

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Singapore Exchange Securities Trading Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 IN RELATION TO DISPOSAL OF 20% EQUITY INTEREST IN THE TARGET COMPANY

THE DISPOSAL

The Board is pleased to announce that on 23 November 2023, the Vendor, an indirect wholly-owned subsidiary of the Company entered into the Sale and Purchase Agreement with the Purchaser and the Target Company pursuant to which the Vendor agreed to dispose of and the Purchaser agreed to purchase, the Sale Shares, representing 20% of the equity interest of the Target Company at a consideration of S\$395,264.94.

LISTING RULES IMPLICATIONS

As one or more than one of the applicable percentage ratios in respect of the Disposal is/are more than 5% and below 25%, the Disposal therefore constitutes a discloseable transaction for the Company under the Listing Rules, and is therefore subject to the notification and announcement requirements but exempt from shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 23 November 2023, the Vendor, an indirect wholly-owned subsidiary of the Company entered into the Sale and Purchase Agreement with the Purchaser and the Target Company pursuant to which the Vendor agreed to dispose of and the Purchaser agreed to purchase, the Sale Shares, representing 20% of the equity interest of the Target Company at a consideration of S\$395,264.94.

The principal terms of the Sale and Purchase Agreement are set out below:

- Date** : 23 November 2023
- Parties** : (1) COLIWOO HOLDINGS PTE. LTD., an indirect wholly-owned subsidiary of the Company, as the Vendor;
- (2) GLOBALPOINT FAR EAST PTE. LTD., as the Purchaser; and
- (3) COLIWOO PP PTE. LTD., as the Target Company.

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

- Subject matter** : Pursuant to the Sale and Purchase Agreement, the Vendor agreed to dispose of, and the Purchaser agreed to purchase, the Sale Shares, representing 20% of the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement and as at Completion.

- Consideration and payment terms** : The total consideration for the Sale Shares shall be S\$395,264.94. The Purchaser shall pay the total consideration to the Vendor upon the signing of the Sale and Purchase Agreement by way of Telegraphic Transfer (TT) or Cashiers' Order.
- The consideration was determined after arm's length negotiations with reference to the book value of the Sale Shares as detailed in "REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT" as disclosed below.
- Conditions precedent** : The obligations of each party to complete the sale and purchase of the Sale Shares under the Sale and Purchase Agreement are subject to and conditional upon the following conditions precedent being fulfilled or waived by the relevant party, by the date of Completion:
- (i) Resolutions of the board of directors of the Target Company approving the transfer of the Sale Shares from the Vendor to the Purchaser having been passed; and
 - (ii) Winding up and bankruptcy searches in respect of the Target Company and the Vendor respectively showing "no results available".
- Completion** : Completion shall take place upon the signing of the Sale and Purchase Agreement at the office of the Target Company and accordingly, the transfer of the Sale Shares shall be completed on the same day.
- Upon Completion, the Target Company will be owned as to 80% by the Vendor and 20% by the Purchaser.
- Board composition** : The board of directors of the Target Company upon Completion shall comprise two (2) directors nominated by the Vendor and one (1) director nominated by the Purchaser. The chairman of the board of directors shall be at all times, a director appointed by the Vendor who shall be entitled to have and/or exercise a casting vote in respect of matters and/or resolutions which cannot be approved and/or passed pursuant to a simple majority of votes.
- Management of the Target Company and subsidiaries** : The determination of the managerial and financial policies of the Target Company including (but not limited to) the scope of its activities and operations may be passed by a simple majority of votes cast by the directors at a directors' meeting.
- General meetings** : Notwithstanding anything in the constitutional documents of the Target Company to the contrary, no action of the Target Company shall be taken at any general meeting unless a quorum of shareholders is present throughout the meeting. The quorum for all general meetings (including an adjourned meeting) shall be at all times, the Vendor or its representatives or proxies and the Purchaser or its representatives or proxies.
- Disposal or charging of interests** : The Purchaser shall not sell, transfer, mortgage, charge, encumber, grant options over or otherwise dispose of any legal or beneficial interest in any of the shares in the Target Company now or subsequently beneficially owned by it except in favour of the other shareholder or with the prior written consent of all the other parties.
- Drag-along sale** : The Vendor shall have the right (the "**Drag-Along Right**") to require the Purchaser (the "**Called Shareholder**") to sell and transfer all of its shares (the "**Called Shares**") to the third party buyer, provided that the purchase price per share for each Called Share to be sold to the third party buyer shall be the same as the purchase price indicated in the sale notice.
- The Vendor may exercise the Drag-Along Right by giving written notice to that effect (the "**Drag-Along Notice**") to the Called Shareholder at any time.
- Drag-Along Notices shall be irrevocable. The Vendor shall be entitled to serve further Drag-Along Notices following the lapse of any particular Drag-Along Notice.

Restrictions of share transfers : Subject always to any law, listing rules or other requirements of any regulatory authority (including but not limited to the requirements of the Catalist Rules and the Listing Rules) binding on a shareholder (collectively, the **"Permitted Condition"**), the Purchaser shall not be entitled to transfer or dispose of all or any of its interest in shares to any person unless such transfer or disposal is made to the Vendor.

The Purchaser shall give to the Vendor and the Target Company a notice in writing of such desire (the **"Transfer Notice"**) to dispose of all (not some) of its interest in shares (the **"Sale Interest"**) and such Transfer Notice shall not be revocable except with the consent of the Vendor.

The Transfer Notice shall constitute an offer to the Vendor to acquire the Sale Interest on the terms and conditions stipulated therein. The Vendor shall give written notice of its acceptance of all of the Sale Interest offered, to the Purchaser within 14 days of the date of despatch of the Transfer Notice (which date of despatch shall be specified therein) and the Sale Interest shall be transferred to the Vendor.

Upon the acceptance by the Vendor, the Purchaser shall be bound (i) to procure the resignation of its appointed director(s) and the director(s) of all other subsidiaries (if any) of the Target Company; and (ii) to complete the transfer of the Sale Interest to the Vendor on the date falling 14 days after the date of acceptance of the offer, or, if any consents are required, on the date falling 14 days after the last of such consents is obtained.

Funding and financing of the Target Company : Any financing required by the Target Company shall be financed from external sources by way of loans and other credit facilities from banks or other credit providing institutions obtained by the Target Company, on terms reasonably acceptable to the shareholders.

Shareholder Loans : The Vendor and the Purchaser undertake with each other and with the Target Company to contribute, in accordance with their respective proportion of the shares, that any funding required by the Target Company, which is in excess of third party financing, which includes but is not limited to the following:–

- (i) outgoings and expenses (including capital expenditures) in respect of the Property not covered by third party financing;
- (ii) costs arising from the management of the Property (including cost overruns) not covered by third party financing;
- (iii) the payments referred to in the Sale and Purchase Agreement; and
- (iv) such additional funding requirements as determined by the board of directors and approved by the shareholders and not covered by third party financing,

and in this connection, the shareholders shall severally grant Shareholder Loans in accordance with the shareholder's respective proportion of the shares and the Sale and Purchase Agreement and in any other manner resolved by the board of directors from time to time.

If a written notice is issued by the board of directors of the Target Company to require funding contribution in accordance with the shareholder's respective proportion of the shares, the shareholder shall ensure that it contributes its portion of such funding contribution, via Shareholder Loans, within seven (7) business days after receipt of notifications from the Target Company of its portion of such payment amount or no later than three (3) business days prior to the due date for payment to the Target Company of such amount, whichever is later, or such other date as the board of directors, as the case may be, may determine. If any shareholder (the **"Breaching Holder"**) defaults in providing all or any part of its share proportion of the funding contribution in respect of the Target Company (the **"Short-fall Capital"**), the other shareholder (the **"Contributor"**) shall, upon such default by the Breaching Holder, contribute such Short-fall Capital and Contributor shall have the right to dilute the Breaching Holder's shareholding based on amount of the Short-fall Capital contributed. The dilution in the shareholding percentage of the Breaching Holder shall be calculated based on the valuation price (the **"Valuation Price"**)/share.

The Valuation Price shall be the net asset value of the Target Company excluding accumulated valuation gain/loss, which shall be computed by reference to the net asset value of the Target Company as shown in its audited accounts as at the date of the election notice. In the event that the net asset value of the Target Company is negative, the Valuation Price shall be at S\$1.

Breaches and indemnity : If any shareholder (the “**Indemnifying Shareholder**”) breaches any of its obligations under the Sale and Purchase Agreement, such shareholder shall indemnify the other shareholder (the “**Indemnified Shareholder**”) for all losses, costs, damages, claims, demands, actions, proceedings, liabilities and expenses whatsoever (including but not limited to all legal costs or attorney’s fees on a full indemnity basis) which the Indemnified Shareholder may suffer arising from such breach by the Indemnifying Shareholder, including but not limited to all losses, costs, damages, claims, demands, actions, proceedings, liabilities and expenses whatsoever (including but not limited to all legal costs or attorney’s fees on a full indemnity basis) without prejudice to any other rights or remedies which the Indemnified Shareholder may have as a result of the said breach by the Indemnifying Shareholder.

Any payment required to be made by way of indemnity under the Sale and Purchase Agreement must be paid within 30 days of receipt of written notice requesting payment. Any shareholder who fails to comply with the notice by the end of the 30-day period shall pay interest to the shareholder making the request on any sum or sums which he has not then paid, at the lower rate of three (3)% or prevailing market rate, compounded with monthly rests and payable monthly on the last day of each month, provided that if the last day of such month is not a business day, then on the next business day.

Deadlock : If a deadlock arises in that any of the following events has occurred in relation to the Target Company (the “**Deadlock Matter**”):

- (i) no quorum is present at a meeting and its adjourned meeting of the board of directors, as the case may be, duly convened in accordance with applicable laws, the constitutional documents and the provisions of the Sale and Purchase Agreement;
- (ii) no quorum is present at a shareholders’ meeting and its adjourned shareholders’ meeting duly convened in accordance with applicable laws, the constitutional documents and the provisions of the Sale and Purchase Agreement;
- (iii) a resolution of the directors for the transaction of any business of the Target Company cannot be passed after two (2) successive attempts; or
- (iv) a resolution of the shareholders for the transaction of any business of the Target Company cannot be passed after two (2) successive attempts,

the directors shall, within seven (7) days of the occurrence of such Deadlock Matter, refer the Deadlock Matter to the chief executive officer for the time being of the Vendor, in the case of the Vendor, and the chief executive officer for the time being of the Purchaser, in the case of the Purchaser, who shall jointly appoint a mediator who shall discuss the matter in good faith and endeavour to resolve the Deadlock Matter amicably within 30 days following the occurrence of the Deadlock Matter (the “**CEO Resolution Period**”).

In the event that no mediator can be agreed upon within 30 days of the occurrence of the Deadlock Matter, or the deadlock is not resolved within the CEO Resolution Period, a shareholder shall, without prejudice to any other rights and remedies it may have, be entitled to serve within fourteen (14) business days after the expiry of 30 days of the occurrence of the Deadlock Matter or the CEO Resolution Period, as the case may be, a notice on the other shareholder requiring that the Deadlock Matter be referred to an independent arbitrator for determination and resolution.

Distribution of income : The Target Company shall distribute all of its audited profits after taxation (in each of its financial year) which are lawfully available for distribution, subject to its working capital requirements, to the shareholders in their respective proportion of the shares by way of dividend or capital reduction as soon as reasonably practicable after such accounts have been approved by the board of directors.

Restrictive Covenants : The Purchaser and its associates (as defined in the Catalist Rules and the Listing Rules) and the Target Company each undertakes and covenants with the Vendor that they will not, directly or indirectly:

(i) at all times during the term of the Sale and Purchase Agreement and for a period of 12 months after the Vendor no longer remains a shareholder of the Target Company (the “**Cessation Date**”):

(a) carry on any business similar to or in competition with the business of the Target Company (or any part of it), (on their own behalf or on behalf of any persons), seek to procure orders from, or do business with any person with whom the Vendor has done business on behalf of the Target Company;

(b) endeavour to entice away from the Vendor any person who has, at any time been an officer, employee or consultant of, or under contract of services to, the Vendor (whether or not such person would commit any breach of his employment or appointment by reason of leaving the service of the Vendor);

(c) employ or otherwise engage or use the services of any person who is or was an officer, senior employee or consultant of, or under the contract of service to the Vendor; and

(d) (either alone or jointly with, or as officer, manager, agent, consultant or employee of, any person) carry on or be engaged in any activity or business which is in competition with the business of the Target Company,

(ii) at any time with effect from the date of the Sale and Purchase Agreement:

(a) except in the proper course of their duties in respect of the business of the Target Company divulge to any person or otherwise make use of, any trade secret or any confidential information concerning the business or finance of the Vendor;

(b) carry on a business (either alone or jointly with or as officer, manager, agent, consultant or employee of, any person) whether similar to the business of the Target Company or otherwise, under a title or name comprising or containing the word(s) “COLIWOO” or any colourable imitation of them and they will at all times procure that any company controlled by them will not carry on its business under any such title or name; and

(c) say or do anything which is harmful to the reputation or goodwill of the Vendor.

If there is any breach of above restrictive covenants, the Vendor shall be allowed to purchase the Purchaser’s shares at the Valuation Price; and if the breach happens after the Cessation Date, the Vendor shall claim from the Purchaser for all losses, costs, damages, liabilities and expenses whatsoever which the Vendor may suffer arising from such breach.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT

The Company had completed the acquisition of the Property in November 2022. The Group intends to operate the Property as a co-living space. The Property is currently undergoing renovation. The Company has entered into the Sale and Purchase Agreement as the Company views it timely to have a strategic partner. The Purchaser has extensive renovation experience in its service field and the Board is of the view that the strategic cooperation with the Purchaser can allow the Group to leverage upon the specialised expertise in this field and access to the technical resources of the Purchaser.

The book value of the Target Company consists of retained earnings as at 31 October 2023 and current share capital of S\$100,000 of the Target Company which amounted to approximately S\$1,976,000. As the consideration for the Sale Shares will be equivalent to the book value of its proportionate shares of the Target Company, the Group does not expect any excess or deficit of the proceeds over the book value and gain or loss on disposal. The proceeds from the Disposal will be used for the Group's general working capital purposes.

For reasons above, the Board considers the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better, and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

Information about the Company and the Vendor

The Company is a real estate management services group headquartered in Singapore, with the expertise and experience to generate value for its landlords and tenants through its expertise in space optimisation. The Group currently has four main business segments, namely: (i) space optimisation business; (ii) property development business; (iii) facilities management business; and (iv) energy business. The Group currently operates mainly in Singapore, Indonesia, Myanmar, Hong Kong and Cambodia.

The Vendor is an indirect wholly-owned subsidiary of the Company in Singapore, which is an investment holding company.

Information about the Purchaser

The Purchaser is a limited liability company incorporated in Singapore, which is a building construction company principally engaged in building construction and building upgrading works. It is owned as to 65% by Liu Liyun and 35% by Loh Quek Peng who are shareholders of a few companies in the construction business.

The Purchaser, 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.

Information about the Target Company

The Target Company is an indirect wholly-owned subsidiary of the Company in Singapore, prior to the Sale and Purchase Agreement, which primarily engages in space optimisation. It is the registered owner of the Property. As at the date of this announcement, the Property is undergoing renovation and will be used as a co-living space.

Upon Completion, the Target Company will be held as to 80% by the Vendor and 20% by the Purchaser and will be a non-wholly owned subsidiary of the Group.

Set out below is the audited financial information of the Target Company for the financial period from 8 January 2021 (being the date of incorporation of the Target Company) to 30 September 2021 and the financial year ended 30 September 2022:

	For the financial period from 8 January 2021 to 30 September 2021	For the financial year ended 30 September 2022
	S\$	S\$
Net profit/(loss) before taxation	2,497	(19,444)
Net profit/(loss) after taxation	2,393	(19,698)

LISTING RULES IMPLICATIONS

As one or more than one of the applicable percentage ratios in respect of the Disposal is/are more than 5% and below 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules, and is therefore subject to the notification and announcement requirements but exempt from shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

Upon Completion, the Purchaser will be interested in 20% of the equity interest in the Target Company, the Target Company is an insignificant subsidiary of the Company as defined under Rule 14A.09 of the Listing Rules as at the date of this announcement and is expected to remain an insignificant subsidiary upon Completion. Hence, upon Completion, the Purchaser will not be a connected person of the Company pursuant to the Listing Rules.

CATALIST RULES IMPLICATIONS

Relative Figures under Rule 1006 of the Catalist Rules

The relative figures for the Disposal computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value.	(0.14) ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	(1.37) ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	0.28 ⁽³⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable

Notes:

- (1) Net asset value of the assets to be disposed of and the net asset value of the Group as at 31 March 2023 were approximately S\$(296,000) and S\$206,510,000, respectively.
- (2) Net profits/(loss) is defined to be profit or loss including discontinued operations that have not been disposed of and before income tax and non-controlling interests. Based on the unaudited net loss of approximately S\$279,000 for the six months financial period ended 31 March 2023 of the assets to be disposed of, and the Group's net profits of S\$20,336,000 for the six months financial period ended 31 March 2023.
- (3) Based on the consideration of S\$395,264.94, and the market capitalisation of the Company of approximately S\$139,041,000, being 408,945,400 ordinary shares in issue multiplied by the volume weighted average price of the shares of S\$0.34 on 22 November 2023, being the last traded full market day immediately preceding the signing of the Sale and Purchase Agreement on 23 November 2023.

Notwithstanding that none of the relative figures computed on the bases set out under Catalist Rule 1006 exceed 5% and that the Disposal is classified as a "Non-Discloseable Transaction" under Chapter 10 and paragraph 4.3(e) of Practice Note 10A (as the relative figures under Rules 1006(a) and (b) are negative) of the Catalist Rules, the Disposal has been classified as a discloseable transaction under the Listing Rules. Accordingly, to comply with the more onerous rules and requirements as a dual primary listed company on the SGX-ST and Stock Exchange, the Company will be complying with the disclosure requirements for a "Discloseable Transaction" under Chapter 10 of the Catalist Rules.

Financial Effects of the Disposal

The Disposal 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 2024.

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)
“Completion”	completion of the transaction contemplated under the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company
“Disposal”	disposal of the Sale Shares as contemplated under the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“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
“Property”	the property situated at 404 Pasir Panjang Road, Singapore 118741
“Purchaser” or “GPFE”	Globalpoint Far East Pte. Ltd., a company incorporated in the Republic of Singapore with limited liability on 3 June 1989 and an Independent Third Party
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Vendor, the Purchaser and the Target Company on 23 November 2023 in relation to the sale and purchase of the Sale Shares by the Vendor to the Purchaser
“Sale Shares”	20,000 shares in the Target Company, representing 20% of the total issued shares of the Target Company
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shareholder Loans”	in relation to any shareholder, any loan to the Target Company by such shareholder and any other additional payments as may be agreed between the shareholders to be a loan to the Target Company that is outstanding from time to time
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$”	Singapore dollars, the lawful currency of Singapore
“Target Company”	Coliwoo PP Pte. Ltd., a company incorporated in the Republic of Singapore with limited liability on 8 January 2021 with a total share capital of S\$100,000 and an indirect wholly-owned subsidiary of the Company

“Vendor”

Coliwoo Holdings Pte. Ltd., a company incorporated in the Republic of Singapore with limited liability on 7 September 2020 and an indirect wholly-owned subsidiary of the Company

“%”

per cent.

By order of the Board

LHN Limited

Lim Lung Tieng

Executive Chairman and Group Managing Director

Singapore, 23 November 2023

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**