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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)

## POTENTIAL DISCLOSEABLE TRANSACTION

### POTENTIAL DISPOSAL OF THE COMPANY'S 84.05% SHAREHOLDING INTEREST IN ITS SUBSIDIARY, LHN LOGISTICS LIMITED, PURSUANT TO A POTENTIAL VOLUNTARY CONDITIONAL GENERAL OFFER PROPOSED TO BE MADE BY AN UNRELATED THIRD PARTY, MILKYWAY INTERNATIONAL CHEMICAL SUPPLY CHAIN PTE. LTD.

#### POTENTIAL DISPOSAL OF LHN LOGISTICS LIMITED BY WAY OF VOLUNTARY CONDITIONAL GENERAL OFFER

The Board refers to the circular to shareholders dated 13 July 2023 in relation to the above (the "**Circular**").

*Unless otherwise defined in this announcement, all capitalised terms used herein shall have the meanings ascribed to them in the Circular.*

The Board further refers to the Pre-Conditional Offer Announcement made by RHT Capital Pte. Ltd. for and on behalf of Milkyway International Chemical Supply Chain Pte. Ltd. (the "**Offeror**") on 4 June 2023; in particular, the Pre-Conditions as set out in paragraph 1.1 of the Circular.

As noted in the Circular, and as stated in the Pre-Conditional Offer Announcement, the making of the Offer is subject to the satisfaction of the following Pre-Conditions on or before 5.00 p.m. on 3 August 2023 (unless extended by the Offeror subject to consultation with the Securities Industry Council of Singapore):

- (a) the approval from the Shareholders as required under the Catalist Rules and the Listing Rules for the disposal of the Company's entire indirect interest in the Target Shares held through the Company's wholly-owned subsidiary, LHN Group Pte. Ltd. (the "**LHN Shareholders' Approval**") with the relevant resolutions relating to the LHN Shareholders' Approval proposed to be tabled before the Shareholders at the forthcoming EGM; and
- (b) the written consent from JTC Corporation ("**JTC**") for the change in the Company's indirect percentage ownership in Hean Nerng Logistics Pte Ltd ("**HN Logistics**") in connection with its holding of the property located at 7 Gul Avenue, Singapore 629651 (the "**JTC Consent**").

#### Update on the JTC Consent

The Board wishes to inform Shareholders that the Company has received an update from HN Logistics that it has received firm indication by way of an email from JTC that JTC has no objection to (and is prepared to grant its written consent for) the change in the Company's indirect percentage ownership in HN Logistics in connection with its holding of the above-mentioned property located at Gul Avenue, subject to, among others, the payment of a fee by HN Logistics of S\$4,115,133.88 (excluding goods and services tax) to JTC (the "**JTC Fee**").

The Board wishes to further inform Shareholders that in respect of the JTC Fee, the Company has proposed the following:

- (i) the Company will bear S\$3,115,133.88 out of the S\$4,115,133.88 payable as the JTC Fee; and
- (ii) the balance S\$1,000,000.00 to be borne by HN Logistics, but always subject to HN Logistics' and LHN Logistics Limited's compliance with applicable laws and regulations. In this regard, the Company has also proposed to extend a loan to HN Logistics for the settlement of the said balance S\$1,000,000.00 of the JTC Fee, with such loan to be repaid as soon as practicable and in any event no later than five days immediately following the first closing date of the voluntary general offer for the shares of LHN Logistics Limited.

The management representatives of the Company are currently still in discussions with the management representatives of HN Logistics to finalise the aforesaid.

#### Financial Effects of the Payment of the JTC Fee ("Payment")

The net tangible asset per share and earnings per share effects of the Payment on the Group as set out below are purely for illustrative purposes only and are neither indicative nor do they represent any projection of the financial performance or position of the Group after Payment.

The financial effects have been prepared on a pro forma basis using the latest audited financial statements of the Group for the financial year ended 30 September 2022 and, for illustrative purposes, assumes that the Company is bearing the entire JTC Fee of S\$4,115,133.88.

#### Net Tangible Asset per Share

	Before the Payment	After the Payment
Net tangible asset of the Group attributable to shareholders of the Company (S\$'000)	185,904	181,789 <sup>(a)</sup>
Number of issued shares ('000)	408,945	408,945
Net tangible asset per share (Singapore cents)	45.46	44.45 <sup>(a)</sup>

Note: (a) In the case where HN Logistics bears S\$1,000,000.00 out of the S\$4,115,133.88 JTC Fee, the net tangible asset of the Group attributable to shareholders of the Company would be S\$181,948,000 and the net tangible asset per share would be 44.49 Singapore cents.

#### Earnings per Share

	Before the Payment	After the Payment
Net profit of the Group attributable to shareholders of the Company (S\$'000)	45,838	41,723 <sup>(b)</sup>
Weighted average number of shares ('000)	408,945	408,945
Earnings per share (Singapore cents)	11.21	10.20 <sup>(b)</sup>

Note: (b) In the case where HN Logistics bears S\$1,000,000.00 out of the S\$4,115,133.88 JTC Fee, the net profit of the Group attributable to shareholders of the Company would be S\$41,882,000 and the earnings per share would be 10.24 Singapore cents.

#### Financial Effects of the Potential Disposal (after taking into account of the Payment)

The Board wishes to also refer to the disclosure of the financial effects of the Potential Disposal made in paragraph 5 of the Company's announcement dated 4 June 2023. In light of the Payment:

- (i) the Net Tangible Asset per Share after the Potential Disposal will be: (a) 49.77 Singapore cents assuming the Company bears the entire JTC Fee of S\$4,115,133.88; and (b) 50.02 Singapore cents in the case where HN Logistics bears S\$1,000,000.00 out of the S\$4,115,133.88 JTC Fee (as opposed to 50.78 Singapore cents previously disclosed);
- (ii) the Earnings per Share after the Potential Disposal will be: (a) 16.42 Singapore cents assuming the Company bears the entire JTC Fee of S\$4,115,133.88; and (b) 16.67 Singapore cents in the case where HN Logistics bears S\$1,000,000.00 out of the S\$4,115,133.88 JTC Fee (as opposed to 17.43 Singapore cents previously disclosed).

## **LISTING RULES IMPLICATIONS**

Based on the latest information as at the date of this announcement, as one or more than one of the applicable percentage ratios for the Potential Disposal (if materialised) is/are expected to be more than 5% but below 25% under Rule 14.07 of the Listing Rules, the Potential Disposal is expected to constitute a discloseable transaction for the Company under the Listing Rules.

## **GENERAL INFORMATION**

The directors (including those who have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement and all opinions expressed herein are fair and accurate and that no material facts have been omitted from this announcement (the omission of which would render any statement in this announcement misleading in any material aspect), and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror, the sole responsibility of the directors has been to ensure, through reasonable enquiries, that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement.

Shareholders and potential investors are advised to exercise caution in trading the Shares. Completion of the Potential Disposal is subject to fulfilment of the Pre-Conditions and the Offeror making the Offer and as at the date of this announcement, there is no certainty or assurance that the Potential Disposal will be completed. As the Potential Disposal may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares. Shareholders should consult their stock broker, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

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

Singapore, 31 July 2023

*As at the date of this announcement, the Board 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**