the JTC Carparks, 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, Malaysia and Cambodia.

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.

For the Logistics Services Business, the Group plans to expand the container depot and transportation services in Asia.



Looking ahead, the Singapore economy is expected to remain volatile as the COVID-19 pandemic has led to a severe contraction in economic activity both in Singapore and globally due to the combination of supply chain disruptions, travel restrictions imposed in many countries and a sudden decline in demand. The Group will cautiously explore new opportunities in Singapore and also other growth markets in the ASEAN region to build up our project pipeline, to drive greater value for our residential and logistics segment.

## 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 transactions for the acquisition of the right-of-use assets for the operation and management of the JTC Carparks, 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 <sup>(1)(2)</sup>	Founder of discretionary trusts, beneficiary of a trust	220,982,600	54.91%

#### 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 220,982,600 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 220,982,600 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. <sup>(1)(2)</sup>	Beneficial owner	220,982,600	54.91%
Wang Jialu <sup>(1)(3)</sup>	Deemed interest by virtue of interest held by spouse	220,982,600	54.91%
Hean Nerng Group Pte. Ltd. <sup>(1)(2)</sup>	Interest in a controlled corporation	220,982,600	54.91%
HN Capital Ltd. <sup>(1)(2)</sup>	Interest in a controlled corporation	220,982,600	54.91%
LHN Capital Pte. Ltd. <sup>(1)(2)</sup>	Trustee	220,982,600	54.91%
Trident Trust Company (B.V.I.) Limited <sup>(1)(2)</sup>	Trustee	220,982,600	54.91%
Lim Hean Nerng <sup>(1)(2)</sup>	Founder of discretionary trusts	220,982,600	54.91%
Foo Siau Foon <sup>(1)(2)</sup>	Founder of discretionary trusts	220,982,600	54.91%

**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 220,982,600 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 2020 (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 confirmed that there was no material adverse change in the financial or trading position of the Group since 30 September 2020, being the date to which the latest audited consolidated financial statements of the Group were made up.

**7. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business of the Company under the Listing Rules) 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 business purchase agreement dated 1 March 2019 entered into among Industrial & Commercial Security Pte. Ltd. (“ICS”) as the seller, LHN Group and Prosecur 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;
- (b) the joint venture agreement dated 19 November 2019 entered into between WPS KB Pte. Ltd., W&S Flexi Pte. Ltd. and Mr. Low See Ching for the establishment of joint venture for, among others, the acquisition and ownership of the property at 202 Kallang Bahru Singapore 339339;
- (c) the option to purchase which Hean Nerng Logistics Pte Ltd as the purchaser has accepted the offer to purchase the property located at 7 Gul Avenue, Singapore 629651 on 2 December 2019, and became the binding sale and purchase agreement for the acquisition on 2 December 2019;
- (d) the joint venture agreement dated 3 June 2020 entered into between Lion City Rentals Pte. Ltd., WPS (TPY) Pte. Ltd. and Motorway Automotive Pte. Ltd., for the establishment of joint venture for, among others, the acquisition and ownership of the property at 5 Toa Payoh West Singapore 318877;
- (e) the joint venture agreement dated 23 September 2020 entered into between LHN Parking (GMT) Pte. Ltd., GMTC Private Limited, SM Venture Pte Ltd, Mr. Low See Ching, Mr. Lim Peng Joo, Mr. Shawn Lim Yao Yang and Metropolitan Parking (BTSC) Pte. Ltd. for establishment of joint venture for, among others, the acquisition and ownership of the carpark at Bukit Timah Shopping Centre at 170 Upper Bukit Timah Road, Singapore;
- (f) the option to purchase which Coliwoo Balestier Pte Ltd as the purchaser has accepted the purchase of the property located at 320 Balestier Road, Singapore 329924 from Crescent Developments Private Limited as the seller for a total consideration of S\$18,100,000 (plus GST), and became a binding sale and purchase agreement for the acquisition on 16 September 2020; and
- (g) the joint venture agreement dated 26 November 2020 entered into between Coliwoo Holdings Pte. Ltd., Amber42 Pte. Ltd., Dr. Low Bee Lan, Audrey and Coliwoo East Pte. Ltd. for the establishment of joint venture for, among others, the acquisition and ownership of the property at 40 and 42 Amber Road, Singapore.

**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. 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. Chong Eng Wee, who is an advocate and solicitor of the Supreme Court of Singapore, a solicitor of the High Court of Hong Kong, a legal practitioner of the Supreme Court of New South Wales in Australia and a barrister and solicitor of the High Court of New Zealand. Mr. Chong Eng Wee 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.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection, subject to the latest social distancing measures in effect relating to the COVID-19 pandemic, at (i) the registered office of the Company at 10 Raeburn Park, #02-18, Singapore 088702 during normal business hours of any business day in Singapore (excluding gazetted holidays); and (ii) the office of Morgan, Lewis & Bockius, Suites 1902-09, 19/F., Edinburgh Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong during normal business hours of any business day in Hong Kong (excluding Saturdays and public holidays in Hong Kong), from the date of this circular up to and including 10 March 2021:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for the financial years ended 30 September 2018, 2019 and 2020;
- (c) the material contracts referred to in "7. Material Contracts" above in this appendix; and
- (d) this circular.

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