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## **PROPOSED SPIN-OFF AND SEPARATE LISTING OF LHN LOGISTICS ON THE CATALIST BOARD OF SGX-ST**

### **REGISTRATION OF THE FINAL OFFER DOCUMENT, THE PLACEMENT AND THE PLACEMENT PRICE**

#### **INTRODUCTION**

Reference is made to the announcements of LHN Limited (the “**Company**”) dated 24 November 2021, 15 December 2021, 28 January 2022, 16 February 2022, and 25 and 30 March 2022 (the “**Announcements**”) and the extraordinary general meeting circular dated 25 January 2022 (the “**EGM Circular**”) in relation to the Proposed Spin-Off. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements and the EGM Circular.

#### **THE PROPOSED SPIN-OFF**

The Board is pleased to announce that the Final Offer Document of LHN Logistics Limited (previously known as LHN Logistics Pte. Ltd.) (“**LHN Logistics**”) dated 19 April 2022 was registered today by the SGX-ST, acting as agent on behalf of MAS.

As disclosed in the Final Offer Document, a placement agreement has been entered into on 19 April 2022 (the “**Placement Agreement**”) between LHN Logistics, and the Sponsor and CGS-CIMB Securities (Singapore) Pte. Ltd. (“**CGS-CIMB**”) whereby LHN Logistics has appointed the Sponsor and CGS-CIMB as the co-placement agents (the “**Co-Placement Agents**”) to procure subscriptions (the “**Placement**”) for 25,238,000 new LHN Logistics Shares (the “**Placement Shares**”, and each, a “**Placement Share**”). Based on the indicative placement price of S\$0.20 per Placement Share (the “**Placement Price**”), the total gross proceeds from the Singapore Offering would be approximately S\$5.0 million. Based on the Placement Price and the share capital of LHN Logistics upon completion of the Placement, the market capitalisation of LHN Logistics is expected to be approximately S\$33.5 million.

The following table sets out the shareholdings of LHN Logistics as at the date indicated:

Name of shareholder	As at the date of this announcement		Upon completion of the Placement	
	Number of LHN Logistics Shares	% of issued share capital of LHN Logistics	Number of LHN Logistics Shares	% of issued share capital of LHN Logistics
LHN Group Pte. Ltd. (a wholly-owned subsidiary of the Company) <sup>(1)</sup>	140,940,800	98.9	140,940,800	84.1
Public shareholders	–	–	25,238,000	15.0
Sponsor <sup>(2)</sup>	1,500,000	1.1	1,500,000	0.9
<b>Total</b>	<b>142,440,800</b>	<b>100.0</b>	<b>167,678,800</b>	<b>100.0</b>

Notes:

- (1) As part of the restructuring exercise, a share split of the issued shares of LHN Logistics was carried out and after the restructuring exercise, the total number of LHN Logistics Shares held by LHN Group Pte. Ltd. was 140,940,800 shares.
- (2) On 19 April 2022, being the date of the Final Offer Document, Sponsor was allotted and issued a total of 1,500,000 new LHN Logistics Shares as part of the Sponsor's management fees as sponsor and issue manager at a consideration equivalent to the Placement Price per share (the "**Sponsor's Shares**").

#### CONDITIONS OF THE PROPOSED SPIN-OFF AND THE PLACEMENT

The Placement Agreement and the obligations of the Co-Placement Agents under the Placement Agreement are conditional upon, amongst others:

- (a) such approvals as may be required for the transactions described in the Placement Agreement and the Final Offer Document in relation to the Admission and Placement being obtained, and not withdrawn or amended, on or before the date on which LHN Logistics is admitted to Catalist (the "**Admission**") (or such other date as LHN Logistics and the Co-Placement Agents may agree), and the compliance to the satisfaction of the SGX-ST with all the conditions imposed by the SGX-ST in granting such approvals (if any) where such conditions are required to be complied with on or before the date of Admission;
- (b) the compliance by LHN Logistics with all applicable laws and regulations concerning the Placement, the admission of LHN Logistics to the Catalist Board and the listing and quotation of all the issued LHN Logistics Shares, the Placement Shares, the PPCF Shares, and the shares which may be issued upon the vesting of share awards to be granted under the performance share plan of LHN Logistics on Catalist Board and the transactions contemplated in the Placement Agreement and the Final Offer Document and no new laws, regulations and directives having been promulgated, published and/or issued and/or having taken effect or any other similar matter having occurred which, in the reasonable opinion of the Co-Placement Agents, have or may have a material adverse effect on the Placement and the Proposed Listing; and
- (c) there having been, in the opinion of the Co-Placement Agents, no material adverse change or any development likely to result in a material adverse change in the business, trading, operational, financial or other condition of the Spin-Off Group between the date of the Final Offer Document and the date of Proposed Listing nor the occurrence of any event or the discovery of any fact rendering untrue, incorrect or misleading in any material respect that is reasonably likely to prejudice materially the success of the Placement as at the date of Proposed Listing, any of the warranties or representations nor any breach by LHN Logistics of any of its obligations under the Placement Agreement.

## PROCEEDS FROM THE PLACEMENT

As disclosed in the Final Offer Document, the estimated net proceeds to be raised by LHN Logistics from the Placement, after deducting the placement commission and aggregated estimated cash expenses in relation to the Placement of approximately S\$1.4 million, will be approximately S\$3.6 million.

## INFORMATION ABOUT THE GROUP AND THE SPIN-OFF GROUP

The Group 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 services headquartered in Singapore. The Group has three main business segments, namely: (i) space optimisation business; and (ii) facilities management business; and (iii) logistics services business. The Group currently operates mainly in Singapore, Indonesia, Thailand, Myanmar, Hong Kong, Malaysia and Cambodia.

The Spin-Off Group is principally engaged in the business of providing: (a) ISO tank and container transportation services for various petrochemical products, base oils, bitumen and bulk cargo to customers in Singapore and Malaysia; and (b) container depot management services in Singapore and container depot services to customers in Singapore and Thailand.

The following table sets out certain financial information in relation to the Spin-Off Group for FY2020 and FY2021:

	<b>FY2020</b>	<b>FY2021</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Profit before income tax	3,966	4,716
Income tax expense	(572)	(732)
<b>Profit for the year</b>	<b>3,394</b>	<b>3,984</b>

The audited consolidated net assets of LHN Logistics was approximately S\$14.7 million as at 30 September 2021.

Please also refer to “Letter to Shareholders – 2.4. Information on the Spin-Off Group” of the EGM Circular for further details of the Spin-Off Group.

## FINANCIAL IMPACT OF THE DEEMED DISPOSAL

There will be no gain or loss arising from the deemed disposal by the Group of its interest in LHN Logistics under the Placement to be recognised in profit or loss of the Group.

## REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

For details, please refer to “Letter to Shareholders – 2.3. Rationale for and Benefits of the Proposed Spin-Off and the Proposed Listing” of the EGM Circular.

While the Company’s indirect shareholding interest in LHN Logistics will be diluted pursuant to the Proposed Listing, the Company is expected to hold 84.1% of the issued share capital of LHN Logistics upon completion of the Placement. Accordingly, LHN Logistics and its subsidiaries will continue to remain as subsidiaries of the Company after the completion of the Proposed Listing, and the Company will continue to consolidate the financial results of LHN Logistics and its subsidiaries. Having considered the rationale and benefits for the Proposed Spin-Off as set out in the EGM Circular, the Board is of the view that the terms of the Proposed Spin-Off and the Proposed Listing are fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

The Proposed Spin-Off will result in the reduction of percentage of shareholding of the Company through its wholly-owned subsidiary, LHN Group Pte. Ltd., in LHN Logistics by an aggregate of 15.9% (including the allotment and issue of the Sponsor’s Shares and the Placement Shares) and constitutes a deemed disposal of the Company under Rule 14.29 of the Listing Rules. As all of the applicable percentage ratios for the Proposed Spin-Off are less than 5% under Rule 14.07 of the Listing Rules, the Proposed Spin-Off will not constitute a discloseable transaction for the Company under the Listing Rules.

## CATALIST RULES IMPLICATIONS

The disclosure requirements of this announcement in respect of the Acquisition are referenced from Chapter 7 of the Catalist Rules as LHN Logistics is not a principal subsidiary (as defined under the Catalist Rules) of the Company as set out in the EGM Circular. The Proposed Spin-Off and Proposed Listing 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.

The Company will make further announcement(s) to update the Shareholders and potential investors of the Company on the progress of the Proposed Spin-Off and the Proposed Listing as and when necessary.

## GENERAL

**As the Proposed Spin-Off and the Proposed Listing are subject to, among other things, the approval of the Proposed Listing by the SGX-ST, prevailing market conditions, investor demand, the final decision of the board of directors of LHN Logistics as to whether to proceed with the Proposed Spin-Off and the Proposed Listing, and other considerations. Shareholders and potential investors should note that there is no assurance that the Proposed Spin-Off and the Proposed Listing will take place and, if so, when they may take place. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

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

Singapore, 19 April 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**