

*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.*



**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 ACQUISITION OF PROPERTY IN CAMBODIA**

### **THE ACQUISITION**

The Board is pleased to announce that the Group has taken its first step to enter into the Cambodia market, whereby LHN Residence, an indirect wholly-owned subsidiary of the Company, and the Seller has entered into the Sale and Purchase Agreement for the Acquisition, pursuant to which LHN Residence agreed to purchase and the Seller agreed to sell the Target Units, being all the condominium units (being 108 units) in Block 1A of Axis Residences, in Cambodia to expand its space optimisation business to Cambodia. The Group intends to operate 85SOHO serviced residences with the Target Units.

### **LISTING RULES IMPLICATIONS**

As one or more than one of the applicable percentage ratios in respect of the Acquisition is more than 5% and below 25%, the Acquisition constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

**Shareholders and potential investors of the company should note that the Sale and Purchase Agreement is subject to certain conditions precedent. As such, the Acquisition may or may not proceed. Accordingly, Shareholders and potential investors of the Company shall exercise caution when dealing in the shares of the Company.**

Reference is made to the Prospectus. As disclosed in "Business – Our Business Strategies" in the Prospectus, the Group plans to expand its business operation in other countries and regions with particular focus in Asian countries and regions, and that the Group is carrying out feasibility studies regarding potential expansion into Cambodia and in discussion with some parties regarding opportunities.

The Board is pleased to announce that the Group has taken its first step to enter into the Cambodia market, and that LHN Residence, an indirect wholly-owned subsidiary of the Company, and the Seller has entered into the Sale and Purchase Agreement for the Acquisition, pursuant to which LHN Residence agreed to purchase and the Seller agreed to sell the Target Units, being all the condominium units (being 108 units) in Block 1A of Axis Residences, in Cambodia to expand its space optimisation business to Cambodia. The Group intends to operate 85SOHO serviced residences with the Target Units.

## THE ACQUISITION

The major terms of the Sale and Purchase Agreement is set out below:

Date	:	26 April 2018
Parties	:	<p>(1) LHN Residence, an indirect wholly-owned subsidiary of the Company, or its nominee as the Purchaser</p> <p>(2) Spring CJW Development Pte. Ltd., the property developer of Axis Residences and an independent third party, as the Seller</p> <p>The Company currently intends to nominate LHN Cambodia, a company being incorporated in Cambodia with limited liability and an indirect wholly-owned subsidiary of the Company, to hold the Target Units.</p>
Subject matter	:	Pursuant to the Sale and Purchase Agreement, the Seller agreed to sell and the Purchaser agreed to purchase the Target Units.
Information about the Target Units	:	<p>Being 108 apartment units on floors 1, 2, 3, 5, 6, 7, 8, 9 and 10 in Block 1A of Axis Residences.</p> <p>Axis Residences will be constructed by the Seller on Street Duong Ngeap III, Phum Teuk Thla, Sangkat Teuk Thla, Khan Sen Sok, Phnom Penh City, Cambodia with a total area of 5,748.37 sq.m of net private area and 8,047.72 sq.m, of gross area including common facilities that LHN Cambodia has the rights to use.</p> <p>The Target Units will have freehold title.</p>
Consideration	:	<p>The consideration of the Target Units is US\$12,500,000. The Company will finance the consideration for the Target Units from internal resources of the Group and bank borrowings.</p> <p>The consideration for the Property was determined after arm's length negotiation between the parties on normal commercial terms with reference to, among others, the prevailing market prices of properties of similar nature available in the nearby area.</p>
Payment	:	<p>The Consideration shall be satisfied as follows:</p> <p>(i) 4% of the Consideration, or US\$500,000, to be paid upon signing of the booking slip. The booking slip was signed and the deposit was paid in April 2018;</p> <p>(ii) 8% of the Consideration, or US\$1,000,000, to be paid within 7 days upon signing of the Sale and Purchase Agreement;</p> <p>(iii) 8% of the Consideration, or US\$1,000,000, to be paid within 30 days upon completion of the first storey structure;</p> <p>(iv) 25% of the Consideration, or US\$3,125,000, to be paid within 30 days upon completion of the third storey structure;</p> <p>(v) 25% of the Consideration, or US\$3,125,000, to be paid within 30 days upon completion of the fifth storey structure; and</p> <p>(vi) 30% of the Consideration, or US\$3,750,000, to be paid within 30 days of the handover notice from the Seller, and the Seller shall handover the title deeds at the same time.</p>
Seller's obligations	:	Including, in the event that the title deeds of the Target Units cannot be furnished and handed over to the Purchaser within 12 months from the completion of the Block 1A of Axis Residences, the Purchaser shall be at liberty to rescind the Sale and Purchase Agreement, and be entitled to claim for return of all monies paid to the Seller to date, and damages from the Seller.

Construction completion	:	<p>The Seller shall complete construction of the building by December 2018, with a grace period of an additional six months for any delay due to unforeseen circumstances.</p> <p>The Seller shall compensate to the Purchaser the sum of US\$7,560 per day of delay from 1 July 2019 as liquidated damages due to the Purchaser if the Seller is unable to complete the handover of the Target Units to the Purchaser.</p> <p>In the event that the construction is suspended for a period of 12 consecutive months or more due to any suspension as a result of a decision and/or order of the Royal Government of Cambodia and/or any political reasons which is not the result of the Seller's fault, the Purchaser may (i) elect to terminate the Sale and Purchase Agreement and the Seller shall refund all payment already made by the Purchaser to the Seller; or (ii) seek liquidated damages from the Seller at the daily rate of US\$7,560.00 for each of day of delay from 1 July 2019.</p>
Conditions precedent	:	<p>The Sale and Purchase Agreement is subject to:</p> <ul style="list-style-type: none"> <li>(i) the Purchaser obtaining sufficient bank financing to support the payment schedule of the Consideration;</li> <li>(ii) the Board approving the transaction contemplated under the Sale and Purchase Agreement; and</li> <li>(iii) the approval from the shareholders of the Company, if applicable.</li> </ul>
Property management	:	<p>The Purchaser agrees to enter into a condominium management service agreement with the service provider as designated by the Seller (including a replacement of such service provider) and to pay for management fees in accordance with such agreement.</p>
Breach of the agreement by the Purchaser	:	<p>the Purchaser shall be considered to have breached the terms of the Sale and Purchase Agreement, if one of the following has been committed:</p> <ul style="list-style-type: none"> <li>(i) the Purchaser fails to make payment in a timely manner according to payment schedule; or</li> <li>(ii) the Purchaser fails to make payment of the amount due to the Seller; or</li> <li>(iii) the Purchaser breaches any of the terms of the Sale and Purchase Agreement.</li> </ul> <p>In such case, the Seller shall send a written notification to the Purchaser, who will have 15 days from the date of the written notification to fulfil its obligations under the Sale and Purchase Agreement. If after the 15 days, the Purchaser remains in breach, the Seller shall apply the penalty charge of the default payment in the amount of 1% per month on the outstanding and due amount. In the event that the Purchaser failed to make payment for more than two consecutive months, the Seller shall have the right to (i) forfeit 20% of all payment and deposits already made by the Purchaser to the Seller; (ii) retain the ownership of the Target Units; and (iii) terminate the Sale and Purchase Agreement.</p>
Breach of the agreement by the Seller	:	<p>If the Seller fails to fulfil its obligation in relation to the completion of the building (including the construction schedule) and registration of ownership of the Target Units, the Purchaser may elect to terminate the Sale and Purchase Agreement and the Seller shall refund all payment already made.</p> <p>In the event that the title deed(s) of the Target Units cannot be issued, the Purchaser is entitled to rescind the Sale and Purchase Agreement and seek the payment of all monies paid to the Seller in respect of the purchase of the Target Units, and all official legal expenses paid to date with proper receipts for the same. For the avoidance of doubt, the Target Units shall be returned to the Seller.</p>

## REASONS FOR THE ACQUISITION

As disclosed in “Business – Our Business Strategies” in the Prospectus, the Group plans to expand its business operations in other countries and regions with particular focus in Asian countries and regions, and that the Group is carrying out feasibility studies regarding potential expansion into Cambodia and in discussion with some parties regarding opportunities.

The Acquisition will mark the Group’s first step to expand its space optimisation business into the Cambodia market. The Target Units will comprise all of the condominium units in Block 1A of Axis Residences. The Target Units are intended for the space optimisation business and will be operated as 85SOHO serviced residences.

The Board is of the view that the Acquisition will broaden the property portfolio of the Company, provide capital appreciation potential to the Group, expand the Group’s business into Cambodia, increase its brand value of 85SOHO and the company profile, and to provide additional opportunities to generate revenue.

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

## COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group will ensure compliance with the relevant laws and regulations prior to commencement of its business in Cambodia, including the serviced residences under the space optimisation business, and that a legal adviser in Cambodia has been retained for such purposes.

## INFORMATION OF THE PARTIES

The Company is a real estate management services group, with the ability 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 (3) 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 and Hong Kong.

LHN Residence is an indirect wholly-owned subsidiary of the Company in Singapore, which primarily engages in space resource management and general contractors.

The Seller, Spring CJW Development Pte. Ltd., is the property developer of Axis Residences. The Seller, its ultimate beneficial owners and its respective associates are independent third parties to the Group and its connected persons to the best of the Directors’ knowledge.

## LISTING RULES IMPLICATIONS

As one or more than one of the applicable percentage ratios in respect of the Acquisition is more than 5% and below 25%, the Acquisition constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

**Shareholders and potential investors of the company should note that the Sale and Purchase Agreement is subject to certain conditions precedent. As such, the Acquisition may or may not proceed. Accordingly, Shareholders and potential investors of the Company shall exercise caution when dealing in the shares of the Company.**

## DEFINITIONS

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

<b>“Acquisition”</b>	the acquisition of the Target Units as contemplated under the Sale and Purchase Agreement
<b>“Axis Residence”</b>	the property development known as Axis Residence located at Street Duong Ngeap III, Phum Teuk Thla, Sangkat Teuk Thla, Khan Sen Sok, Phnom Penh City, Cambodia
<b>“Board”</b>	the board of Directors
<b>“Company”</b>	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)
<b>“Consideration”</b>	the consideration for the Acquisition for a total of US\$12,500,000
<b>“Director(s)”</b>	director(s) of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“LHN Cambodia”</b>	a limited liability company to be incorporated in Cambodia for holding the Target Property, which will be an indirect wholly-owned subsidiary of the Company
<b>“LHN Residence”</b>	LHN Residence Pte. Ltd. (formerly known as LHN Residence (Boon Lay) Pte. Ltd.) a limited liability company incorporated in Singapore on 10 March 2008 and an indirect wholly-owned subsidiary of the Company
<b>“Prospectus”</b>	the prospectus of the Company published in Hong Kong dated 15 December 2017 in relation to the global offering of the Company
<b>“Purchaser”</b>	LHN Residence or its nominee for the Acquisition as contemplated under the Sale and Purchase Agreement
<b>“Sale and Purchase Agreement”</b>	the condominium unit sale and purchase agreement dated 26 April 2018 entered into between the Seller as seller and LHN Residence as buyer for the Target Units
<b>“Seller”</b>	Spring CJW Development Pte. Ltd., a limited liability company incorporated under the laws of the Kingdom of Cambodia, an independent third party, and the property developer of Axis Residences
<b>“SGX-ST”</b>	Singapore Exchange Securities Trading Limited
<b>“sq.m”</b>	square meter(s)
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Target Units”</b>	total of 108 apartment units on floors 1, 2, 3, 5, 6, 7, 8, 9 and 10 in Block 1 A of Axis Residences, Street Duong Ngeap III, Phum Teuk Thla, Sangkat Teuk Thla, Khan Sen Sok, Phnom Penh City, Cambodia with a total area of 5,748.37 sq.m of private area and 8,047.72 sq.m, of gross area including common facilities that LHN Cambodia has the rights to use
<b>“US\$”</b>	United States dollars, the lawful currency of the United States of America
<b>“%”</b>	per cent.

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

Singapore, 26 April 2018

*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 of the Company; and Ms. Ch'ng Li-Ling, Mr. Yong Chee Hiong and Mr. Chan Ka Leung Gary as independent non-executive directors of the Company.*

**\* For identification purpose only**