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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  
ACQUISITION OF THE TUAS SOUTH PROPERTY**

**Tuas South Property Acquisition**

The Board is pleased to announce that on 14 July 2021, the Purchaser, an indirect wholly-owned subsidiary of the Company, accepted the Option to Purchase for the sale and purchase of the Tuas South Property, which forms the binding sale and purchase agreement for the Tuas South Property upon execution of the Option to Purchase, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Tuas South Property at the Consideration, being S\$21,000,000, 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 Tuas South Property Acquisition as contemplated under the Option to Purchase is more than 5% and below 25% under Rule 14.07 of the Listing Rules, the Tuas South Property 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 of the Option to Purchase are set out below:

- Parties** : (1) Chrysolite Industries Pte. Ltd. (formerly known as Chrysolite Properties Pte. Ltd.), an indirect wholly-owned subsidiary of the Company as the Purchaser; and
- (2) DBS Bank Ltd, as the Vendor, who is selling the Tuas South Property as the mortgagee of the Tuas South Property exercising its power of sale. DBS Bank Ltd is an Independent Third Party.
- Consideration** : The Consideration is S\$21,000,000, exclusive of GST, of which S\$210,000 (the “**Option Money**”) plus S\$14,700 of GST had already been paid by the Purchaser as at the date of the Option to Purchase.
- 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) by internal sources of funding and bank borrowings as follows:
- (i) the Option Money of S\$210,000, being 1% of the total Consideration, plus S\$14,700 of GST was paid by the Purchaser to the Vendor from internal sources of funding;
- (ii) the deposit of S\$840,000 (the “**Deposit**”), being 4% of the total Consideration, plus S\$1,455,300 being the payment of 7% GST on the total Consideration less the GST paid on the Option Money before the expiry of the Option to Purchase; and
- (iii) the remaining balance of S\$19,950,000 is to be paid on the Completion Date.
- Completion** : The sale and purchase shall be completed and the balance of the Consideration shall be paid by the Completion Date at the office of the Vendor’s solicitors or such other venue as may be directed by the Vendor’s solicitors. If determined to be necessary by the Vendor in its sole and absolute discretion, the sale of the Tuas South Property may be subject to the approval of the official receiver or liquidator. If such approval is required and not obtained by the Completion Date or any extension (not to exceed eight weeks from the Completion Date) or if the official receiver or liquidator’s approval is refused, the acquisition of the Tuas South Property will be treated as cancelled and the Deposit will be refunded to the Purchaser free of interest and compensation and neither party shall have any claim whatsoever against the other.
- A draft assurance (in such form as the Vendor deems appropriate) shall be delivered to the Vendor’s solicitors for approval at least 18 days and an engrossment thereof should be delivered to the Vendor’s solicitors at least 14 days before the Completion Date, such assurance to be prepared by and at the sole expense of the Purchaser. The Purchaser shall furnish to the Vendor’s solicitors a copy of the certificate of stamp duty evidencing that the Option to Purchase has been duly stamped within three weeks after the date of entering into the Option to Purchase.
- The Purchaser shall take the Tuas South Property or any part thereof subject to such occupation, tenancy, licence or arrangement and be deemed to have full notice of all corresponding terms and shall take the Tuas South Property as it is subject to the terms. The Vendor shall, if applicable, apportion any rental or fee relating to the occupation, tenancy, licence or arrangement, if the Vendor has received such rental or fee relating to such apportionment prior to the Completion Date. The Purchaser shall at its own costs and expense and if so required or directed by the Vendor (at its sole determination) enter into an assignment or a novation of the tenancy agreement or such agreement pertaining to the occupation on such terms and conditions as may be prescribed or stipulated by the Vendor.

## Information about the Tuas South Property

The Tuas South Property is located at 55 Tuas South Avenue 1, Singapore 637462, with a land area of 51,655 sq.ft and gross floor area of 129,138 sq.ft. It sits on a piece of URA land with a remaining lease of approximately 39 years and consists of (i) an 11-storey industrial building with a basement carpark; (ii) a part single-storey industrial factory; and (iii) a part single-storey industrial factory with two storey workers' dormitory. The Tuas South Property is currently leased to two tenants for the provision of (i) a workers' dormitory for a maximum of 64 workers in two dormitory rooms ("**Tenancy Agreement 1**"); and (ii) a workers' dormitory for a maximum of 73 workers in three dormitory rooms ("**Tenancy Agreement 2**"). The Tuas South Property is a foreclosed property and DBS Bank Ltd is selling the Tuas South Property as the mortgagee of the Tuas South Property exercising its power of sale.

Tenancy Agreement 1 is for a term of two years, commencing on 16 January 2020, without any option to renew. The total monthly rent under Tenancy Agreement 1 amounted to S\$9,600 (exclusive of GST), at a rental price of S\$4,800 for each of the two dormitory rooms, with the total deposit paid by the tenant under Tenancy Agreement 1 being S\$9,600, which is equivalent to one month's rent. Tenancy Agreement 1 may be terminated by the landlord upon 30 days' notice to the tenant.

Tenancy Agreement 2 is for a term of two years, commencing on 16 January 2020, without any option to renew. The total monthly rent under Tenancy Agreement 2 (i) amounted to S\$8,800 (exclusive of GST) from 16 January 2020 to 31 March 2021, at a rental price of S\$2,000, S\$2,000 and S\$4,800 for three dormitory rooms; and (ii) is currently S\$13,000 (exclusive of GST) from 1 April 2021 until the expiry of Tenancy Agreement 2, with the total deposit paid by the tenant under Tenancy Agreement 2 being S\$8,800, which is equivalent to the previous amount of one month's rent. Tenancy Agreement 2 may be terminated by the landlord upon 30 days' notice to the tenant.

The Tuas South Property is also licensed to two parties (i) to use a licensed area of two sq.m. of rooftop space for installation, de-installation, testing, maintenance, repair, erection, construction, renewal, replacement, operation and removal of the licensee's antenna, apparatus, hardware, cabling and accessories ("**Licence Agreement 1**"); and (ii) to use a licensed area to install, operate and maintain radio frequency infrastructure ("**Licence Agreement 2**").

Licence Agreement 1 is for a term of nine months, commencing on 1 March 2021, without any option to renew. The total monthly licencing fee under Licence Agreement 1 is S\$800, with the total deposit paid under Licence Agreement 1 being S\$1,600, which is equivalent to two months' licencing fee. Licence Agreement 1 may be terminated by either party upon 30 days' written notice to the licensee or upon any notice being served by any governmental or statutory authority that the services undertaken under Licence Agreement 1 are no longer required.

Licence Agreement 2 is for a term of two years, commencing on 15 February 2020, with an option to renew subject to any mutual agreement between the parties to Licence Agreement 2. The total monthly licencing fee under Licence Agreement 2 is S\$3,280, with the total deposit paid under Licence Agreement 1 being S\$6,560, which is equivalent to two months' licencing fee. Licence Agreement 2 may be terminated by either party upon three months' notice, among other provisions.

The Tuas South Property is also occupied by one other party for the provision of a workers' dormitory for a maximum of 30 workers in one room, three car parking lots and a pre cast concrete components production facility. This party is allowed to occupy the aforementioned areas until 28 February 2023 at a total monthly rent of S\$73,500 (exclusive of GST).

## Reasons and Benefits for the Tuas South Property Acquisition

The Tuas South Property will broaden the property portfolio of the Group for its expansion of the space optimisation business, provide capital appreciation potential to the Group, and provide additional opportunities to generate revenue. The Group intends to operate the Tuas South Property under the industrial segment of its space optimisation business to provide business spaces under the Business 2 zone for industrial developments as well as a range of value-added logistics support services to its tenants.

For reasons above, the Board considers that the Tuas South Property 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 refrigerated warehousing and storage.

### *Information about the Vendor*

The Vendor, DBS Bank Ltd, is a multinational banking and financial services corporation headquartered in Singapore and is a company listed on the SGX-ST under stock code D05. The Vendor, 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 one or more than one of the applicable percentage ratios in respect of the Tuas South Property Acquisition is more than 5% and below 25%, the Tuas South Property Acquisition constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

## Catalist Rules Implications

As disclosed above under "Information about the Parties", the Company is primarily in the business of real estate management services and the Tuas South Property 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 Tuas South 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 Tuas South Property is in the Group's ordinary course of business.

The disclosure requirements of this announcement in respect of the Tuas South Property Acquisition are referenced from Chapter 7 of the Catalist Rules. The Tuas South Property 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:

<b>"Board"</b>	the board of Directors
<b>"Catalist Rules"</b>	Section B of the listing manual of the SGX-ST as amended, supplemented or modified from time to time
<b>"Company"</b>	LHN Limited, a company incorporated with limited liability on 10 July 2014 under the laws of Singapore, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1730) and Catalist of the SGX-ST (SGX symbol: 410)
<b>"Completion Date"</b>	1 October 2021
<b>"Consideration"</b>	S\$21,000,000, exclusive of GST
<b>"Director(s)"</b>	director(s) of the Company
<b>"Group"</b>	the Company and its subsidiaries

“GST”	Goods and services tax in Singapore
“Independent Third Party”	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
“Option to Purchase”	the offer to purchase dated 17 June 2021 issued by the Vendor as the vendor of the Tuas South Property and accepted by the Purchaser on 14 July 2021 as buyer for the Tuas South Property
“Purchaser”	Chrysolite Industries Pte. Ltd. (formerly known as Chrysolite Properties Pte. Ltd.), a company incorporated in the Republic of Singapore on 29 April 2021 with limited liability, and an indirect wholly-owned subsidiary of the Company
“SGX-ST”	Singapore Exchange Securities Trading Limited
“sq.ft”	square feet
“sq.m”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$”	Singapore dollars, the lawful currency of Singapore
“Tuas South Property”	the property located at 55 Tuas South Avenue 1, Singapore 637462
“Tuas South Property Acquisition”	the acquisition of the Tuas South Property as contemplated under the Option to Purchase
“URA”	the Urban Redevelopment Authority of Singapore, is the national urban planning authority of Singapore and a statutory board under the Ministry of National Development of the Singapore Government
“Vendor”	DBS Bank Ltd, the mortgagee of the Tuas South Property and who is the vendor of the Tuas South Property
“%”	per cent.

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

Singapore, 14 July 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 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.*

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