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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 RIVER VALLEY PROPERTY

ACQUISITION OF THE RIVER VALLEY PROPERTY

The Board is pleased to announce that on 22 February 2022, the Purchaser, an indirect wholly-owned subsidiary of the Company, has entered into the Option to Purchase for the sale and purchase of the River Valley Property, which forms the binding sale and purchase agreement for the River Valley Property upon the execution of the Option to Purchase, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the River Valley Property at the Consideration, being S\$8,500,000 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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THE OPTION TO PURCHASE

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

- Parties**
- : (1) the Purchaser, being LHN SB 1 Pte. Ltd., an indirect wholly-owned subsidiary of the Company, as the purchaser
 - (2) the Vendor, being United Overseas Bank Limited, an Independent Third Party, is selling the River Valley Property as mortgagee

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

- Consideration** : The Consideration was S\$8,500,000 exclusive of GST, of which, S\$850,000 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\$850,000 exclusive of GST was paid by the Purchaser to the Vendor through internal sources of funding; and
 - (ii) the remaining balance of S\$7,650,000 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.
- Condition precedent** : The sale and purchase of the River Valley Property shall be subject to the Purchaser obtaining written approval (the “**LDAU Approval**”) from the Controller of Residential Property (Land Dealings (Approval) Unit, SLA) (the “**LDAU**”) to purchase the River Valley Property.
- Rescinding rights** : In the event that the LDAU Approval is not obtained by the Completion Date, either party may elect by notice in writing to the other party to terminate the sale and purchase pursuant to the Option to Purchase and upon service of such written notice on the other party, the Option to Purchase shall be null and void and the Purchaser shall return to the Vendor (where applicable) all documents relating to the River Valley Property, including, without limitation, the documents of title in respect of the River Valley Property and the Purchaser shall, at the Purchaser’s own cost and expense, withdraw any caveats and cancel any entries relating to the River Valley Property in the Singapore Land Authority and thereafter, all monies paid by the Purchaser to the Vendor shall be refunded to the Purchaser free of interest and without any compensation or deduction whatsoever within five days from the date of service of such notice.
- Possession** : The River Valley Property is sold with vacant possession to be given on completion.
- Property** : The River Valley Property is sold in such state and condition and in all other respects whatsoever on an “as is where is” basis as at the Completion Date.
- Completion** : Completion shall take place on the Completion Date.

INFORMATION ABOUT THE RIVER VALLEY PROPERTY

The River Valley Property is located at 298 River Valley Road, Singapore 238339, which has a land area of 205.4 sq.m and is a freehold property. The property will be delivered with vacant possession on completion. The total gross floor area of the proposed building is 571.22 sq.m (comprising commercial gross floor area of 146.04 sq.m and residential gross floor area of 425.18 sq.m).

REASONS AND BENEFITS FOR THE ACQUISITION OF THE RIVER VALLEY PROPERTY

The Group intends to operate the River Valley Property as a co-living space, which will expand the Group’s portfolio of properties under the co-living 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, United Overseas Bank Limited (UOB), is a company listed on the mainboard of the SGX-ST (SGX stock code: U11) and is selling the River Valley Property as mortgagee. The Vendor is one of the major banks in Asia and operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, as well as branches and representative offices across the region. The Vendor is also one of the Group's principal bankers and may from time to time provide banking, financial or other services to the Group. As at date of this announcement, the Vendor has no direct business relationship with any of its directors or substantial shareholders.

Save as disclosed above, the Vendor, 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 River Valley 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 River Valley 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 2022. 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:

"Acquisition"	the acquisition of the River Valley 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: 410)
“ Completion Date ”	the date of completion of the Acquisition, which shall be ten weeks after the date of exercise of the Option to Purchase. If the Completion Date falls on a Saturday, Sunday or public holiday in Singapore, the Completion Date shall fall instead on the working day immediately preceding the Completion Date
“ Consideration ”	S\$8,500,000, exclusive of GST
“ Director(s) ”	director(s) of the Company
“ 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
“ Option to Purchase ”	the option to purchase issued by the Vendor as the mortgagee and seller and duly exercised by the Purchaser as the purchaser in respect of the sale and purchase of the River Valley Property on 22 February 2022
“ Purchaser ”	LHN SB 1 Pte. Ltd., a company incorporated in the Republic of Singapore on 5 October 2020 with limited liability, and an indirect wholly-owned subsidiary of the Company
“ River Valley Property ”	298 River Valley Road, Singapore 238339
“ SGX-ST ”	Singapore Exchange Securities Trading Limited
“ Shareholders ”	shareholders of the Company
“ SLA ” or “ Singapore Land Authority ”	Singapore Land Authority, a statutory board under the Singapore Ministry of Law whose responsibilities include (i) maintaining the national land information database; (ii) managing State land through land sales, leases, acquisitions and allocations; and (iii) developing and market State properties to optimise their use for the benefit for the public in Singapore
“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited
“ sq.m ”	square meter(s)
“ S\$ ”	Singapore dollars, the lawful currency of Singapore
“ Vendor ”	United Overseas Bank Limited (SGX stock code: U11), a company incorporated in the Republic of Singapore on 6 August 1935 with limited liability, a company listed on the main board of the SGX-ST, the mortgagee of the River Valley Property and who is the vendor of the River Valley Property
“ % ”	per cent.

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

Singapore, 22 February 2022

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.

* For identification purpose only