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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)

MAJOR TRANSACTION UNDER THE HONG KONG LISTING RULES ACQUISITION OF RIGHT-OF-USE ASSETS TAMPINES PROPERTY IN SINGAPORE

ACQUISITION OF RIGHT-OF-USE ASSETS

The Board is pleased to announce that LHN Space Resources, an indirect wholly-owned subsidiary of the Company, as the tenant, had entered into the Lease Agreement with the Landlord on 12 October 2022 for the Tampines Property for a term of three years and 11 months commencing on 13 October 2022 and expiring on 12 September 2026 (both dates inclusive).

LISTING RULES IMPLICATIONS

Pursuant to IFRS16, the transactions contemplated under the Lease Agreement by the Group will require the Group to recognise the Tampines Property as the right-of-use assets, thus by entering into the Lease Agreement, the transactions contemplated under the Lease Agreement will be regarded as an acquisition of assets by the Group under Chapter 14 of the Listing Rules.

As one or more than one of the applicable percentage ratios for the ROU Acquisition is more than 25% and below 100%, the ROU Acquisition constitutes a major transaction for the Company under the Listing Rules, and is therefore subject to the notification, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

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THE LEASE AGREEMENT

The major terms for the Lease Agreement are set out below:

- Date** : 12 October 2022
- Parties** : (1) LHN Space Resources, an indirect wholly-owned subsidiary of the Company, as the tenant
- (2) the Landlord, an Independent Third Party, as the landlord
- For detailed background of the parties, please refer to “Information about the Parties” below.
- The property** : a total of 59 units from 2nd to 7th storey at 18 Tampines Industrial Crescent, Singapore 528605, known as Space @Tampines, and inclusive of lorry lots and car park lots
- Term** : three years and 11 months commencing on 13 October 2022 and expiring on 12 September 2026 (both dates inclusive)
- Option to renew** : LHN Space Resources shall be entitled to an option to renew the lease for a further term of three years commencing one day after the expiration of the Term, for a payment to be agreed between LHN Space Resources and the Landlord which terms shall exclude any further option to renew unless the Landlord otherwise decides. When determining the revised rent, the parties will take into account the prevailing market rental rates of the Tampines Property at the time of granting the renewed term, provided always that the revised rent shall not exceed 110% of the rent. LHN Space Resources shall provide the written notice for the renewal at least six months but not more than nine months before the expiration of the Term.
- Total consideration payable** : Based on monthly rent and service charges as stipulated under the Lease Agreement, which will be satisfied by internal resources of the Group.
- Payment** : Payment of rent and service charges shall be payable monthly in advance. The first payment or apportioned payment thereof shall be made on or before the execution of the Lease Agreement and each subsequent payment shall be made on the first day of every succeeding first day of each and every month during the Term.
- Security deposit** : LHN Space Resources has paid to the landlord a security deposit equivalent to approximately four months of rent and service charge by way of an insurance guarantee as at the date of the Lease Agreement and shall maintain it throughout the Term. The security deposit is held as security for the due performance and observance by LHN Space Resources of all its covenants, conditions, stipulations and agreements under the Lease Agreement. Upon expiration of the Term or the Tampines Property being reinstated and returned to the Landlord, the Landlord shall within 30 calendar days repay the security deposit. In the case of the Landlord selling the Tampines Property, the Landlord shall be entitled to transfer the security deposit to the new purchaser.
- Permitted use** : LHN Space Resources shall at all times use and occupy the Tampines Property strictly as may be permitted by the competent authority under the Planning Act 1998 for a Business 2 Clean and Light Industry zoning in connection with the business of LHN Space Resources

RIGHT-OF-USE ASSETS

Pursuant to IFRS16, the tenancy of the Tampines Property will be recognised as right-of-use assets for an amount of approximately S\$53.1 million, which is calculated with reference to the present value of the aggregated lease payments to be made under the Lease Agreement during the Term plus option to renew for a further term of three years.

INFORMATION ABOUT THE TAMPINES PROPERTY, AND REASONS AND BENEFITS FOR THE TRANSACTION

The Tampines Property is an industrial property under the Space Optimisation Business of the Group with an estimated floor area of approximately 42,000 sq.m. The Group subleases the Tampines Property to its tenants for Business 2 Clean and Light Industry business. By entering into the Lease Agreement, LHN Space Resources can continue to offer business spaces to its tenants under the Space Optimisation Business as part of its ordinary and usual course of business.

The terms of the Lease Agreement (including the rent and service charges) were determined after arm's length negotiations between the Parties and with reference to prevailing market rates in the vicinity and the rent and service charges payment made by the Group under the previous lease.

Taking into account of the above factors, the Directors consider that the terms of the Lease Agreement are fair and reasonable, on normal commercial terms, and in the interests of the Shareholders and the Company as a whole.

INFORMATION ABOUT THE PARTIES

Information about the Company and LHN Space Resources

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 (through the Company's indirect non-wholly owned subsidiary, LHN Logistics Limited (SGX stock code: GIH)), which complements one another. The Group currently operates mainly in Singapore, Indonesia, Thailand, Myanmar, Hong Kong, Malaysia and Cambodia.

LHN Space Resources is an indirect wholly-owned subsidiary of the Company in Singapore, which primarily engages in space resource management.

Information about the Landlord

The Landlord, Oxley Bliss Pte. Ltd., is a limited liability company incorporated in Singapore, which engages in the leasing of property. Oxley Bliss Pte. Ltd. is 70% held by Oxley Holdings Limited, which is listed on the Singapore Exchange (Singapore Exchange stock code: 5UX) and 30% held by Lian Beng Bliss Pte. Ltd., a wholly-owned subsidiary of Lian Beng Group Ltd which is listed on the Singapore Exchange (Singapore Exchange stock code: L03).

The Landlord, its substantial shareholders, controlling shareholders and ultimate beneficial owners 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

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As one or more than one of the applicable percentage ratios for the ROU Acquisition is more than 25% and below 100%, the ROU Acquisition constitutes a major transaction for the Company under the Listing Rules, and is therefore subject to the notification, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

CATALIST RULES IMPLICATIONS

As the entry into the Lease Agreement of the Tampines Property is in the ordinary course of business of the Group, the disclosure requirements of this announcement are referenced from Chapter 7 of the Catalist Rules. As the Company has undertaken to comply with the more onerous set of listing rules, this announcement was prepared in accordance with the disclosure requirements of Chapter 14 of the Listing Rules.

The Lease Agreement of the Tampines Property 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 2023.

The total consideration amount payable under the Lease Agreement will not be disclosed herein due to the commercial sensitivity of such information. Book value and net tangible asset value are not applicable as this is an acquisition of right-of-use assets under the Lease Agreement.

WRITTEN CONTROLLING SHAREHOLDER'S APPROVAL

Fragrance Ltd. is a controlling shareholder of the Company who directly holds 220,982,600 shares of the Company (representing 54.04% of the share capital of the Company) as at the date of this announcement. In accordance with Rule 14.44 of the Listing Rules, to the best of the information, knowledge and belief of the Directors, no shareholder of the Company is required to abstain from voting if the Company is to convene a general meeting for the approval of the ROU Acquisition as contemplated under the Lease Agreement. The Company has obtained the written approval from Fragrance Ltd. in lieu of holding a general meeting for the ROU Acquisition. Accordingly, no shareholders' meeting will be convened by the Company to approve the ROU Acquisition.

GENERAL

A circular containing, among other things, further details of the ROU Acquisition is expected to be despatched to the Shareholders in accordance with the Listing Rules for information purposes as soon as practicable within 15 business days after the date of the Announcement, being on or before 2 November 2022.

DEFINITIONS

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

"Board"	the board of Directors
"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: 410)
"Director(s)"	director(s) of the Company
"Group"	the Company and its subsidiaries
"IFRS"	the International Financial Reporting Standard(s)
"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)
"Landlord"	Oxley Bliss Pte. Ltd., a limited liability company incorporated in Singapore on 17 May 2012, the landlord of the Tampines Property. For detailed background of the Landlord, please refer to "Information about the Landlord" in this announcement
"Lease Agreement"	the lease agreement dated 12 October 2022 entered into between LHN Space Resources as tenant and the Landlord for the lease of the Tampines Property

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“LHN Space Resources”	LHN Space Resources Pte. Ltd., a limited liability company incorporated in Singapore on 15 July 2009 and an indirect wholly-owned subsidiary of the Company, the tenant of the Tampines Property
“ROU Acquisition”	the acquisition of the right-of-use assets of the Tampines Property as contemplated under the Tampines Lease Agreement
“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
“Tampines Property”	a total of 59 units from 2nd to 7th storey at 18 Tampines Industrial Crescent, Singapore 528605, known as Space @Tampines and inclusive of lorry lots and car park lots
“Term”	the term of the lease of the Tampines Property as contemplated under the Lease Agreement, namely, three years and 11 months commencing on 13 October 2022 and expiring on 12 September 2026 (both dates inclusive)
“%”	per cent.

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

Singapore, 12 October 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**