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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)

PLACEMENT OF THE PLACEMENT SHARES IN SINGAPORE UNDER THE GENERAL MANDATE

THE PLACEMENT

On 10 June 2021 (after trading hours), the Company entered into the Placement Agreement with the Placement Agent, pursuant to which the Company has conditionally agreed to place, through the Placement Agent on a best effort basis, up to 6,500,000 Placement Shares in Singapore at the Placement Price of S\$0.3351 per Share (for reference, equivalent to approximately HK\$1.9638 per Share) to investor(s) and whose ultimate beneficial owners are not connected persons of the Company or to any restricted placees under Rule 812(1) of the Catalist Rules, or an interested person as defined in Chapter 9 of the Catalist Rules. The Placement Shares will be allotted and issued in Singapore pursuant to the General Mandate.

The Placement Shares represent (i) approximately 1.62% of the existing issued share capital of the Company of 402,445,400 ordinary shares as at the date of this announcement, and (ii) approximately 1.59% of the issued share capital of the Company of 408,945,400 ordinary shares as enlarged by the Placement, assuming there will be no change in the total number of issued Shares (other than the issue of the Placement Shares) between the date of this announcement and the Completion.

Assuming that all of the Placement Shares are fully placed, the estimated gross Sales Proceeds and net Sales Proceeds (after deducting the Placement commission and other related expenses and professional fees) from the Placement will amount to approximately S\$2.2 million and approximately S\$2.1 million, respectively. It is intended that all the net proceeds will be applied for general working capital purposes, such as renovation costs of the Group's properties and operating expenses for the Group.

GENERAL

The Placement Shares will be allotted and issued under the General Mandate and accordingly the Placement is not subject to the approval by the Shareholders.

TRADING CAUTION

Shareholders are advised to exercise caution in trading their shares. Completion of the Placement is subject to fulfilment of the conditions under the Placement Agreement and as at the date of this announcement, there is no certainty or assurance that the Placement will be completed. As the Placement may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

THE PLACEMENT

On 10 June 2021 (after trading hours), the Company entered into the Placement Agreement with the Placement Agent, pursuant to which the Company has conditionally agreed to place, through the Placement Agent on a best effort basis, up to 6,500,000 Placement Shares in Singapore at the Placement Price of S\$0.3351 per Share to investor(s) and whose ultimate beneficial owners are not connected persons of the Company, or to any restricted placees under Rule 812(1) of the Catalist Rules. The Placement Shares will be allotted and issued in Singapore pursuant to the General Mandate. A commission of 3.0% of the Sales Proceeds for the Placement Shares pursuant to the Placement Agreement is payable by the Company to the Placement Agent. No part of the commission will be shared with any placee. There are no share borrowing arrangements for the Placement.

The Company and the Placement Agent confirms that:-

- (a) the issue will not be placed out to persons defined in Rule 812(1) of the Catalist Rules or interested persons as defined in Chapter 9 of the Catalist Rules;
- (b) the Placement will not be placed to one or more specified persons; and
- (c) the allotment and issue of the Placement Shares will not result in a transfer of a controlling interest of the Company.

The following are the principal terms of the Placement Agreement:

Date : 10 June 2021

Parties : Issuer – LHN Limited
Placement Agent – Soochow CSSD Capital Markets (Asia) Pte. Ltd., an Independent Third Party

Placement Shares : Subject to the terms and conditions of the Placement Agreement, the Company agrees to allot and issue, and the Placement Agent agree to procure subscriptions on a best efforts basis for the Placement Shares at the Placement Price for each Placement Share, amounting to the aggregate amount of the Sales Proceeds.

The Placement Shares represent (i) approximately 1.62% of the existing issued share capital of the Company of 402,445,400 ordinary shares as at the date of this announcement, and (ii) approximately 1.59% of the issued share capital of the Company of 408,945,400 ordinary shares, enlarged by the Placement, assuming there will be no change in the total number of issued Shares (other than the issue of the Placement Shares) between the date of this announcement and the Completion.

The Sales Proceeds will be used for general working capital purpose.

Conditions : Completion of the Placement under the Placement Agreement shall be conditional upon the fulfilment of the following conditions:

- (a) the receipt of the approval-in-principle from the SGX-ST for the listing and quotation of the Placement Shares on the Catalist Board of the SGX-ST in accordance with the terms of the Placement Agreement, such approval not having been revoked and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Placement Agent and the Company and to the extent that any conditions to such approval are required to be fulfilled on or before the Completion Date, they are so fulfilled;

- (b) the HK Stock Exchange granting listing of and permission to deal in the Placement Shares on the Main Board of the HK Stock Exchange in accordance with the terms of the Placement Agreement, such approval not having been revoked and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Placement Agent and the Company and to the extent that any conditions to such approval are required to be fulfilled on or before the Completion Date, they are so fulfilled;
- (c) the allotment and issuance of the Placement Shares not being prohibited by law or regulation or interpretation thereof (including without limitation, any statute, order, rule, regulation, request, judgement or directive promulgated or issued by any legislative, executive, judicial or regulatory body or authority (including without limitation, the SGX-ST and the MAS)) in Singapore or Hong Kong (including without limitation, the HK Stock Exchange and the HK SFC), or other jurisdictions which are applicable to the Company or the Placement Agent;
- (d) as of the Completion Date, the trading of the issued Shares on the SGX-ST or the HK Stock Exchange not being suspended by the SGX-ST or the HK Stock Exchange, respectively (other than a suspension or trading halt on a temporary basis as requested by the Company) and the issued Shares not having been delisted from the SGX-ST or the HK Stock Exchange;
- (e) the representations, warranties and undertakings in the Placement Agreement remaining true and accurate in all material respects (or where already qualified by materiality, in all respects) from the date of this Agreement up to the Completion Date;
- (f) the Company having performed in all material respects (or where already qualified by materiality, in all respects) all of its relevant obligations to be performed under the Placement Agreement on or before the Completion Date;
- (g) there having been, from the date of the Placement Agreement up to the Completion Date, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any material respect (or where already qualified by materiality, in any respect) any of the representations, warranties and undertakings contained in the Placement Agreement; and
- (h) the delivery to the Placement Agent on the Completion Date of a certificate in the form set out in the Placing Agreement.

Completion : Completion of the Placement will take place on the Completion Date, which shall be a date falling no later than five (5) clear Market Days after the date on which all the conditions set out in the Placement Agreement are satisfied or otherwise waived in writing by the relevant Party, or (if fulfilled on different days) on which the last of such conditions set out in the Placement Agreement is fulfilled, or such later date as the Parties may agree, which shall in any event be a date not later than two calendar months from the date of the Placement Agreement or such other date as the Parties may agree.

Termination : The Placement Agent may at any time prior to or on the Completion Date, as the case may be, by notice in writing to the Company, terminate the Placement Agreement if there shall have occurred any of the following events:

- (a) if there is any breach of the representations, warranties and undertakings contained in the Placement Agreement or if any of the representations and warranties is untrue or incorrect;
- (b) there is any breach of any of the obligations of the Company under the Placement Agreement;
- (c) any of the conditions in the Placement Agreement is not satisfied or otherwise waived by the Placement Agent;
- (d) if the SGX-ST or the HK Stock Exchange shall make any ruling (or revoke any ruling previously made) the effect of which is to prevent the listing and quotation of the Placement Shares or otherwise require the delisting of the existing Shares in issue from the SGX-ST or the HK Stock Exchange;

- (e) if the issue, placement and subscription of the Placement Shares in accordance with the provisions of the Placement Agreement shall be prohibited by any statute, order, rule, regulation or directive issued by, or objected to by any legislative, executive or regulatory body or authority of Singapore (including, without limitation, the SGX-ST or the HK Stock Exchange); or
- (f) if there develops, occurs, exists or comes into force:
 - (i) any change, crisis or material deterioration or any development involving a prospective change, crisis or material deterioration in national or international, monetary, financial, economic, legal, stock market conditions, foreign exchange market conditions or political conditions, or the occurrence of any combination of any changes, crises, material deterioration or developments in such conditions;
 - (ii) the imposition or declaration of (A) any suspension or limitation on trading in shares or securities generally on the SGX-ST or the HK Stock Exchange or (B) any moratorium on banking activities or disruption in commercial banking activities, or foreign exchange trading or disruption of securities settlement or clearance services in Singapore or Hong Kong;
 - (iii) any event or series of events in the nature of force majeure (including without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of terrorism, acts of God, accident, epidemics, earthquakes or interruption or delay in transportation);
 - (iv) without limiting the foregoing, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state or emergency or calamity or crisis or war (whether or not involving financial markets); or
 - (v) any change or prospective change in or any introduction of or prospective introduction of any legislation, regulation, policy, directive, guideline, request or interpretation or application thereof, by any government or regulatory body, whether in Singapore or elsewhere, whether or not having the force of law, or other occurrence of any nature whatsoever,

which results in, or in the reasonable opinion of the Placement Agent exercised in good faith, is likely to result in (A) material deterioration or material adverse conditions in the stock market in Singapore or elsewhere; or (B) the business, trading position, operations or prospects of the Company or the Group being materially and adversely affected, and which would therefore (1) have, or be reasonably likely to have, a material adverse effect on the listing and quotation of the Shares on the SGX-ST or the HK Stock Exchange or the market price of the Shares (including the Placement Shares), the success of the Placement or dealings in the Placement Shares in the secondary market; or (2) be likely to render the transactions contemplated in the Placement Agreement or any of them inadvisable, inexpedient or impracticable to proceed on the terms and in the manner contemplated in the Placement Agreement.

PLACEMENT PRICE

The Placement Price of S\$0.3351 per Placement Share (equivalent to approximately HK\$1.9638 per Placement Share) represents:

- (i) a discount of approximately 10.0% to the weighted average price of trades done on SGX-ST of S\$0.3723¹ per Share for the full market day on the date of the Placement Agreement;
- (ii) a premium of approximately 6.2% to the closing price of HK\$1.85 per Share as quoted on the Stock Exchange on 10 June 2021, being the date of the Placement Agreement; and
- (iii) a premium of approximately 12.6% to the average closing price of HK\$1.744 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placement Agreement; and

The Placement Price (including the discount to the Singapore closing price and the premium to the Hong Kong closing prices as disclosed above) was determined after arm's length negotiations between the Company and the Placement Agent with reference to the prevailing market price of the Shares.

The Directors consider that the Placement Price (including the discount to the Singapore closing price and the premium to the Hong Kong closing prices as disclosed above) is fair and reasonable based on the current market conditions, and is in the best interests of the Company and the Shareholders as a whole.

PLACEES

Pursuant to the terms of the Placement Agreement, the Placement Agent will place the Placement Share to investor(s) and whose ultimate beneficial owners are not connected persons of the Company, or to any restricted placees under Rule 812(1) of the Catalist Rules. Based on the best knowledge, information and belief of the Directors, there may or may not be six or more placees. The Company will comply with the relevant disclosure requirements under the HK Listing Rules relating to the identity of the placees as appropriate.

PLACEMENT SHARES RANKING

The Placement Shares will, when issued and fully paid up, rank *pari passu* in all respects with the existing Shares of the Company in issue as at the date of allotment and issue of the Placement Shares.

REASONS FOR THE PLACEMENT

In view of the prevailing capital market conditions, the Board believes that the Placement represents a good opportunity to increase the Group's profile to attract potential investors to the long-term benefit of the Group.

The Board considers the terms of the Placement Agreement, which have been negotiated on an arm's length basis on normal commercial terms, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

In accordance with Rule 810(1)(c) of the Catalist Rules, the Directors are of the opinion that after taking into consideration:

- (a) the present bank facilities available to the Group, the working capital available to the Group is sufficient to meet its present requirements, and the Placement is being undertaken to increase the Group's profile to attract potential investors to the long-term benefit of the Group; and
- (b) the present bank facilities available to the Group and the net proceeds arising from the Placement, the working capital available to the Group is sufficient to meet its present requirements.

¹ Based on the weighted average price per share for 10 June 2021, obtained from Bloomberg.

USE OF PROCEEDS

As disclosed above, assuming the Placement is fully subscribed, the gross proceeds and net proceeds from the Placement (after deducting related professional fees and related expenses) are estimated to be approximately S\$2.2 million and S\$2.1 million, respectively. It is intended that all the net proceeds will be applied for general working capital purposes, such as renovation costs of the Group's properties and operating expenses for the Group.

Pending the aforesaid deployment, the net Sales Proceeds will be placed in the bank account as short-term deposits or used for any other purposes on a short-term basis as the Board may in its absolute discretion deem fit in the best interests of the Group.

The Company will make periodic announcements as to the use of the net Sales Proceeds as and when such proceeds are materially disbursed, and whether such use is in accordance with the stated use. The Company will also provide a status report on the use of the net Sales Proceeds in its interim and full year financial statements and its annual reports. The Company will also provide a breakdown with specific details on how the net Sales Proceeds have been applied in the announcements and status reports. Where there is any material deviation from the stated use of the net Sales Proceeds, the Company will announce the reason(s) for such deviation.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months preceding the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately before and after the Placement is summarised as follows:

	As at the date of this announcement		Immediately after completion of the Placement	
	No. of Shares	% (approx.)	No. of Shares	% (approx.)
Fragrance Ltd. ⁽¹⁾	220,982,600	54.91	220,982,600	54.04
Director ⁽²⁾	4,000,000	0.99	4,000,000	0.98
Public shareholders				
Existing Shareholders	177,462,800	44.10	177,462,800	43.39
The Placee(s)	–	–	6,500,000	1.59
Total	402,445,400	100.00	408,945,400	100.00

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 Bee Choo, executive Director and deputy group managing director, is the beneficial owner of 4,000,000 Shares.

GENERAL MANDATE

The Placement Shares will be allotted and issued in Singapore pursuant to the General Mandate (being up to 20% of the issued share capital of the Company as at the date of passing the resolution at the annual general meeting of the Company held on 29 January 2021 on a non-pro rata basis). The maximum number of Shares that can be issued under the General Mandate is 80,489,080 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate and the 6,500,000 Placement Shares amount to approximately 8.08% of the General Mandate. Accordingly, the proposed allotment and issuance of 6,500,000 Placement Shares is within the limit of the General Mandate.

APPLICATIONS FOR LISTING

Applications will be made to:

- (i) the Stock Exchange for the grant of listing of and permission to deal in the Placement Shares on the Stock Exchange; and
- (ii) the SGX-ST for the grant of listing and quotation of the Placement Shares on the Catalist Board of the SGX-ST. The Company will make the necessary announcements in due course upon obtaining the listing and quotation notice in respect of the Placement Shares from the SGX-ST.

SINGAPORE RELATED DISCLOSURES

No Prospectus or Offer Information Statement

The Placement is not underwritten and will be undertaken by way of a private placement in Singapore pursuant to Section 272B, 274 and/or 275 of the Securities and Futures Act (Cap. 289) of Singapore. Accordingly, no prospectus, offer document or offer information statement will be issued by the Company in connection with the Placement.

Confirmation from the Placement Agent

The Placement Agent has confirmed that the end placee(s) and its (their) directors and substantial shareholders (if applicable) have no connections (including any business relationship) with the Company and its directors and substantial shareholders (save that one of the potential placees whose shareholders (being entities in the same group of companies of a banking corporation in Singapore and such banking corporation being the potential placee's ultimate holding company) and its subsidiaries may from time to time provide banking, financial or other services and/or enter into business relationships with various persons, although neither such banking corporation nor its directors (acting solely in their capacity as directors of the potential placee) have any direct business relationship with the Company or any of its directors or substantial shareholders).

Interest of Directors and Substantial Shareholders

The Placement will not result in the transfer of a controlling interest in the Company.

To the best of the Company's knowledge, none of the Directors and substantial shareholders of the Company has any interest, direct or indirect, in the Placement.

Document for Inspection

A copy of the Placement Agreement is available for inspection at the registered office of the Company at 10 Raeburn Park, #02-18, Singapore 088702 during normal business hours for a period of three (3) months from the date of this announcement.

TRADING CAUTION

Shareholders are advised to exercise caution in trading their shares. Completion of the Placement is subject to fulfilment of the conditions under the Placement Agreement and as at the date of this announcement, there is no certainty or assurance that the Placement will be completed. As the Placement may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

Important Notice

Notification under Section 309B of the Singapore Securities and Futures Act (Cap. 289)

The Placement Shares are prescribed capital markets products (As defined in the Singapore Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday and any other public holidays) which banks are open for business in Singapore
“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 (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”	completion of the Placement in accordance with the Placement Agreement
“Completion Date”	a date falling no later than five (5) clear Market Days after the date on which all the conditions set out in the Placement Agreement are satisfied or otherwise waived in writing by the relevant Party, or (if fulfilled on different days) on which the last of such conditions set out in the Placement Agreement is fulfilled, which shall in any event be a date not later than two calendar months from the date of this Agreement or such other date as the Parties may agree
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of our Company, namely Mr. Kelvin Lim, Ms. Jess Lim, Ms. Lim Bee Li, Fragrance Ltd., Hean Nerng Group Pte. Ltd. and HN Capital Ltd.
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Fragrance Ltd.”	Fragrance Ltd., a limited liability company incorporated in BVI on 19 July 2017, a Controlling Shareholder of our Company which is wholly-owned by Hean Nerng Group Pte. Ltd., which is also a Controlling Shareholder
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company on 29 January 2021 to, among others, issue Shares up to a number not exceeding, in total, 100% of the total number of issued shares in the capital of the Company of which up to 20% may be issued other than on a pro-rata basis to shareholders
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HK Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“HK SFC”	the Securities and Futures Commission in Hong Kong
“HK Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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)

“Market Day(s)”	a day on which the SGX-ST is open for securities trading
“MAS”	the Monetary Authority of Singapore
“Party(ies)”	the party(ies) to the Placement Agreement
“Placement”	the placement of up to 6,500,000 Shares pursuant to the terms of the Placement Agreement
“Placement Agent”	Soochow CSSD Capital Markets (Asia) Pte. Ltd., holder of a Singapore capital markets services licence issued pursuant to the Singapore Securities and Futures Act, Chapter 289 of Singapore for the regulated activities of advising on corporate finance and dealing in capital markets products
“Placement Agreement”	the conditional placement agreement entered into between the Company and the Placement Agent dated 10 June 2021 in relation to the Placement
“Placement Price”	S\$0.3351 per Placement Share
“Placement Shares”	up to 6,500,000 new Shares to be placed pursuant to the Placement Agreement
“S\$”	Singapore dollars, the lawful currency of Singapore
“Sales Proceeds”	aggregate Placement Price for all the Placement Shares
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Singapore”	Republic of Singapore
“%”	per cent.

* Unless the context otherwise requires, defined terms denoting the singular number shall include the plural and vice versa.

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

Singapore, 10 June 2021

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 of the Company; and Ms. Ch'ng Li-Ling, Mr. Yong Chee Hiong and Mr. Chan Ka Leung Gary as independent non-executive directors of the Company.

* **For identification purpose only**