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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)

DISCLOSEABLE TRANSACTION UNDER THE HONG KONG LISTING RULES ACQUISITION OF THE 115 GEYLANG PROPERTY

ACQUISITION OF THE 115 GEYLANG PROPERTY

The Board is pleased to announce that on 28 April 2021, the Purchaser, an indirect wholly-owned subsidiary of the Company, has entered into the Option to Purchase for the sale and purchase of the 115 Geylang Property, which forms the binding sale and purchase agreement for the 115 Geylang Property upon the execution of the Option to Purchase, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the 115 Geylang Property at the Consideration, being S\$13,500,000 exclusive of 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 Acquisition as contemplated under the Option to Purchase is more than 5% and below 25% under Rule 14.07 of the Listing Rules, the Acquisition therefore constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements but exempt from shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

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** For identification purpose only*

THE OPTION TO PURCHASE

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

- Parties** :
- (1) the Purchaser, being Emerald Properties Pte. Ltd., an indirect wholly-owned subsidiary of the Company, as the purchaser
 - (2) the Vendor, being CES Capital Holdings Pte. Ltd., an Independent Third Party, as the vendor

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

- Consideration** :
- The Consideration was S\$13,500,000 exclusive of GST, of which, S\$675,000 exclusive of GST was paid as at the date of the Option to Purchase as deposit.

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 properties, the value and the prevailing market prices of properties of similar nature available in the vicinity.

- Payment and payment schedule** :
- The Consideration is or will be satisfied (as the case may be) as follows:
- (i) the deposit of S\$675,000 exclusive of GST was paid by the Purchaser to the Vendor through internal sources of funding; and
 - (ii) the remaining balance of S\$12,825,000 exclusive of GST, being the total Consideration exclusive of GST less the sum of deposit, is to be paid on the Completion Date which is to be funded by internal sources of funding and bank borrowings.

- Possession** :
- The sale of the 115 Geylang Property is subject to the Occupation Agreements (as applicable) and the Vendor shall have the benefit of the Occupation Agreements (including all turnover rent, licence fees, service charge, advertising and promotion fees and other moneys payable by the tenant(s) from time to time pursuant to the Occupation Agreements in connection thereto) up to and including the date of completion. In the event that, prior to completion, any of the Occupation Agreements has (a) terminated by effluxion of time, or (b) been terminated by the respective occupier or the Vendor, the 115 Geylang Property shall be sold without the benefit of such Occupation Agreements and the Purchaser shall accept vacant possession of the 115 Geylang Property or such part(s) thereof and shall not be entitled to make or raise any objection in respect of the foregoing or to claim for damages or remedy of whatever nature in respect thereof nor shall the Purchaser annul the sale or claim any abatement in the Consideration. If the Existing Occupation Agreement is terminated prior to completion, the Vendor shall notify the Purchaser within ten business days of such termination.

- Completion** :
- The sale and purchase shall be completed and the balance of the Consideration shall be paid by the Completion Date. Upon payment of the balance of the Consideration together with GST (if applicable) on the Consideration, the Vendor shall execute a proper and registrable assurance of the 115 Geylang Property, such assurance to be prepared by and at the expense of the Purchaser.

On completion, the Vendor shall deliver to the Purchaser and the Purchaser shall accept an assignment (the "**Assignment of Occupation Agreements**") of all rights and benefits (including all rent, licence fees (if any), service charge (if any), and other moneys payable by the tenant(s) from time to time pursuant to the Occupation Agreements and the benefit of all guarantees given by third parties in connection with the Occupation Agreements (if any)) and covenants under the Occupation Agreements (subsisting as at completion) with effect from completion, whether or not such rights, benefits and covenants touch and concern or run with the Property and in addition and without prejudice to the provisions of sections 10 and 11 of the Act.

On completion, the Vendor shall transfer to the Purchaser the security deposits or the balance thereof after any deductions made by the Vendor pursuant to the provisions of the relevant Occupation Agreement for any moneys whatsoever (including, but without limitation, lease revenues, interest, cost and expense) provided that the security deposits relating to the Occupation Agreements which had terminated shall not be transferred to the Purchaser.

INFORMATION ABOUT THE 115 GEYLANG PROPERTY

The 115 Geylang Property is located at 115 Geylang Road, Singapore 389218 comprised in Land Lot 7798W of Mukim 24. The property will house 30 units altogether on a land size spanning up to 305.6 sq.m. Currently, the property is operated by the tenant of the Existing Occupation Agreement as a hotel, as permitted by the Urban Redevelopment Authority of Singapore for use as a boarding house with restaurant at the first storey. The Existing Occupation Agreement is for a term of three years, commencing on 15 November 2020 without any option to renew. The monthly rental under the Existing Occupation Agreement are S\$28,350 per month for the first year, S\$29,925 per month for the second year and S\$31,500 per month for the third year, and the deposit that is paid by the tenant is S\$63,000. The Existing Occupation Agreement may be terminated by not less than three months written notice from the tenant to the landlord, or not less than six months written notice from the landlord to the tenant, or payment in lieu of notice (and for the case of termination by the tenant, the deposit paid would also be forfeited). Prior to 15 November 2020, for the financial years ended 30 September 2019 and 2020, the monthly rental paid by the tenant between 1 October 2018 and 14 November 2020 for the 115 Geylang Property was S\$31,500 per month.

REASONS AND BENEFITS FOR THE ACQUISITION OF THE 115 GEYLANG PROPERTY

The Group intends to operate the 115 Geylang Property as a coliving space, which will expand the Group's portfolio of properties under the coliving business in Singapore, increase the brand value of COLIWOO, provide potential capital appreciation to the Group and provide additional opportunities to generate revenue.

For reasons above, the Board considers that the 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 ABOUT THE PARTIES

Information about the Company and the Purchaser

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.

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

Information about the Vendor

The Vendor, CES Capital Holdings Pte. Ltd., is a wholly-owned subsidiary of Chip Eng Seng Corporation Ltd. (SGX stock code: C29), a company listed on the main board of the SGX-ST. Chip Eng Seng Corporation Ltd. is a construction and property development group in Singapore. Its core business segments are construction, property development, hospitality, education and property investment. Apart from its operations in Singapore, Chip Eng Seng Corporation Ltd. and its subsidiaries also have strategic presence in Australia, Malaysia, Maldives and the People's Republic of China.

The Vendor and its holding company, Chip Eng Seng Corporation Ltd., and its substantial shareholders and controlling shareholders are Independent Third Parties to the Group to the best of the Directors' knowledge, information and belief having made all reasonable enquiries.

LISTING RULES IMPLICATIONS

As at the date of the Option to Purchase, one or more than one of the applicable percentage ratios for the Acquisition as contemplated under the Option to Purchase is more than 5% and below 25% under Rule 14.07 of the Listing Rules, the Acquisition therefore constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements but exempt from shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

CATALIST RULES IMPLICATIONS

As disclosed above under "Information of the Parties", the Company is primarily in the business of real estate management services and the Acquisition is part of the Group's strategy and plan to expand its portfolio of properties managed under the space optimisation business. Profits generated from the 115 Geylang Property would be accounted for under the space optimisation business. Accordingly, the entry into the Option to Purchase for the purposes of acquiring and operating the 115 Geylang Property is in the Group's ordinary course of business.

The disclosure requirements of this announcement in respect of the Acquisition are referenced from Chapter 7 of the Catalist Rules. The 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 2021. 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.

DEFINITIONS

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

"115 Geylang Property"	115 Geylang Road, Singapore 389218 comprised in Land Lot 7798W of Mukim 24
"Act"	Conveyancing and Law of Property Act in Singapore (Cap. 61)
"Acquisition"	the acquisition of the 115 Geylang Property as contemplated under the Option to Purchase
"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 (formerly known as LHN Pte. Ltd.) a company incorporated with limited liability on 10 July 2014 under the laws of Singapore, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1730) and Catalist of the SGX-ST (SGX symbol: 41O)
"Completion Date"	the date of completion of the Acquisition, which shall be 12 weeks after the date of exercise of the Option to Purchase, that is 21 July 2021
"Consideration"	S\$13,500,000 exclusive of GST
"Director(s)"	director(s) of the Company
"Existing Occupation Agreement"	the tenancy agreement dated 22 October 2020 entered into between the Vendor as the landlord and the tenant of the 115 Geylang Property as tenant, for a period of three years commencing from 15 November 2020
"Group"	the Company and its subsidiaries
"GST"	Goods and services tax in Singapore

“Independent Third Party(ies)”	third party(ies) independent from the Company and its connected persons, as well as the Company’s Directors, chief executive officer (or equivalent), substantial shareholders and their respective associates (as defined under the Listing Rules and the Catalist Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“New Occupation Agreement(s)”	the Vendor may enter into new tenancy(ies), licence(s) or any other arrangement(s) of whatever nature (including renewals of the Existing Occupation Agreement) relating to the 115 Geylang Property or any part(s) of the 115 Geylang Property after prior consultation with the Purchaser and approval by the Purchaser in relation to the rental rate and tenure of new tenancy
“Occupation Agreements”	the Existing Occupation Agreement and the New Occupation Agreement(s)
“Option to Purchase”	the option to purchase issued by the Vendor as the seller and duly exercised by the Purchaser as the purchaser in respect of the sale and purchase of the 115 Geylang Property on 28 April 2021
“Purchaser”	Emerald Properties Pte. Ltd., a company incorporated in the Republic of Singapore on 26 March 2021 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
“sq.m”	square meter(s)
“S\$”	Singapore dollars, the lawful currency of Singapore
“Vendor”	CES Capital Holdings Pte. Ltd., a company incorporated in the Republic of Singapore on 25 May 2017 with limited liability, and a wholly-owned subsidiary of Chip Eng Seng Corporation Ltd. (SGX stock code: C29), a company listed on the main board of the SGX-ST
“%”	per cent.

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

Singapore, 28 April 2021

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.