

CREATING
PRODUCTIVE
ENVIRONMENTS,
GENERATING
VALUE



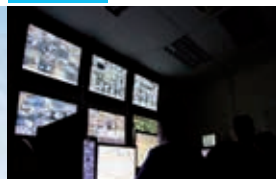
COMMERCIAL

LOGISTICS

RESIDENTIAL

FACILITIES

INDUSTRIAL



LHN LIMITED

Company Registration No.: 201420225D

Incorporated in the Republic of Singapore on 10 July 2014

OFFER DOCUMENT DATED 1 APRIL 2015

(Registered by the Singapore Exchange Securities Trading Limited (the "SGX-ST") acting as agent on behalf of the Monetary Authority of Singapore (the "Authority") on 1 April 2015)

This offer is made in or accompanied by an offer document (the "Offer Document") that has been registered by the SGX-ST, acting as agent on behalf of the Authority on 1 April 2015. The registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority does not imply that the Securities and Futures Act (Chapter 289) of Singapore, or any other legal or regulatory requirements, or requirements under the SGX-ST's listing rules have been complied with.

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s).

PrimePartners Corporate Finance Pte. Ltd. ("PPCF" or the "Sponsor") has made an application to the SGX-ST for permission to deal in, and for quotation of, all the ordinary shares (the "Shares") in the capital of LHN Limited (the "Company") that are already issued including the PPCF Shares (as defined herein) and the Pre-IPO New Shares (as defined herein), the new Shares which are the subject of this Placement (the "Placement Shares") and the new Shares which may be issued under the LHN Performance Share Plan (the "Performance Shares") on Catalist (as defined herein). Acceptance of applications will be conditional upon, *inter alia*, issue of the Placement Shares and permission being granted by the SGX-ST for the listing and quotation of all the existing issued Shares including the PPCF Shares and the Pre-IPO New Shares, the Placement Shares and the Performance Shares on Catalist. Monies paid in respect of any application accepted will be returned if the admission and listing do not proceed. The dealing in and quotation of the Shares will be in Singapore dollars.

Sponsor, Issue Manager and Placement Agent



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
(Company Registration No.: 200207389D)
(Incorporated in the Republic of Singapore)

Placement of 73,913,000 Placement Shares at S\$0.23 for each Placement Share, payable in full on application

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the Shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission to Catalist but relies on the Sponsor confirming that the Company is suitable to be listed and complies with the Catalist Rules (as defined herein). Neither the Authority nor the SGX-ST has in any way considered the merits of the Shares or units of Shares being offered for investment.

We have not lodged this Offer Document in any other jurisdiction.

Investing in our Shares involves risks which are described in the section entitled "RISK FACTORS" of this Offer Document.

After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of Shares, or allot, issue or sell any Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of the Company will authorise or permit the offer of any Shares or the allotment, issue or sale of any Shares, on the basis of this Offer Document.

Sub-Placement Agent

UOB Kay Hian

UOB KAY HIAN PRIVATE LIMITED

UOB KAY HIAN PRIVATE LIMITED
(Company Registration No.: 197000447W)
(Incorporated in the Republic of Singapore)

DRIVEN BY HUMAN INTELLIGENCE

With a history dating back to 1991, we are a real estate management services group with the ability to generate value for our landlords and tenants through our expertise in space optimisation. We also provide facilities management services and logistics services, which serve to complement our Space Optimisation Business.



ABILITY TO TRANSFORM UNUSED, OLD AND UNDER UTILISED SPACES INTO LETTABLE AND USABLE SPACES



ABILITY TO INCREASE NET LETTABLE AREA OVER A FIXED GROSS FLOOR AREA AND INCREASE THE POTENTIAL YIELD PER SQ FT



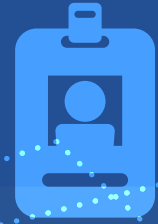
BROAD AND DIVERSE MIX OF LOCAL AND INTERNATIONAL TENANT BASE PROVIDES STABLE SOURCES OF RENTAL INCOME



CULTURE OF PROVIDING PROACTIVE CUSTOMER SERVICES SERVES AS A BEDROCK TO A HISTORICAL AVERAGE TENANCY RENEWAL RATE OF APPROXIMATELY 72.0%



OPTIMISE VALUE THROUGH OPTIMISING SPACE



COMMITTED, QUALIFIED AND EXPERIENCED MANAGEMENT TEAM AND SUPPORT STAFF

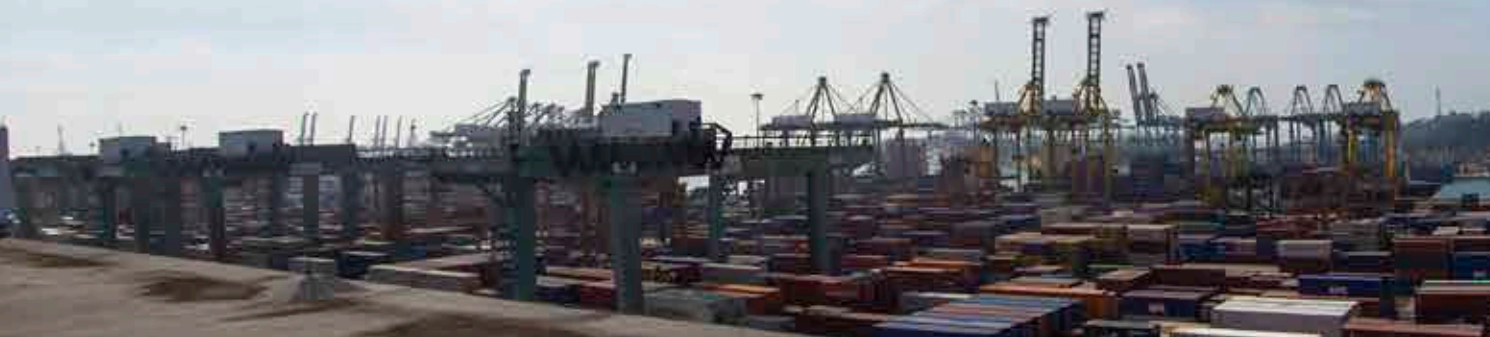
ESTABLISHED TRACK RECORD AND REPUTATION

We offer quality properties for rent in accessible locations and at competitive rates. We believe the positive experiences that our tenants have had with us will encourage them to renew their leases with us, which will enable us to progressively grow our customer base and broaden our revenue streams.

Our management team has collectively over 45 years of experience in the industry. The knowledge and experience of our management and support staff will continue to help our Group to expand our business and portfolio in the coming years.

Space optimisation enhances the value of properties by increasing their net lettable and usable space, hence increasing their potential rental yield per sq ft

LOGISTICS



DIVERSIFIED PORTFOLIO OF PROPERTIES IN STRATEGIC LOCATIONS, AND A DIVERSE TENANT BASE



Our diversified portfolio of properties allows us to address the needs of many segments in the business community, thereby providing us with a stable source of rental income derived from our broad and diverse tenant base. As at LPD, our Group has over 600 local and international tenants operating in a wide range of industries. We are also able to address the needs of companies that conduct cross-border business activities between Singapore and Indonesia through the provision of suited offices under our “GreenHub” brand in Indonesia.



CLOSE WORKING RELATIONSHIPS WITH OUR TENANTS

Regular feedback meetings, cross tenancy networking events and annual tenants’ satisfaction surveys allow us to understand our tenants’ business needs and refine our internal operating procedures and customer service procedures to meet their needs. Our proactive customer service culture has enabled us to achieve a historical average tenancy renewal rate of approximately 72.0%.

ABILITY TO PROVIDE VALUE-ADDED INTEGRATED SOLUTIONS

Through our Space Optimisation Business, Facilities Management Business and Logistics Services Business which are fully integrated and complement one another, we are able to position ourselves as a full-fledged real estate management services group which provides efficient one-stop solutions that add value to our customers’ space and space management needs.

FACILITIES

Leveraging on technology, we are able to lease out unoccupied properties quickly

We have a diverse mix of over 600 local and international tenants operating in a wide range of industries

INDUSTRIAL



PROSPECTS & INDUSTRY TRENDS⁺



Our Directors believe the following prospects and trends in the region will provide opportunities for our Group to tap upon:

SINGAPORE



- 1. Office and Business Space Market** – Positive prospects.
 - Limited availability of new prime office space has led to low vacancy levels and increased rental rates.
 - Demand for commercial space in the outskirts is expected to accelerate due to a push for decentralisation, coupled with better transport connectivity and reasonable rents.
 - SMEs are the primary drivers of demand for optimised spaces. Their numbers have grown at a CAGR of 3.6% between 2009 and 2013 and are expected to grow further, thus potentially raising the demand for optimised commercial and industrial spaces.
- 2. Industrial Space Market** – Opportunity to acquire master leases.
 - The growth of companies in industries such as clean technology, oil and gas and info-communications, as well as the improvement in business sentiments among manufacturers will lead to an increase in demand for leasing of industrial space for storage and warehousing purposes.
 - Leases on approximately 22.4 million sq ft of REIT industrial and commercial spaces are estimated to expire between 2014 and 2015, providing opportunity for space optimisation companies to acquire the master leases for these spaces.
- 3. Facilities Management Market** – Expected increase in demand.
 - Demand is expected to increase in line with the positive outlook of Singapore's office, business and industrial space market.
- 4. Logistics Services Market** – Adopt a long-term outlook.
 - Singapore possesses a well-established marine and off-shore ecosystem with the presence of various major oil and gas companies. As global energy demand continues to escalate, Singapore is anticipated to increase its refining capacity to meet such demand.
 - Our experience in providing specialised logistics services for the petrochemical industry put us in a position to secure more contracts for the provision of such specialised logistics services to oil refineries and tank operators.

INDONESIA



Long-term prospects and positive demand for industrial and commercial property in tandem with Indonesia's economic growth and urbanisation.

THAILAND



Increase in import and export activities is expected to generate demand for container depot management services.

MYANMAR



Increased foreign investments in Myanmar is expected to fuel demand for office space in the capital city of Yangon, with accelerating growth of rental rates for prime office spaces.

⁺ Source: The report titled "The Property Management Industry in Singapore, with a focus on Space Optimisation" dated 2 February 2015 prepared by Converging Knowledge Private Limited.

DIVIDEND POLICY*

We do not have a fixed dividend policy, but we intend to recommend and distribute dividends of not less than 20.0% of our net profit after tax attributable to our shareholders for each of the financial years ending 30 September 2015 ("FY2015") and 30 September 2016 ("FY2016").

* Investors should note that the statement in relation to the proposed dividends is merely a statement of our present intention and shall not constitute legally binding obligations. The distribution of future dividends may be subject to modifications, including the reduction or non-payment thereof, at the sole and absolute discretion of our Directors.

Manages 36 commercial, industrial and residential properties in Singapore, a commercial property in Indonesia and...

COMMERCIAL



BUSINESS STRATEGIES & FUTURE PLANS

1



GROW PROPERTY PORTFOLIO

by continuously seeking out suitable properties in Singapore and the ASEAN region to lease on a long-term basis.

2



STRATEGICALLY ACQUIRE OUR OWN PROPERTIES

to strengthen our Group's balance sheet over time.

4



EXPAND OUR FACILITIES MANAGEMENT BUSINESS

by securing more contracts and acquiring car park equipment and related consumables.

3



EXPAND OUR LOGISTICS SERVICES BUSINESS

by acquiring a transportation storage facility and further expanding our existing fleet of prime movers, so as to enhance the productivity of our transport fleet and provide more value added services to our customers, and thus boost the competitiveness of our transportation service.

6



DEVELOP OUR TECHNOLOGICAL CAPABILITY

through the utilisation of intelligent systems that provide meaningful information so as to leverage on our wide customer base and facilitate information sharing and knowledge flow, which will enhance our sales and marketing efforts to enable sustainable growth for our Group.

5



EXPAND OPERATIONS IN EXISTING MARKETS AND INTO NEW MARKETS

in the ASEAN region through the setting up of new subsidiaries, acquisitions, joint ventures and/or strategic alliances.

...a residential property in Myanmar with a total NLA of over 4.0 million sq ft

RESIDENTIAL



Space Optimisation Business

COMMERCIAL

Secure master leases for unused, old and underutilised commercial, industrial and residential properties

Transform them to increase net lettable area and potential rental yield per sq ft by applying our space optimisation expertise

Lease the optimised space to our tenants, who are willing to pay more for thoughtfully designed and highly usable space

- As at LPD, we manage 36 commercial, industrial and residential properties in Singapore, a commercial property in Indonesia and a residential property in Myanmar with a total NLA of over 4.0 million sq ft. The average occupancy rate of each property segment is over 90.0%.
- In 2012, we launched the “GreenHub” brand of suited offices in Singapore to provide ready-to-work, premium fitted and energy efficient offices. We currently manage three (3) GreenHub suited offices in Singapore with a total of 406 work stations over an aggregate gross floor area of 24,735 sq ft. In Jakarta, we manage a GreenHub suited office with 246 work stations over a gross floor area of 18,697 sq ft.
- In 2013, as part of our strategic plan to expand our business in Southeast Asia, we began to provide our GreenHub brand of suited offices in Jakarta, Indonesia and also incorporated GreenHub Yangon in Myanmar with the strategic intent to expand such services into Myanmar.

Facilities Management Business

We provide facilities management services, including security services, car park management services and comprehensive cleaning and related services such as cleaning, landscaping, pest control, repair and general maintenance, principally to the properties which we lease and manage, and also to external parties.

- Current portfolio: 36 properties in Singapore, a commercial property in Indonesia, a residential property in Myanmar and over 4,900 equivalent parking lots at our properties as well as those owned by government bodies and private enterprises.

Logistics Services Business

TRANSPORTATION SERVICES

As at LPD, we have a fleet of over 35 prime movers, over 10 road tankers and over 110 trailers to transport mainly ISO tanks, containers, base oil and bitumen between ports, bulk liquid loading terminals and our customers’ designated destinations in Singapore. Clients include oil majors such as Singapore Petroleum Company, Total Oil Asia-Pacific Pte Ltd and Idemitsu Lube (Singapore) Pte. Ltd.

CONTAINER DEPOT MANAGEMENT SERVICES

We provide container depot management services which include container surveying by IICL-certified inspectors, stacking and lifting of containers, container washing, on-site repair and storage of empty general purpose and refrigerated containers (reefer) at 27 Benoi Sector, Singapore 629859. We are able to maximise storage space and volume at the container depot by applying our space optimisation expertise.

10 RAEBURN PARK

(before and after renovation)

BEFORE



Net Lettable Area: 115,000 sq ft

AFTER



Net Lettable Area: 130,000 sq ft

43 KEPPEL ROAD

(before and after renovation)

INDUSTRIAL

BEFORE



Net Lettable Area: 75,000 sq ft

AFTER



Net Lettable Area: 111,000 sq ft

2 SOON WING ROAD
(before and after renovation)

INDUSTRIAL



Net Lettable Area: **76,000 sq ft**

AFTER



Net Lettable Area: **85,000 sq ft**

10-40 TUAS SOUTH STREET 1
(before and after renovation)

INDUSTRIAL



Net Lettable Area: **850,000 sq ft**

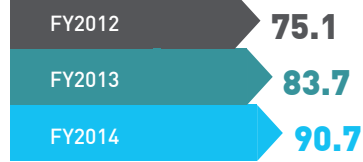
AFTER



Net Lettable Area: **896,000 sq ft**

FINANCIAL HIGHLIGHTS

REVENUE (S\$'M)



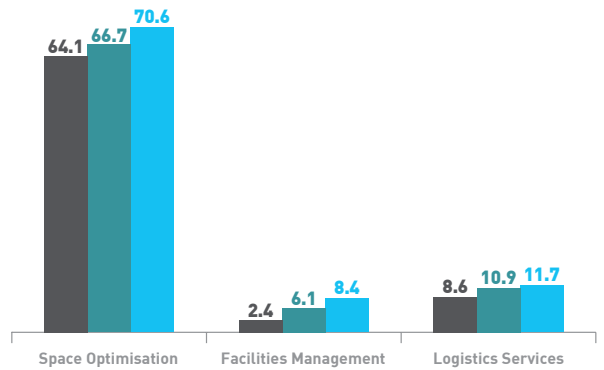
CAGR
9.9%

PROFIT AFTER TAX (S\$'M)



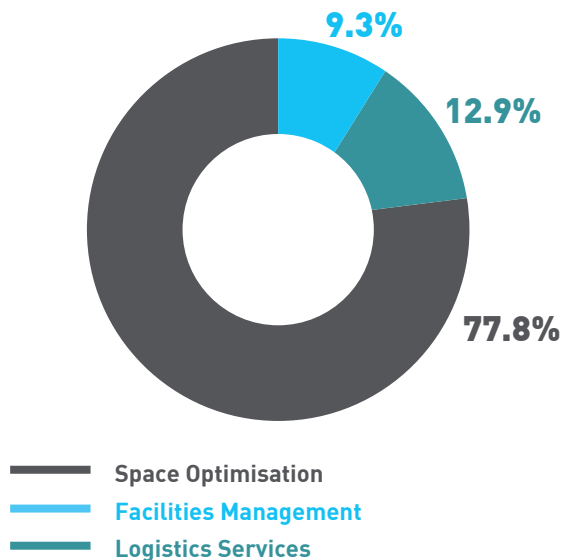
CAGR
34.7%

REVENUE GROWTH BY SEGMENTS (S\$'M)



— FY2012
— FY2013
— FY2014

REVENUE BY SEGMENTS (FY2014)



— Space Optimisation
— Facilities Management
— Logistics Services

(Financial year ended 30 September)

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Kelvin Lim (Executive Chairman and Group Managing Director) Jess Lim (Executive Director and Deputy Group Managing Director) Lee Gee Aik (Lead Independent Director) Ch'ng Li-Ling (Independent Director) Eddie Yong (Independent Director)
COMPANY SECRETARY	:	Yoo Loo Ping (ACIS)
REGISTERED OFFICE	:	10 Raeburn Park #02-18 Singapore 088702
SINGAPORE SHARE REGISTRAR AND SHARE TRANSFER OFFICE	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
SPONSOR, ISSUE MANAGER AND PLACEMENT AGENT	:	PrimePartners Corporate Finance Pte. Ltd. 16 Collyer Quay #10-00 Income at Raffles Singapore 049318
SUB-PLACEMENT AGENT	:	UOB Kay Hian Private Limited 8 Anthony Road #01-01 Singapore 229957
INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT	:	Foo Kon Tan LLP Public Accountants and Chartered Accountants 47 Hill Street #05-01 Singapore Chinese Chamber of Commerce & Industry Building Singapore 179365 Partner-in-charge: Yeo Boon Chye (a member of the Institute of Singapore Chartered Accountants)
INDEPENDENT FINANCIAL ADVISER	:	SAC Capital Private Limited 1 Robinson Road #21-02 AIA Tower Singapore 048542
SOLICITORS TO THE PLACEMENT AND LEGAL ADVISER TO OUR COMPANY ON SINGAPORE LAW	:	Drew & Napier LLC 10 Collyer Quay #10-01 Ocean Financial Centre Singapore 049315

CORPORATE INFORMATION

LEGAL ADVISER TO OUR COMPANY ON BRITISH VIRGIN ISLANDS LAW	:	Harney Westwood & Riegels Craigmuir Chambers PO Box 71, Road Town Tortola VG1110, British Virgin Islands
LEGAL ADVISER TO OUR COMPANY ON INDONESIAN LAW	:	Dau & Tuah Gedung Pusat Perfilman H. Usmar Ismail 2nd Floor, Suite 209 Jl. HR. Rasuna Said Kav. C-22, Kuningan Jakarta Selatan 12940, Indonesia
LEGAL ADVISER TO OUR COMPANY ON THAI LAW	:	Weerawong, Chinnavat & Peangpanor Ltd. 22nd Floor, Mercury Tower, 540 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 Thailand
LEGAL ADVISER TO OUR COMPANY ON MYANMAR LAW	:	Polastri Wint & Partners 659(B), Mya Kan Thar(1) Street, Kamaryut Township Yangon, Myanmar
INDUSTRY MARKET RESEARCH	:	Converging Knowledge Private Limited 43 B&C, Tras Street, Singapore 078982
PRINCIPAL BANKERS	:	CIMB Bank Berhad, Singapore Branch 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623 Malayan Banking Berhad 2 Battery Road #16-01 Maybank Tower Singapore 049907 Oversea-Chinese Banking Corporation Limited 65 Chulia Street #09-00 OCBC Centre Singapore 049513 RHB Bank Berhad 90 Cecil Street #01-00 RHB Bank Building Singapore 069531 DBS Bank Ltd. 12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982

CORPORATE INFORMATION

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

Hong Leong Finance Limited
16 Raffles Quay, #01-05
Hong Leong Building
Singapore 048581

RECEIVING BANKER : **The Bank of East Asia, Limited**
Singapore Branch
60 Robinson Road
BEA Building
Singapore 068892

DEFINITIONS

In this Offer Document and the accompanying Application Forms, unless the context otherwise requires, the following definitions apply throughout where the context so admits:

Companies within our Group

<i>“Company” or “LHN”</i>	:	LHN Limited. The terms “we”, “our”, “our Company” or “us” have correlative meanings
<i>“2IN1 Space”</i>	:	Our subsidiary, 2IN1 Space Pte. Ltd.
<i>“CEC Holdings”</i>	:	Our subsidiary, Chua Eng Chong Holdings Pte Ltd
<i>“Competent Builders”</i>	:	Our subsidiary, Competent Builders Pte. Ltd.
<i>“GreenHub”</i>	:	Our subsidiary, GreenHub Suited Offices Pte. Ltd.
<i>“Greenhub Yangon”</i>	:	Our subsidiary, Greenhub Serviced Offices Yangon Limited
<i>“HLA”</i>	:	Our subsidiary, HLA Container Services Pte. Ltd.
<i>“HLA Container Services (Thailand)”</i>	:	Our associated company, HLA Container Services (Thailand) Limited
<i>“HLA Holdings”</i>	:	Our subsidiary, HLA Holdings Pte. Ltd. (formerly known as Edulink Haven Pte. Ltd.)
<i>“HLA Holdings (Thailand)”</i>	:	Our associated company, HLA Holdings (Thailand) Limited
<i>“HNC”</i>	:	Our subsidiary, Hean Nerng Corporation Pte. Ltd.
<i>“HNFM”</i>	:	Our subsidiary, Hean Nerng Facilities Management Pte. Ltd.
<i>“HNL”</i>	:	Our subsidiary, Hean Nerng Logistics Pte Ltd
<i>“ICFM”</i>	:	Our subsidiary, Industrial & Commercial Facilities Management Pte. Ltd.
<i>“ICS”</i>	:	Our subsidiary, Industrial & Commercial Security Pte. Ltd.
<i>“LHN Facilities Management”</i>	:	Our subsidiary, LHN Facilities Management Pte. Ltd.
<i>“LHN Group”</i>	:	Our subsidiary, LHN Group Pte. Ltd.
<i>“LHN Industrial Space”</i>	:	Our subsidiary, LHN Industrial Space Pte. Ltd.

DEFINITIONS

<i>“LHN Management Services”</i>	:	Our subsidiary, LHN Management Services Pte. Ltd.
<i>“LHN Properties Investments”</i>	:	Our subsidiary, LHN Properties Investments Pte. Ltd.
<i>“LHN Residence”</i>	:	Our subsidiary, LHN Residence Pte. Ltd.
<i>“LHN Space Resources”</i>	:	Our subsidiary, LHN Space Resources Pte. Ltd.
<i>“LHN Vehicle Parking Management”</i>	:	Our subsidiary, LHN Vehicle Parking Management Pte. Ltd.
<i>“Maple Creek”</i>	:	Our subsidiary, Maple Creek Global Inc.
<i>“Nopest”</i>	:	Our associated company, Nopest Pte. Ltd.
<i>“PickJunction”</i>	:	Our subsidiary, PickJunction Pte. Ltd.
<i>“PT HNG”</i>	:	Our subsidiary, PT Hean Nerng Group
<i>“PT Hub Hijau”</i>	:	Our subsidiary, PT Hub Hijau Serviced Offices
<i>“Singapore Handicrafts”</i>	:	Our subsidiary, Singapore Handicrafts Pte Ltd
<i>“Singapore Handicrafts (2012)”</i>	:	Our subsidiary, Singapore Handicrafts (2012) Pte. Ltd.
<i>“Soon Wing Investments”</i>	:	Our subsidiary, Soon Wing Investments Pte. Ltd.
<i>“Work Plus Store”</i>	:	Our subsidiary, Work Plus Store Pte. Ltd.
<i>“Group” or “Group Companies”</i>	:	Our Company, subsidiaries and associated companies as at the date of this Offer Document

Other Companies, Organisations and Agencies

<i>“ACRA”</i>	:	Accounting and Corporate Regulatory Authority of Singapore
<i>“Authority”</i>	:	Monetary Authority of Singapore
<i>“BCA”</i>	:	Building and Construction Authority
<i>“Cafe @ Phoenix”</i>	:	Cafe @ Phoenix Pte. Ltd.
<i>“CDP” or “Depository”</i>	:	The Central Depository (Pte) Limited
<i>“CIMB”</i>	:	CIMB Bank Berhad
<i>“CPF”</i>	:	The Central Provident Fund

DEFINITIONS

<i>“DJ Culinary”</i>	:	DJ Culinary Concepts Pte. Ltd.
<i>“DBS”</i>	:	DBS Bank Ltd.
<i>“EMA”</i>	:	Energy Market Authority
<i>“HDB”</i>	:	The Housing & Development Board
<i>“HN Capital”</i>	:	HN Capital Ltd.
<i>“HN Holdings”</i>	:	HN Holdings Pte Ltd (formerly known as Hean Nerng Holdings Pte Ltd)
<i>“HN Management”</i>	:	HN Management Pte. Ltd. (formerly known as LHN Logistics Management Pte. Ltd.)
<i>“HNG”</i>	:	Hean Nerng Group Pte. Ltd.
<i>“HNR”</i>	:	Hean Nerng Realty Pte Ltd
<i>“Hong Leong Finance”</i>	:	Hong Leong Finance Limited
<i>“IICL”</i>	:	The Institute of International Container Lessors
<i>“Independent Financial Adviser” or “SAC Capital”</i>	:	SAC Capital Private Limited
<i>“Industry Consultant”</i>	:	Converging Knowledge Private Limited
<i>“ISO”</i>	:	International Organisation for Standardisation, a worldwide federation of national standards bodies from more than 140 countries, whose mission is to develop industrial standards that facilitate international trade
<i>“JTC”</i>	:	JTC Corporation
<i>“Kai Lim Industrial”</i>	:	Kai Lim Industrial Pte. Ltd. (formerly known as Hean Nerng Industrial Pte. Ltd.)
<i>“LHN Capital”</i>	:	LHN Capital Pte. Ltd.
<i>“LHN Culinary”</i>	:	LHN Culinary Concepts Pte. Ltd.
<i>“LHN Culinary Group”</i>	:	LHN Culinary and its subsidiaries namely, Alkaff Mansion Ristorante Pte. Ltd., Parco Caffe Holdings Pte. Ltd. and Australasian Wine Distributors Pte. Ltd.
<i>“LTA”</i>	:	Land Transport Authority

DEFINITIONS

<i>“Maybank”</i>	:	Malayan Banking Berhad
<i>“MOM”</i>	:	Ministry of Manpower
<i>“NEA”</i>	:	National Environmental Agency
<i>“OCBC”</i>	:	Oversea-Chinese Banking Corporation Limited
<i>“PJS Companies”</i>	:	Cafe@Phoenix and DJ Culinary
<i>“PSA”</i>	:	PSA Singapore
<i>“PUB”</i>	:	Public Utilities Board
<i>“RHB”</i>	:	RHB Bank Berhad
<i>“SCCS”</i>	:	Securities Clearing & Computer Services (Pte) Ltd
<i>“SCDF”</i>	:	Singapore Civil Defence Force
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share Registrar”</i>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<i>“SLA”</i>	:	Singapore Land Authority
<i>“Sponsor”, “Issue Manager”, “Placement Agent” or “PPCF”</i>	:	PrimePartners Corporate Finance Pte. Ltd.
<i>“Sub-Placement Agent” or “UOBKH”</i>	:	UOB Kay Hian Private Limited
<i>“Tokio Marine”</i>	:	Tokio Marine Insurance Singapore Ltd.
<i>“Trident Trust”</i>	:	Trident Trust Company (B.V.I.) Limited
<i>“Trident Trust (Singapore)”</i>	:	Trident Trust Company (Singapore) Pte. Limited
<i>“UOB”</i>	:	United Overseas Bank Limited
<i>“URA”</i>	:	Urban Redevelopment Authority
General		
<i>“Application Forms”</i>	:	The printed application forms to be used for the purpose of the Placement and which form part of this Offer Document

DEFINITIONS

<i>“Application List”</i>	:	The list of applications for the subscription of the Placement Shares
<i>“Articles” or “Articles of Association”</i>	:	The articles of association of our Company, as amended or modified from time to time
<i>“Associate”</i>	:	(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: <ul style="list-style-type: none">(i) his immediate family;(ii) the trustees, acting in their capacity as such trustees, of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more of the total votes attached to all the voting shares; (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
<i>“Associated Company”</i>	:	In relation to a company, means a company in which at least 20.0% but not more than 50.0% of its shares are held by the first mentioned company
<i>“Audit Committee”</i>	:	The audit committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Awards”</i>	:	The awards which may be granted pursuant to the LHN Performance Share Plan
<i>“Board” or “Board of Directors”</i>	:	The board of Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“BVI”</i>	:	British Virgin Islands
<i>“Catalist”</i>	:	The sponsor-supervised listing platform of the SGX-ST

DEFINITIONS

<i>“Catalist Rule” or “Catalist Rules”</i>	:	Any or all of the rules in the SGX-ST’s Listing Manual Section B: Rules of Catalist, as the case may be
<i>“Companies Act”</i>	:	The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time
<i>“Controlling Shareholder”</i>	:	As defined in the Catalist Rules, a person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all the voting shares in the Company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over our Company
<i>“Conversion”</i>	:	The conversion of the then outstanding amount of the Pre-IPO Redeemable Convertible Loans granted by the Pre-IPO Investors pursuant to the Pre-IPO Redeemable Convertible Loan Agreements into the Pre-IPO New Shares
<i>“Conversion Date”</i>	:	The date on which the Pre-IPO Redeemable Convertible Loans were converted into ordinary shares in our Company, being 30 March 2015, a date between the lodgement and the registration of this Offer Document
<i>“Director”</i>	:	A director of our Company as at the date of this Offer Document
<i>“Entity At Risk”</i>	:	(a) Our Company; (b) a subsidiary of our Company that is not listed on the SGX-ST or an approved exchange; or (c) an Associated Company that is not listed on the SGX-ST or an approved exchange, provided that our Group, or our Group and our Interested Person(s), has control over the Associated Company
<i>“EPS”</i>	:	Earnings per Share
<i>“Executive Directors”</i>	:	The executive Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Executive Officers”</i>	:	The executive officers of our Company as at the date of this Offer Document, who are also key executives as defined under the SFR
<i>“Facilities Management Business”</i>	:	The business division of our Group that provides facilities management services
<i>“GST”</i>	:	Goods & services tax

DEFINITIONS

<i>“FY”</i>	:	Financial year ended or, as the case may be, ending 30 September
<i>“Independent Directors”</i>	:	The independent and Non-executive Directors of our Company as at the date of this Offer Document
<i>“Industry Report”</i>	:	The report titled “The Property Management Industry in Singapore, with a focus on Space Optimisation” dated 2 February 2015 prepared by the Industry Consultant
<i>“Interested Person”</i>	:	(a) A director, chief executive officer or Controlling Shareholder of our Company; or (b) an Associate of any such director, chief executive officer or Controlling Shareholder
<i>“Interested Person Transaction”</i>	:	Means a transaction between an Entity at Risk and an Interested Person
<i>“LHN Performance Share Plan” or “PSP”</i>	:	The LHN Performance Share Plan, approved by our Shareholders and implemented on 10 March 2015, the terms of which are set out in Appendix D entitled “Rules of the LHN Performance Share Plan” of this Offer Document
<i>“Latest Practicable Date” or “LPD”</i>	:	6 March 2015, being the latest practicable date before the lodgement of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority
<i>“Listing”</i>	:	The listing of our Company and quotation of our Shares on Catalist
<i>“Listing Manual”</i>	:	The provisions of sections A and B of the listing manual of the SGX-ST as amended, supplemented or modified from time to time
<i>“Logistics Services Business”</i>	:	The business division of our Group that provides logistics services
<i>“Management Agreement”</i>	:	The full sponsorship and management agreement dated 1 April 2015 entered into between our Company and PPCF pursuant to which PPCF agrees to sponsor and manage the Listing as described in the sections entitled “Plan of Distribution” and “General and Statutory Information – Management and Placement Arrangements” of this Offer Document
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities

DEFINITIONS

“NAV”	:	Net asset value
“NLA”	:	Net lettable area
“NMBR”	:	Non-residential mortgage board rate
“NTA”	:	Net tangible assets
“Nominating Committee”	:	The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated
“Non-executive Directors”	:	The non-executive Directors of our Company (including the Independent Directors) as at the date of this Offer Document, unless otherwise stated
“Offer Document”	:	This offer document dated 1 April 2015 issued by our Company in respect of the Placement
“Performance Shares”	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards granted under the LHN Performance Share Plan
“Period Under Review”	:	The period comprising FY2012, FY2013 and FY2014
“Placement”	:	The placement of the Placement Shares by the Placement Agent and/or the Sub-Placement Agent on behalf of our Company for subscription at the Placement Price subject to and on the terms and conditions set out in this Offer Document
“Placement Agreement”	:	The placement agreement dated 1 April 2015 entered into between our Company and the Placement Agent pursuant to which the Placement Agent shall procure subscriptions of the Placement Shares at the Placement Price as described in the sections entitled “Plan of Distribution” and “General and Statutory Information – Management and Placement Arrangements” of this Offer Document
“Placement Price”	:	S\$0.23 for each Placement Share
“Placement Shares”	:	The 73,913,000 new Shares which are the subject of the Placement
“PPCF Shares”	:	The 1,391,300 new Shares allotted and issued by our Company to PPCF as part of PPCF’s management fees as the Sponsor and Issue Manager

DEFINITIONS

<i>“Pre-IPO Redeemable Convertible Loan Agreements”</i>	:	The redeemable convertible loan agreements dated 11 December 2014 entered into between our Company, LHN Group and each of the Pre-IPO Investors, in respect of the Pre-IPO Redeemable Convertible Loans
<i>“Pre-IPO Redeemable Convertible Loans”</i>	:	The redeemable convertible loans of an aggregate sum of S\$2,000,000 extended by the Pre-IPO Investors to our Company pursuant to the terms and conditions of the Pre-IPO Redeemable Convertible Loan Agreements
<i>“Pre-IPO Investors”</i>	:	1Rockstead GIP Fund II Pte Ltd and IFS Capital Limited
<i>“Pre-IPO New Shares”</i>	:	The 11,220,000 new Shares allotted and issued by our Company to 1Rockstead GIP Fund II Pte Ltd and IFS Capital Limited
<i>“REIT”</i>	:	Real Estate Investment Trust
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Restructuring Exercise”</i>	:	The restructuring exercise undertaken in connection with the Listing, as set out in the section entitled “Restructuring Exercise” of this Offer Document
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account
<i>“Securities and Futures Act” or “SFA”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, supplemented or modified from time to time
<i>“SFR”</i>	:	The Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore, as amended, supplemented or modified from time to time
<i>“Service Agreements”</i>	:	The service agreements entered into between our Company and each of our Executive Directors, Kelvin Lim and Jess Lim respectively, as described in the section entitled “Directors, Management and Staff – Service Agreements” of this Offer Document
<i>“SGXNET”</i>	:	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
<i>“Share(s)”</i>	:	Ordinary share(s) in the capital of our Company

DEFINITIONS

“Shareholder(s)”	:	Registered holder(s) of Shares, except where the registered holder is CDP, the term “Shareholder” shall, in relation to such Shares mean the Depositors whose Securities Accounts are credited with Shares
“Share Spilt”	:	The sub-division of each ordinary share in the then existing share capital of our Company into 275 ordinary shares in connection with the Restructuring Exercise
“Space Optimisation Business”	:	The business division of our Group that carries out space optimisation
“SFRS”	:	Singapore Financial Reporting Standards
“Substantial Shareholders”	:	Persons who have an interest or interests in one or more voting shares, and the total votes attached to that share or those shares, represent not less than 5.0% of the total votes attached to all the voting shares in our Company

Currencies, Units and Others

“S\$” and “cents”	:	Singapore dollars and cents respectively
“IDR”	:	Indonesian Rupiah
“MYK”	:	Myanmar Kyat
“THB”	:	Thai Baht
“US\$”	:	United States dollars

Units and Others

“%” or “per cent.”	:	Per centum
“sq ft”	:	Square feet
“sq m”	:	Square metre

For the purpose of this Offer Document, the following persons named in the second column below are also known by the names set out in the first column:

Name used in this Offer Document	Name in National Registration Identity Card
“Danny Wong”	: Wong Sze Peng, Danny (Wang Zhibin, Danny)
“Eddie Yong”	: Yong Chee Hiong
“Jess Lim”	: Lim Bee Choo (Lin Meizhu)

DEFINITIONS

Name used in this Offer Document	Name in National Registration Identity Card
<i>“Kelvin Lim”</i>	: Lim Lung Tieng (Lin Longtian)

Any capitalised terms relating to the LHN Performance Share Plan which are not defined in this section of this Offer Document shall have the meanings ascribed to them as stated in Appendix D entitled “Rules of the LHN Performance Share Plan” of this Offer Document.

The expressions “subsidiaries” and “related corporation” shall have the meanings ascribed to them respectively in the SFA, the SFR and the Companies Act.

The expressions “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

References in this Offer Document to Appendix or Appendices are references to an appendix or appendices respectively to this Offer Document.

Any discrepancies in tables included herein between the total sum of amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Offer Document and the Application Forms to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted.

Any word defined under the Companies Act, the SFA, SFR or any statutory modification thereof and used in this Offer Document and the Application Forms shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, SFR or any statutory modification thereto, as the case may be.

Any reference in this Offer Document and the Application Forms to Shares being allotted and/or allocated to an applicant includes allotment and/or allocation to CDP for the account of that applicant.

Any reference to a time of day in this Offer Document and the Application Forms is a reference to Singapore time unless otherwise stated.

Any reference in this Offer Document to “we”, “our”, “us” or their other grammatical variations is a reference to our Company, our Group, or any member of our Group, as the context requires.

Unless otherwise indicated, all information in this Offer Document is presented on the basis of our Group.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of the business of our Group, the following glossary provides a description (which should not be treated as being definitive of their meanings) of some of the technical terms and abbreviations commonly used in this Offer Document in relation to our business and our industry. The terms and abbreviations and their assigned meanings may not correspond to standard industry or common meanings or usage of these terms.

<i>“A&A”</i>	:	Addition and alteration
<i>“GFA”</i>	:	Gross floor area
<i>“ISO 9001”</i>	:	A constituent part of the ISO9000 series which specifies the requirements for a quality management system for any organisation that needs to demonstrate its ability to consistently provide products that meet customer and applicable requirements and aim to enhance customer satisfaction
<i>“M&E”</i>	:	Mechanical and electrical
<i>“refurbishment”</i>	:	The refurbishment of the external facades and common areas of a property
<i>“renovation”</i>	:	The renovation of the interior spaces of a property

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “expects”, “believes”, “plans”, “intends”, “estimates”, “anticipates”, “may”, “will”, “would” and “could” or similar expressions. However, you should note that these words or phrases are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to:

- (a) our revenue and profitability;
- (b) trends in demand and costs;
- (c) expected industry prospects and trends;
- (d) planned strategy and anticipated expansion plans;
- (e) anticipated commencement and completion dates for projects; and
- (f) any other matters discussed in this Offer Document regarding matters that are not historical fact,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others, the following:

- (i) changes in political, social and economic conditions, the regulatory environment, laws and regulations and interpretation thereof in the jurisdictions where we conduct business or expect to conduct business;
- (ii) the risk that we may be unable to realise our anticipated growth strategies and expected internal growth;
- (iii) changes in the availability and prices of rental properties which we require for the operation of our business;
- (iv) changes in customers’ preferences and needs;
- (v) changes in competitive conditions and our ability to compete under such conditions locally and internationally;
- (vi) changes in our future capital needs and the availability of financing and capital to fund such needs;
- (vii) the ability of third parties including, amongst others, our tenants and/or landlords to honour their commitments;
- (viii) changes in currency exchange rates; and
- (ix) other factors beyond our control.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Some of these risk factors are discussed in greater detail in this Offer Document, in particular, but not limited to, the discussions under the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document. All forward-looking statements by or attributable to us, or persons acting on our behalf, contained in this Offer Document are expressly qualified in their entirety by such factors. These forward-looking statements are applicable only as of the date of this Offer Document.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Document, undue reliance must not be placed on these statements. Neither our Company, the Sponsor, Issue Manager and Placement Agent, the Sub-Placement Agent nor any other person represents or warrants that our Group’s actual future results, performance or achievements will be as discussed in those statements.

Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We, the Sponsor, Issue Manager and Placement Agent, as well as the Sub-Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future. We are, however, subject to the provisions of the SFA and the Catalist Rules regarding corporate disclosure.

In particular, pursuant to Section 241 of the SFA, if after the Offer Document is registered by the SGX-ST, acting as agent on behalf of the Authority but before the close of the Placement, we become aware of:

- (a) a false or misleading statement or matter in the Offer Document;
- (b) an omission from the Offer Document of any information that should have been included in it under Section 243 of the SFA; or
- (c) a new circumstance that has arisen since the Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority and would have been required by Section 243 of the SFA to be included in the Offer Document if it had arisen before the Offer Document was lodged

and that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority.

SELLING RESTRICTIONS

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for our Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory requirements of any jurisdiction, except for the lodgement and/or registration of this Offer Document in Singapore in order to permit a public offering of our Placement Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of our Placement Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by us and the Sponsor, Issue Manager and Placement Agent and the Sub-Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us, the Sponsor, Issue Manager and Placement Agent and the Sub-Placement Agent. Persons to whom a copy of this Offer Document has been issued shall not circulate to any other persons, reproduce or otherwise distribute this Offer Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

MARKET AND INDUSTRY INFORMATION

This Offer Document includes market data, industry data and forecasts that have been obtained from surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Such surveys, reports, studies, market research, publicly available information and industry publications generally state that the information that they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. Sources of the market data, industry data and forecasts also include the Industry Consultant, whom our Company has commissioned to prepare an Industry Report on the property management industry in Singapore, with a focus on space optimisation.

While we believe that the surveys, reports, studies, market research, publicly available information, industry publications and data and information in the Industry Report are reliable, we cannot ensure the accuracy of the information or data, and neither our Group nor the Sponsor, Issue Manager and Placement Agent nor any of our respective affiliates or advisors have independently verified such information and data, and make no representation regarding the accuracy and completeness of such data and information.

The Industry Report was not prepared by the Industry Consultant for the purpose of incorporation in this Offer Document. While the Industry Consultant has provided its consent to the inclusion of its name and all reference thereto in the form and context in which they respectively appear in this Offer Document, the Industry Consultant has not provided its consent to the inclusion of the data cited and attributable to it, extracted from the Industry Report and is therefore not liable for such information under Sections 253 and 254 of the SFA. We have included the information from the Industry Report in its proper form and context. While we, the Sponsor, Issue Manager and Placement Agent have taken reasonable actions to ensure that the data attributed to the Industry Consultant is reproduced in their proper form and context, and that the information is extracted accurately and fairly from the Industry Report, none of us and the Sponsor, Issue Manager and Placement Agent have conducted an independent review of the information extracted from third party sources or verified the accuracy or completeness of such data.

DETAILS OF THE PLACEMENT

LISTING ON CATALIST

A copy of this Offer Document has been lodged with and registered by the SGX-ST, acting as agent on behalf of the Authority. The registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority, does not imply that the SFA, the Catalist Rules or any other legal or regulatory requirements, have been complied with. The SGX-ST, acting as agent on behalf of the Authority, has not, in any way, considered the merits of our existing issued Shares including the Pre-IPO New Shares and the PPCF Shares, the Placement Shares and the Performance Shares or as the case may be, being offered or in respect of which the Placement is made, for investment. We have not lodged this Offer Document in any other jurisdiction.

An application to the SGX-ST for permission to deal in, and for the listing and quotation of, all our Shares already issued including the Pre-IPO New Shares and the PPCF Shares, the Placement Shares, which are the subject of the Placement, as well as the Performance Shares on Catalist. Such permission will be granted when we have been admitted to the Official List of Catalist. Our acceptance of applications will be conditional upon, *inter alia*, the issue of the Placement Shares and upon permission being granted by the SGX-ST for the listing and quotation of, all of our Shares, including the Pre-IPO New Shares, the PPCF Shares, the Placement Shares and the Performance Shares on Catalist. If the admission, listing and trading of our Shares do not occur or the said permission is not granted for any reason, monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, and the applicant will not have any claim whatsoever against us, the Sponsor, Issue Manager and Placement Agent or the Sub-Placement Agent.

No Shares will be allotted on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission to Catalist but relies on the Sponsor to confirm that our Company is suitable to be listed and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has, in any way, considered the merits of the Placement Shares being offered for investment.

Admission to the Official List of Catalist is not to be taken as an indication of the merits of the Placement, our Company, our subsidiaries, our associated companies, our existing issued Shares including the Pre-IPO New Shares and the PPCF Shares, the Placement Shares or the Performance Shares.

DETAILS OF THE PLACEMENT

We are subject to the provisions of the SFA and the Catalist Rules regarding corporate disclosure. In particular, if after the registration of this Offer Document, but before the close of the Placement, we become aware of:

- (a) a false or misleading statement or matter in the Offer Document;
- (b) an omission from the Offer Document of any information that should have been included in it under Section 243 of the SFA or under the Catalist Rules; or
- (c) a new circumstance that has arisen since the Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority and which would have been required by Section 243 of the SFA and the Catalist Rules to be included in the Offer Document if it had arisen before this Offer Document was lodged,

that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority.

In the event that a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Placement shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the Placement Shares and:

- (a) where the Placement Shares have not been issued to the applicants, our Company shall either:
 - (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or
 - (iii) (A) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled; and (B) we shall return all monies paid in respect of any application, without interest or a share of revenue or other benefit arising therefrom and at the applicants' own risk; or
- (b) where the Placement Shares have been issued to the applicants, our Company shall either:
 - (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an

DETAILS OF THE PLACEMENT

option to return to us the Placement Shares which they do not wish to retain title in; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;

- (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us the Placement Shares, which they do not wish to retain title in; or
- (iii) (A) treat the issue of the Placement Shares as void, in which case the issue of the Placement Shares shall be deemed void; and (B) we shall return all monies paid in respect of any application, without interest or a share of revenue or other benefit arising therefrom and at the applicants' own risk.

Any applicant who wishes to exercise his option under paragraph (a)(i) or (a)(ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we shall, within seven (7) days from the receipt of such notification, return the application monies without interest or any share of revenue or other benefit arising therefrom and at his own risk, and he will not have any claim against our Company, the Sponsor, Issue Manager and Placement Agent or the Sub-Placement Agent.

An applicant who wishes to exercise his option under paragraph (b)(i) or (b)(ii) to return the Placement Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Placement Shares to us, whereupon we shall, within seven (7) days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the issue of those Placement Shares shall be deemed to be void, and he will not have any claim against our Company, the Sponsor, Issue Manager and Placement Agent or the Sub-Placement Agent.

Pursuant to Section 242 of the SFA, the Authority may, in certain circumstances issue a stop order (the "**Stop Order**") to our Company, directing that no Shares or no further Shares to which this Offer Document relates, be allotted or issued. Such circumstances will include a situation where this Offer Document (i) contains any statement or matter which, in the Authority's opinion, is false or misleading, (ii) omits any information that should have been included in it under the SFA, (iii) does not, in the Authority's opinion, comply with the requirements of the SFA, or (iv) the Authority is of the opinion that it is in the public interest to do so.

In the event that the Authority issues a Stop Order and applications to subscribe for the Placement Shares have been made prior to the Stop Order, then:

- (a) where the Placement Shares have not been issued to the applicants, the applications for the Placement Shares shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Placement Shares; or
- (b) where the Placement Shares have been issued to the applicants, the issue of the Placement Shares shall be deemed to be void and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies paid by them for the Placement Shares.

DETAILS OF THE PLACEMENT

Such monies paid in respect of an application will be returned to the applicants at their own risk, without interest or any share of revenue or other benefit arising therefrom, and they will not have any claims against our Company, the Sponsor, Issue Manager and Placement Agent or the Sub-Placement Agent.

This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and all expressions of opinion, intention and expectation in this Offer Document are fair and accurate in all material aspects as at the date of this Offer Document and that there are no material facts the omission of which would make any statements in this Offer Document misleading, and that this Offer Document constitutes full and true disclosure of all material facts about the Placement and our Group. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this Offer Document in its proper form and context.

Neither our Company, the Sponsor, the Issue Manager and Placement Agent, the Sub-Placement Agent nor any other parties involved in the Placement is making any representation to any person regarding the legality of an investment by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other advisers for business, legal or tax advice regarding an investment in our Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Placement and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Sponsor, Issue Manager and Placement Agent or the Sub-Placement Agent. Neither the delivery of this Offer Document and the Application Forms nor any documents relating to the Placement, nor the Placement shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change or development reasonably likely to create any change in our affairs, conditions or prospects, or the Placement Shares or in the statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or are required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we may make an announcement of the same to the SGX-ST and/or the Authority and/or the public and if required, we may lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority, and will comply with the requirements of the SFA and/or any other requirements of the SGX-ST and/or Authority. All applicants should take note of any such announcements, or supplementary or replacement offer document and, upon the release of such an announcement, or supplementary or replacement offer document, shall be deemed to have notice of such changes.

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies. The Placement Shares are offered for subscription solely on the basis of the information contained and representations made in this Offer Document.

DETAILS OF THE PLACEMENT

This Offer Document has been prepared solely for the purpose of the Placement and may not be relied upon by any other persons other than the applicants in connection with their application for the Placement Shares or for any other purpose.

This Offer Document does not constitute an offer, solicitation or invitation of the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.

Copies of this Offer Document and the Application Forms may be obtained upon request, subject to availability during office hours, from:

**PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318**

**UOB Kay Hian Private Limited
8 Anthony Road
#01-01
Singapore 229957**

A copy of this Offer Document is also available on the SGX-ST website at <http://www.sgx.com>.

The Placement will open from 1 April 2015 immediately upon the registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority (the “Registration”) to 9 April 2015.

The Application List will open immediately upon the Registration on 1 April 2015 and will remain open until 12.00 noon on 9 April 2015 or for such further period or periods as our Directors may, in consultation with the Sponsor, Issue Manager and Placement Agent and the Sub-Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws and regulations. In the event a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.

Details of the procedures for application of the Placement Shares are set out in Appendix F entitled “Terms, Conditions and Procedures for Application and Acceptance” of this Offer Document.

DETAILS OF THE PLACEMENT

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable on the trading of our Shares is set out below:

Indicative date/time	Event
1 April 2015, (immediately upon Registration)	Open of Placement
9 April 2015, 12.00 noon	Close of Application List
13 April 2015, 9.00 a.m.	Commence trading on a “ready” basis
16 April 2015	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative as it assumes that the date of closing of the Application List will be on 9 April 2015, the date of admission of our Company to the Official List of Catalist will be on 13 April 2015, the shareholding spread requirement will be complied with and the Placement Shares will be issued and fully paid-up prior to 13 April 2015. The actual date on which our Shares will commence trading on a “ready” basis will be announced when it is confirmed by the SGX-ST.

The above timetable and procedures may be subject to such modification(s) as the SGX-ST may, in its absolute discretion, decide, including the commencement of trading on a “ready” basis.

In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same:

- (i) through a SGXNET announcement to be posted on the Internet at the SGX-ST website <http://www.sgx.com>; and
- (ii) in a local newspaper(s) in Singapore.

We will publicly announce the level of subscription and the results of the distribution of the Placement Shares pursuant to the Placement, as soon as it is practicable after the close of the Application List through channels in (i) and (ii) above.

You should consult the SGX-ST’s announcement on the “ready” trading date released on the Internet (at the SGX-ST website <http://www.sgx.com>) or the newspapers, or check with your brokers on the date on which trading on a “ready” basis will commence.

PLAN OF DISTRIBUTION

The Placement

The Placement is for 73,913,000 Placement Shares offered in Singapore and the Listing is managed and sponsored by PPCF.

Prior to the Placement, there has been no public market for our Shares. The Placement Price is determined by us, in consultation with the Sponsor, Issue Manager, and Placement Agent as well as the Sub-Placement Agent, taking into account, *inter alia*, prevailing market conditions and the estimated market demand for the Placement Shares, determined through a book-building process. The Placement Price is the same for all Placement Shares and is payable in full on application.

Pursuant to the Management Agreement entered into between us and PPCF, details of which are set out in the section entitled “General and Statutory Information – Management and Placement Arrangements” of this Offer Document, our Company has appointed PPCF to manage and to act as full sponsor for the Listing. PPCF will receive a management fee for its services rendered in connection with the Placement.

The Placement Shares are made available to members of the public and institutional investors who may apply through their brokers or financial institutions by way of the Application Forms. Applications for the Placement Shares may only be made by way of printed Application Forms as described in Appendix F entitled “Terms, Conditions and Procedures for Application and Acceptance” of this Offer Document.

Pursuant to the Placement Agreement entered into between us and the Placement Agent as set out in the section entitled “General and Statutory Information – Management and Placement Arrangements” of this Offer Document, we have appointed PPCF as the Placement Agent and PPCF has agreed to procure subscribers for the Placement Shares for a placement commission of 3.5% of the Placement Price, payable by us, for the total number of Placement Shares successfully subscribed for. Subject to any applicable laws and regulations, the Company agrees that the Placement Agent shall be at liberty at its own expense to appoint one (1) or more sub-placement agents under the Placement Agreement upon such terms and conditions as the Placement Agent may deem fit.

Subscribers of the Placement Shares may be required to pay brokerage or selling commission of 1.0% of the Placement Price (and the prevailing GST thereon, if applicable) to the Placement Agent, the Sub-Placement Agent or any other sub-placement agent that may be appointed by the Placement Agent.

To the best of our knowledge and belief, none of our Directors or Controlling Shareholders intend to subscribe for the Placement Shares pursuant to the Placement. As at the date of this Offer Document, certain employees of our Group have indicated an interest to subscribe for an aggregate of 1,240,000 Shares, representing approximately 1.7% of the Placement Shares. Save as disclosed above, to the best of our knowledge and belief, as at the date of this Offer Document, we are not aware of any member of our Company’s management or employee who intends to subscribe for more than 5.0% of the Placement Shares in the Placement.

Save as disclosed above, to the best of our knowledge and belief, as at the date of this Offer Document, we are not aware of any person who intends to subscribe for more than 5.0% of the Placement Shares. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate an interest to subscribe for Shares amounting to more than 5.0% of the Placement Shares. If such person(s) were to make an application for

PLAN OF DISTRIBUTION

more than 5.0% of the Placement Shares pursuant to the Placement and are subsequently allotted such number of Shares, we will make the necessary announcements at an appropriate time. The final allotment and issuance of Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 406 of the Catalist Rules.

No Shares shall be allotted and issued on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

Interests of Sponsor, Issue Manager and Placement Agent

In the reasonable opinion of our Directors, the Sponsor, Issue Manager and Placement Agent, does not have a material relationship with our Company, save as disclosed below and in the section entitled “General and Statutory Information – Management and Placement Arrangements” of this Offer Document:

- (a) PPCF is the Sponsor, Issue Manager and Placement Agent in relation to the Listing;
- (b) PPCF will be the continuing Sponsor of our Company for a period of three (3) years from the date our Company is admitted and listed on the Catalist; and
- (c) Pursuant to the Management Agreement and as part of PPCF’s management fees as the Sponsor and Issue Manager, our Company allotted and issued to PPCF 1,391,300 PPCF Shares, representing 0.5% of the enlarged issued and paid-up share capital of our Company immediately prior to the Placement, at the Placement Price for each PPCF Share. After the expiry of the relevant moratorium period as set out in the section entitled “Shareholders – Moratorium” of this Offer Document, PPCF may dispose its shareholding interests in our Company at its discretion.

Interests of the Sub-Placement Agent

In the reasonable opinion of our Directors, UOBKH does not have a material relationship with our Company save that UOBKH is the Sub-Placement Agent of the Placement as disclosed in the section entitled “General and Statutory Information – Management and Placement Arrangements” of this Offer Document.

OFFER DOCUMENT SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information (including the notes thereto) appearing elsewhere in this Offer Document. Terms defined elsewhere in this Offer Document have the same meaning when used herein. You should carefully consider all the information presented in this Offer Document, particularly the matters set out in the section entitled “Risk Factors” of this Offer Document, before deciding to invest in our Shares.

OUR COMPANY

Our Company was incorporated on 10 July 2014 in Singapore under the Companies Act as an investment holding private limited company under the name of “LHN Pte. Ltd.”. Our Company’s registration number is 201420225D. Our Company was converted into a public company and renamed as “LHN Limited” on 16 March 2015. Pursuant to the Restructuring Exercise, we became the holding company for all of our subsidiaries and associated companies. For more information, please refer to the section entitled “Restructuring Exercise” of this Offer Document.

OUR BUSINESS

We are a real estate management services group with the ability to generate value for our landlords and tenants through our expertise in space optimisation, which sets us apart from other companies which provide real estate management services. Under our Space Optimisation Business, we lease and manage a diverse portfolio of industrial, commercial and residential properties. This is complemented by our Facilities Management Business, which provides facilities management services. Our Group also provides logistics services under our Logistics Services Business.

Please refer to the section entitled “General Information on Our Group – Our Business” of this Offer Document for more details.

OUR COMPETITIVE STRENGTHS

Our Directors believe that the following competitive strengths have enabled and will continue to enable us to harness the growth potential of our Group and to compete effectively in the industries in which we operate:

- **We have an established track record and reputation**

We believe that we have a strong track record and market reputation for offering quality properties for rent in accessible locations and at competitive rates. We achieve this by consistently identifying properties with good rental potential, designing and refurbishing them to maximise their potential and to meet our tenants’ needs, as well as providing efficient and reliable facilities management services to our tenants for the duration of their sub-lease with us.

We believe that our strong track record and market reputation serves as a competitive advantage for us in the securing of new tenants as they can be assured of the quality of the space rented from us, as well as our ability to respond promptly to their needs for any facilities management services. We also believe that the positive experiences our tenants have had with us will encourage them to renew their leases with us. The above factors will enable us to progressively grow our customer base and broaden our revenue streams. Based on our historical records, our average tenancy renewal rate is approximately 72.0%.

OFFER DOCUMENT SUMMARY

- **We have a committed, qualified and experienced management team and support staff**

Our Group is led by an experienced management team, with our Executive Directors, Kelvin Lim and Jess Lim, and our Executive Officers, Yeo Swee Cheng and Danny Wong who collectively have over 45 years of experience in this industry. They spearhead the formulation of our Group's business strategies and expansion plans, and are closely supported by a pool of committed and qualified staff. They include architectural, interior and concept designers who form our space optimisation team. Our quantity surveyors, project managers, M&E engineers, facilities and property managers together ensure that our projects are well refurbished and managed efficiently. Our marketing managers, leasing managers and information technology managers contribute towards the expansion and management of our customer base.

We believe that the knowledge and experience of our people will continue to help our Group to expand our business and portfolio in the coming years.

- **We have a diversified portfolio of properties in strategic locations, and a broad and diverse tenant base**

Our Group is the master lessee and manager of a wide variety of properties, particularly industrial and commercial properties, in various strategic locations. Our industrial properties include warehouses, light to heavy industrial buildings and open storage spaces. Our commercial properties include offices, food and beverage outlets, retail outlets, sports and recreation facilities and children's enrichment centres.

We believe that our diversified portfolio of properties provides a unique competitive advantage to our Group, as it allows us to address the needs of many segments in the business community, thereby providing us with a stable source of rental income derived from our broad and diverse tenant base. It also allows us to offer tailored leasing solutions based on our tenants' business needs, taking into account their growth and consolidation patterns such as smaller units for start-ups and born-global companies and larger commercial and industrial spaces for fast-growing medium-sized enterprises. The diversity of the properties within our portfolio allows us to serve a wide variety of companies in industries such as business services, education, food & beverage, construction, engineering, logistics and trading. In Indonesia, through the provision of suited offices under our "GreenHub" brand, we are also able to address the needs of companies that do cross-border business activities between Singapore and Indonesia.

As at the Latest Practicable Date, we have a diverse mix of over 600 local and international tenants operating in a range of industries comprising engineering, construction, waste management and remediation, wholesale and retail trading, transportation and storage, accommodation and food services, information and communication, financial and insurance, real estate, education, health and social services and arts, entertainment and recreation. Our ability to leverage on technology allows us to lease out our unoccupied properties quickly, thus minimising any potential losses to us from such properties.

OFFER DOCUMENT SUMMARY

- **We are able to provide value-added integrated solutions**

As a full-fledged real estate management services company, our Space Optimisation Business, our Facilities Management Business and our Logistics Services Business are fully integrated and complement one another. With such integration, we are able to position ourselves as an efficient one-stop solutions provider with the ability to add value to our customers' space and space management needs.

- **We have close working relationships with our tenants**

We foster close and strong working relationships with our tenants by holding regular feedback meetings, cross tenancy networking events and annual tenants' satisfaction surveys. Such efforts give us the opportunity to allow our tenants to build business relationships among themselves while at the same time allowing us to understand their individual business needs and refine our internal operating procedures and customer service procedures in order to meet their needs.

As a result of our close working relationships with our tenants, we are highly cognisant of the various changing needs of the leasing market. This helps us to pinpoint the types of properties and the locations which have high leasing potential both in terms of demand for space and rental pricing in order to acquire the master leases for such properties in these locations so that we can refurbish, sub-lease and manage these properties in a manner that will fulfil the strategic needs of our tenants and potential tenants. We believe that our culture of providing proactive customer service has been the bedrock of our historical average tenancy renewal rate of approximately 72.0%, which is an achievement mutually shared with our tenants.

Please refer to the section entitled "General Information on Our Group – Competitive Strengths" of this Offer Document for more details.

SUMMARY OF OUR FINANCIAL INFORMATION

The following summary financial data should be read in conjunction with the full text of this Offer Document, including the sections entitled "Management's Discussion and Analysis of Results of Operations and Financial Position", the "Report of the Independent Auditor on the Audited Combined Financial Statements of the Group for the financial years ended 30 September 2012, 2013 and 2014" and the "Compilation Report of the Independent Auditor on the Pro Forma Financial Information of the Group for the financial year ended 30 September 2014" as set out in Appendices A and B respectively of this Offer Document.

(S\$'000)	← Audited →			Unaudited
	FY2012	FY2013	FY2014	← Pro Forma → FY2014
Revenue	75,124	83,748	90,740	93,368
Gross profit	25,887	22,353	25,031	25,103
Profit before taxation from continuing operations ⁽¹⁾	9,293	6,899	14,004	14,064

OFFER DOCUMENT SUMMARY

(S\$'000)	← Audited →			← Unaudited →
	FY2012	FY2013	FY2014	Pro Forma FY2014
Profit attributable to equity owners of the Company⁽¹⁾	7,094	8,238	12,755	12,790
EPS (cents) ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾	2.47	2.86	4.43	4.45
Adjusted EPS (cents) ⁽³⁾⁽⁶⁾⁽⁷⁾	1.96	2.28	3.53	3.54

Notes:

- (1) Had the Service Agreements (set out in the section entitled “Directors, Management and Staff – Service Agreements” of this Offer Document) been in place since 1 October 2013, our consolidated profit before tax, profit attributable to equity owners of our Company and EPS computed based on our post-Placement share capital of 361,524,300 Shares for FY2014 would have been approximately S\$13.5 million, S\$12.3 million and 3.40 cents respectively.
- (2) For comparative purposes, EPS for the Period Under Review have been computed based on the profit attributable to equity owners of our Company and the pre-Placement share capital of 287,611,300 Shares.
- (3) For comparative purposes, EPS for the Period Under Review have been computed based on the profit attributable to equity owners of our Company and the post-Placement share capital of 361,524,300 Shares.
- (4) Had we excluded fair value gains on investment properties, our basic EPS would have been 2.47 cents, 2.58 cents and 2.42 cents for FY2012, FY2013 and FY2014 respectively.
- (5) Had we excluded fair value gains on investment properties, our basic pro forma EPS would have been 2.44 cents for FY2014.
- (6) Had we excluded fair value gains on investment properties, our Adjusted EPS would have been 1.96 cents, 2.05 cents and 1.93 cents for FY2012, FY2013 and FY2014 respectively.
- (7) Had we excluded fair value gains on investment properties, our Adjusted pro forma EPS would have been 1.94 cents for FY2014.

(S\$'000)	Audited as at 30 September 2014	Unaudited Pro Forma as at 30 September 2014
Non-current assets	40,895	40,895
Current assets	31,522	34,273
Total assets	72,417	75,168
Non-current liabilities	12,505	12,505
Current liabilities	27,316	28,001
Total liabilities	39,821	40,506
Total equity	32,596	34,662
Equity attributable to equity owners of the Company	32,727	34,761
NTA per Share (cents)⁽¹⁾⁽²⁾⁽³⁾	11.38	12.09

Notes:

- (1) NTA is defined as total tangible assets less total liabilities.
- (2) The NTA per Share is computed based on the NTA value and the pre-Placement share capital of 287,611,300 Shares.
- (3) Had we excluded the revaluation gains on leasehold building, and based on the pre-Placement share capital of 287,611,300 Shares, our NTA per Share and our pro forma NTA per Share would have been 10.62 cents and 11.32 cents as at 30 September 2014 respectively.

OFFER DOCUMENT SUMMARY

OUR BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans for the continued growth of our business are as follows:

- **To grow our property portfolio and acquire our own properties**

We believe that our distinctive competency in optimising space and our ability to secure leases of promising properties at low rental costs will allow us to provide competitive rental rates to our tenants. Our ability to provide smartly planned spaces under our Space Optimisation Business allows us to charge a rental rate which is based on net usable space. We also believe that our current strategy of taking longer term leases at low rental costs and our future plan to own property will enable us to provide even more competitive rental rates.

Our Group will continue to seek out suitable properties in Singapore and the Southeast Asian (“**ASEAN**”) region to lease on a long-term basis. In tandem with our leasing strategy, our Group also intends to acquire properties and eventually become a landlord rather than a master lessee. This is a natural progression that builds on our past experience as the master lessee and manager of the properties in our portfolio. This strategic move is also intended to strengthen the balance sheet of our Group over time as we strive to add value to our properties through space optimisation which incorporates efficient layouts and interior designs to transform our existing properties.

According to the Industry Report, ASEAN remains an important contributor to the global economic market. Singapore will also continue to be an attractive central financial and trade center for the region. We believe that demand in Singapore and the ASEAN region for good quality industrial and commercial space will remain strong. We will continue to maintain a diversified portfolio of properties in the industrial, commercial and residential sectors to minimise our exposure to fluctuations in the levels of demand for space in any of these sectors.

- **Expansion of our Logistics Services Business and Facilities Management Business**

Our Group’s Logistics Services Business has experienced growth in the last two (2) years. As Singapore continues to be a major player in the global oil and gas, and petrochemicals industry, we believe that our Logistics Services Business will continue to thrive in tandem with the growth of the above industries.

Our Group intends to acquire a transportation storage facility and further expand our existing fleet of prime movers. This will allow our Group to enhance the productivity of our transport fleet and provide more value-added services to our customers, and thus boost the competitiveness of our transportation service.

In addition, as part of our Group’s strategy, we have identified our car park management services as a promising growth driver of our Facilities Management Business. We manage the car park lots in the compound of our properties and car park lots that are owned by government bodies and private enterprises. We currently manage a portfolio of 4,958 equivalent parking lots. We foresee steady growth in this area of our business as we continue to step up efforts to secure more contracts. Based on the foregoing, we intend to acquire car park equipment and related consumables.

OFFER DOCUMENT SUMMARY

- **Expansion of our operations in existing markets and into new markets**

The economic outlook in emerging Asia (which includes, amongst others, Southeast Asia) remains robust over the medium term anchored by the steady rise in domestic demand. In Southeast Asia, growth is anticipated to remain strong in the medium term, growing at a pace which is comparable to the pre-global financial crisis. According to the Industry Report, following a growth rate of 5.1% in 2013, the ASEAN region is expected to witness an average annual growth rate of 5.4% between 2014 and 2018, while the International Monetary Fund projects a 5.3% growth rate in the ASEAN economy in 2015.

As at the Latest Practicable Date, we operate mainly in Singapore, Indonesia, Thailand and Myanmar. While we currently only undertake commercial property management under our Space Optimisation Business in Indonesia, container depot management services in Thailand and leasing/sub-leasing of serviced apartments in Myanmar, we intend to expand all our Group's core businesses to other countries in the ASEAN region as and when opportunities arise. We also intend to expand our businesses, whether in Singapore or other countries in the ASEAN region, through the setting up of new subsidiaries, acquisitions, joint ventures and/or strategic alliances. We believe that these avenues of expansion will give us access to new markets and customers as well as new businesses.

- **Development of technological capability**

Our Group's mission is to be recognised as a renowned space optimisation company that generates value and is driven by technology. In order to execute our business strategies and expansion plans in a sustainable manner, our Group will continue to leverage on technology.

Our Group is constantly reviewing our customer database information flow to enhance and strengthen our customer relationships by utilising intelligent systems that provide meaningful information so as to leverage on our wide customer base. Such technology systems will facilitate information sharing and knowledge flow within our Group. Our efforts will define and set the context of how technology will be harnessed for sales and marketing purposes to enable sustainable growth for our Group. These efforts will comprise the acquisition of hardware alongside the deployment of appropriate and up-to-date software.

A detailed discussion of our business strategies and future plans is set out in the section entitled "General Information on Our Group – Business Strategies and Future Plans" of this Offer Document.

OUR CONTACT DETAILS

Our Company's registered office and principal place of business is located at 10 Raeburn Park, #02-18, Singapore 088702. Our Company's telephone number is +65 6368 8328 and our facsimile number is +65 6367 2163. Our internet address is <http://www.lhngroup.com.sg>. **Information contained in our website does not constitute part of this Offer Document.**

THE PLACEMENT

Placement Size : 73,913,000 Placement Shares. The Placement Shares will, upon allotment and issuance, rank *pari passu* in all respects with our existing issued Shares.

Placement Price : S\$0.23 for each Placement Share, payable in full on application.

Purpose of the Placement : Our Directors believe that the listing and quotation of our Shares on Catalist will enhance our public image locally and overseas and enable us to tap the capital markets for the expansion of our business operations.

The Placement will also provide the members of the public, our management, employees and business associates who have contributed to our success with an opportunity to participate in the equity of our Company. In addition, the proceeds of the issue of the Placement Shares will also provide us with, amongst others, additional capital to finance our business expansion and for general working capital.

The Placement : The Placement comprises a placement by the Placement Agent and/or the Sub-Placement Agent on behalf of our Company of 73,913,000 Placement Shares by way of placement, subject to and on the terms and conditions of this Offer Document.

Listing Status : Prior to the Placement, there has been no public market for our Shares. Our Shares will be quoted in Singapore dollars on Catalist, subject to admission of our Company to Catalist and permission for dealing in, and for the listing and quotation of, our Shares (including Shares granted under the LHN Performance Share Plan) being granted by the SGX-ST.

Risk factors : Investing in our Shares involves risks which are described in the section entitled “Risk Factors” of this Offer Document.

Use of Proceeds : Please refer to the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document for more details.

RISK FACTORS

Prospective investors should evaluate carefully each of the following risk factors and all other information set forth in this Offer Document before deciding to invest in our Shares. Some of the following considerations relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general social, economic, political and regulatory conditions, the securities market and ownership of our Shares, including possible future dilution in the value of our Shares.

Prospective investors should also note that certain of the statements set forth below constitute “forward-looking statements” that involve risks and uncertainties. If any of the following risk factors and uncertainties develops into actual events, our business, financial condition, results of operations or cash flows could be materially and adversely affected. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. In such circumstances, the trading price of our Shares could decline due to any of these risks and investors may lose all or part of their investment. To the best of our Directors’ belief and knowledge, all the risk factors that are material to investors in making an informed judgment have been set out below.

RISKS RELATING TO OUR BUSINESS OR THE INDUSTRY

(a) Risks relating to our Space Optimisation Business and our Facilities Management Business

We are dependent on the health of the property industry in Singapore, particularly the rental market, as well as the general economy

As at the Latest Practicable Date, in addition to the two (2) properties in Singapore which are owned by our Group, we manage 34 other industrial, commercial and residential properties in Singapore. As such, a substantial portion of our Group’s revenue is dependent on the health of the property industry in Singapore, particularly the rental market. The rental received from the leasing of our Group’s properties in Singapore accounted for approximately 82.8%, 77.2% and 76.0% of our Group’s revenue in FY2012, FY2013 and FY2014, respectively.

Historically, the property industry in Singapore has experienced cyclical patterns in which periods of increases in the values and rental prices of properties are often followed by periods of stagnating or declining prices. The property industry and the rental demand for our properties are, in turn, affected by factors such as the prevailing state of the general economy, interest rates, other economic and political conditions, and changes in government policies. For example, in a weak economy, the rental demand for our properties such as offices, warehouses and dormitories may be correspondingly poor. This would affect the rental prices as well as the occupancy rates of our properties. In addition, if there is an increase in the supply of other offices, warehouses and dormitories available for rent, the rental prices and occupancy rates of our properties may decline.

Changes to any of the above factors may accordingly have an adverse impact on our business, results of operations, financial condition and prospects.

We are affected by changes in laws and government regulations relating to the property industry in Singapore

The property industry in Singapore is subject to various laws and government regulations such as those relating to compulsory land acquisition, urban redevelopment and planning, as well as restrictions on the design, construction and use of properties in general.

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Changes in such laws and government regulations may lead to an increase in our cost of operations or result in unforeseen capital expenditure in order to ensure our Group's compliance with such changes. Revisions to existing laws or the enactment of new laws relating to the use of properties may restrict or otherwise affect the use of our properties, and new laws and government regulations may also lead to a restriction or reduction in the availability of new properties available to us for lease, whether such properties are offered by government bodies or private owners.

Any such changes or the introduction of such new laws and government regulations may adversely affect our business, results of operations, financial condition and prospects.

We may not be able to continue or renew the existing leases on our properties and licences in relation to car parks managed by us or secure leases on new properties and licences in relation to new car parks

Our properties are leased from our landlords typically for terms of between two (2) and 15 years, usually with a renewal option. Notwithstanding this, some of these leases may be terminated with a minimum of three (3) or six (6) months' notice or upon notice of planned redevelopment work by our landlords and/or the relevant authorities during their terms. If there is no renewal option for a lease or following the exercise of a renewal option, we may be unable to renew the lease or to renew it on terms favourable to us after the expiry of its term or its extended term, as the case may be.

We are granted licences by the licensors to occupy certain sites for the purpose of operating and managing the car parks at these sites, for terms of between two (2) to seven (7) years, usually with an extension option at the discretion of the licensors. Notwithstanding this, some of these licences may be terminated with one (1) month's notice. If there is no extension option for the licence or following the extension of the licence, we may be unable to renew the licence or to renew it on terms favourable to us after the expiry of the licence period or its extended licence period, as the case may be. Please refer to the section entitled "General Information on Our Group – Properties and Fixed Assets" for further details of such leases and licences.

Additionally, some of the existing leases of our properties and licences in relation to car parks managed by us will be expiring within the next two (2) years. Such leases and licences include, but are not limited to, the leases of our properties at 51 Jalan Buroh Singapore 619495 and 15 Jalan Terusan Singapore 619294 which will expire in 2015, the leases of our properties at 1557 Keppel Road Singapore 089066 and Lots 3453L(PT) & 2807W MK01 at Blocks 20, 21, 23, 23A, 24, 24A, 25, 25A, Former Canteen Block and Annex Building at Depot Lane Singapore 109763/766/753/767/764/677 which will expire in 2016 and the licence in relation to the car park at Gillman Barracks which will expire in 2015. The leases and licences which are expiring in FY2015 and FY2016 account for an aggregate of approximately 12.7% and 37.6% of our Group's total revenue in FY2014 respectively. We are currently in negotiations with the landlords of the relevant properties on the terms of renewal and are in the process of extending the licences in relation to the relevant car parks but we cannot assure you that we will be able to renew these leases and/or licences on commercially favourable terms, if at all. In the event that these leases and/or licences are not renewed and/or we are unable to find suitable replacement premises or at reasonable rates, our business would be disrupted and this may have an adverse impact on our results of operations, financial condition and prospects.

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Most of our properties are also leased subject to certain terms and conditions commonly found in lease agreements, including the landlord's right to re-enter the property and terminate the lease (without compensation) in the event that we or any of our tenants fail to observe or comply with the terms and conditions of the lease. Notwithstanding that we have implemented systems and procedures to comply with such terms and conditions, there can be no assurance that we will not breach such terms and conditions in the future and/or will be able to ensure that our tenants comply with such terms and conditions. In such event, our lease of the relevant property may be terminated.

In addition, in order to expand our Space Optimisation Business and our Facilities Management Business, we need to secure new properties for renovation and refurbishment, and thereafter for leasing out. There is no assurance that we will be able to secure leases for new properties, whether as a result of unfavourable market conditions, changes in laws and government regulations, or otherwise.

If we are unable to continue or renew the existing leases on our properties on terms favourable to us, or at all, or to secure leases of new properties, our business, results of operations, financial condition and prospects will be adversely affected.

We face competition for properties and for tenants

Approximately half of our properties are leased from various government bodies. Where our properties are leased from government bodies, such properties are usually secured through open tenders. The rental demand for properties in certain locations is intense and we may face competition when bidding for leases of these properties. If we are not awarded the leases due to higher or otherwise more competitive bids submitted by our competitors, our business, results of operations, financial condition and prospects will be adversely affected. Alternatively, if we are required to increase our bids significantly in order to secure such leases, this will have an adverse effect on our profit margins. There is no assurance that we can continue to compete against our competitors successfully in the future.

We also face competition for tenants for our properties. Our competitors may be able to offer potential tenants other properties in similar or better locations and/or aggressively reduce their rental prices in order to compete for tenants. This may result in us having to reduce the rental prices for our properties correspondingly, incur additional capital expenditure in order to increase the attractiveness of our properties, or otherwise engage in competitive strategies that may lower our profit margins. If we are unable to compete effectively, we may face lower rental demand for our properties, lower profit margins and/or loss of market share. This will in turn adversely affect our business, results of operations, financial condition and prospects.

We are dependent on a few of our major suppliers

Our major suppliers comprise mainly the landlords from whom we lease our properties. A significant portion of our revenue is derived from properties that we lease from a few of our landlords, in particular, HDB, SLA and Transurban Properties Pte. Ltd.. Properties leased from HDB, SLA and Transurban Properties Pte. Ltd. accounted for approximately 72.6%, 64.4% and 58.2% of our Group's revenue in FY2012, FY2013 and FY2014, respectively.

Accordingly, in the event that any of our major suppliers terminate and/or do not renew the existing lease agreements for our properties, or renew such leases on terms less favourable to us, or restrict and/or reduce the number of new properties available for lease, our business, results of operations, financial condition and prospects will be adversely affected.

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We may not be able to retain our existing tenants

Our properties are leased out to our tenants pursuant to tenancy agreements for typical terms of up to three (3) years. Notwithstanding this, most of our tenancy agreements typically provide that, in the event that our tenants purport to terminate the tenancy agreements for any reason prior to the expiry of the term, our tenants shall, amongst others, be required to pay a lump sum amount equivalent to the aggregate total rent for the whole term less any total rent received by us plus the compensation payable during use of the fitting out period. Following the expiry of such tenancy agreements, the leases may be renewed pursuant to negotiations and upon mutual agreement between the tenants and our Group on the terms of the renewed tenancy agreements. As at the Latest Practicable Date, approximately 29.0% of our tenancy agreements will be expiring in FY2015.

There is no assurance that our existing tenants will not terminate and/or will renew their tenancy agreements with our Group, or renew such tenancy agreements on terms that are not less favourable to us. If our existing tenants cease to lease properties from our Group, we may be unable to secure new tenants or will incur additional costs such as marketing costs to secure new tenants in respect of those properties. If any of the above events occur, our business, results of operations, financial condition and prospects will be adversely affected.

We are exposed to fluctuations in rental prices

The rental payable by our Group in respect of each of our properties may be subject to re-negotiation with the owners of the property upon the expiry and proposed renewal of the respective lease. Such re-negotiations may be affected by, among other things, the prevailing market conditions and movements in property prices in general. If there is a significant increase in the rental payable by our Group pursuant to such re-negotiations, and if we are unable to pass on the costs of such increase to our tenants, our profit margin will be reduced and our business, results of operations, financial condition and prospects will be adversely affected.

Similarly, the rental received from the leasing of our Group's properties is subject to re-negotiation with our tenants upon the expiry and proposed renewal of their respective tenancy agreements. Such re-negotiations may also be affected by, among other things, the prevailing market conditions and movements in property prices in general. If there is a significant decline in rental demand, we may have to reduce our rental prices in order to secure tenants for our properties. This will reduce our profit margins and our business, results of operations, financial condition and prospects will be adversely affected.

We are exposed to payment delays and/or defaults by our tenants

We grant credit terms of up to 15 days to our tenants, which will expose us to payment delays and/or defaults by our tenants as there is no assurance that our tenants will be able to pay us on time or at all. Notwithstanding any such payment delays and/or defaults, we may continue to incur costs relating to the maintenance and upkeep of the properties leased by them. Persistent payment delays and/or defaults by our tenants may also necessitate our termination of their tenancy agreements, and there is no assurance that we will be able to secure a replacement tenant in a timely manner or at all.

If any of the above events occur, our working capital and/or cash flows will be affected and may become inadequate. This will adversely affect our business, results of operations, financial condition and prospects.

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In addition, we may be exposed to payment defaults in the event that rentals paid to us by our tenants originated from illegally obtained funds. In this regard, the agents of one (1) of our then-tenants were charged in 2013 for misappropriating funds and utilising a portion of such funds to pay for their tenancy with GreenHub. In the event that any such funds paid to us are clawed back, our business, results of operations, financial condition and prospects may be adversely affected.

We may be subject to limitations of property valuations

We own properties in Singapore and Indonesia and we cannot assure you that the valuations of our properties in any of these countries will not be adversely affected due to, amongst others, the market conditions of these countries. Please refer to the section entitled “General Information on Our Group – Properties and Fixed Assets” of this Offer Document for more details of the properties we own.

Real estate assets are inherently difficult to value. We adopt the ‘fair value’ method to value the properties that we own. The valuations of the properties that we own are conducted by independent professional valuers and valid as at the date of valuation. Such valuations are subject to substantial uncertainty and subjective judgments and are made on the basis of assumptions which may not be accurate. Additionally, the inspections of our properties and other work undertaken in connection with a valuation exercise may not identify all material defects, breaches of contracts, laws and regulations, and other deficiencies and factors that could affect the valuations. We cannot assure you that our properties will retain the price at which they may be valued or that our investment in such properties will be realised at the valuations.

The valuations are not intended to be a prediction of the actual values likely to be realised by our Group from these investments. The value of these properties may fluctuate from time to time due to changes in market and other conditions such as economic or regulatory conditions or other relevant factors which could affect such valuations. The amount of losses or gains reported pursuant to the changes in the fair value of our properties may have a substantial impact on our consolidated income statements. Accordingly, should there be any significant adverse fluctuations in the fair value of the properties that we own, our financial performance may be adversely affected.

Our subsidiary, PT HNG, had on 1 July 2013 entered into four (4) conditional sale and purchase agreements including their addendums (*Perjanjian Pengikatan Jual Beli*) (“**PPJBs**”) for the purchase of each of Units A to D, EightyEight@Kasablanka Office Tower, Lantai 38, Jl. Casablanca Raya Kav. 88 Kelurahan Menteng Dalam, Kecamatan Tebet, Kota Administrasi Jakarta Selatan, Indonesia (collectively, the “**Units**” and each, a “**Unit**”). As at the Latest Practicable Date, PT HNG has yet to receive the legal title to the Units. The legal title will only be transferred to PT HNG following the execution of the Notarised Deed of Sale and Purchase for each Unit (*Akta Jual Beli*) (“**AJB**”) by PT HNG (as the purchaser) and PT Elite Prima Utama (as the seller) and the delivery of the Land Title Certificate for each Unit (“**LTC**”) to PT HNG which shall take place no later than 15 May 2018 pursuant to the PPJBs. Once PT HNG receives the LTC for each Unit, PT HNG will have to go to the relevant land office in Indonesia to have its name registered as the legal and registered owner of each Unit (“**Balik Nama process**”). Until such time, PT HNG may rely on its contractual right under the PPJBs to use and occupy the Units, whereby PT HNG is allowed to physically possess the Units and conduct its business of leasing the Units. Pursuant to the PPJBs, if the developer fails to deliver the LTCs to PT HNG by 15 May 2018 or six (6) months after the LTCs are issued, PT HNG may terminate the PPJBs and the developer will refund in full the selling price of the Units or the aggregate amounts that have been paid to the developer as at the time of termination (“**Refund**”). Notwithstanding that PT HNG is

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allowed to terminate the PPJBs and obtain a Refund in the event that the developer fails to deliver the LTCs to PT HNG by 15 May 2018 or six (6) months after the LTCs are issued (“**Default**”), depending on the market valuation of the Units at the time of Default, there may be a valuation deficit recognised in the combined financial statements of the Group (“**Consolidated Income Statements**”) (“**Valuation Deficit**”) based on the financial statements of our Group for FY2014. The Valuation Deficit will be recorded as a separate line item on the Consolidated Income Statements under “Fair value gain/(loss) on investment properties”. Please refer to the section entitled “General Information on Our Group – Properties and Fixed Assets” of this Offer Document for more details. In this case, our financial performance may be adversely affected.

We may not be able to recover our renovation, refurbishment and maintenance costs for our properties

We undertake renovation and refurbishment work in respect of most of our properties before leasing them out. Such physical asset enhancement works include building and property fitting-out and landscaping work, A&A, interior decoration and installation of air-conditioning units and lifts. This may result in us incurring substantial capital expenditure before any revenue can be generated from the leasing out of such properties. There is no assurance that we will be able to recover all or any of such capital expenditure.

We may also incur substantial costs in periodically maintaining and repairing some of our older properties. If we are unable to manage the capital expenditure and costs involved in renovating, refurbishing and/or maintaining our properties, our profit margin and hence, our business, results of operations, financial condition and prospects may be adversely affected.

We may face potential claims and business risks in respect of our Space Optimisation Business and our Facilities Management Business, and our insurance coverage may be inadequate

We are exposed to potential claims in the course of our business operations under our Space Optimisation Business and our Facilities Management Business from various parties. We may also be exposed to public liability claims in respect of our properties by third parties, and claims from employees who suffer from bodily injuries or death as a result of accidents that may occur or diseases that may be contracted during the course of their employment. Furthermore, due to the nature of our business, our properties may also be subject to the risks of fire, flood, theft and possible contamination.

Our Group has taken up insurance policies to cover these potential claims, including public liability insurance, work injury compensation insurance, fire insurance and industrial all risks insurance. Our Group also maintains business interruption insurance policies. In addition, we also require our tenants to obtain co-insurance to insure us and them against, amongst others, risks and damages to the leased premises, public liability and personal injury, death or property damages or losses arising from our tenants’ operations in the leased premises (“**Tenants’ Insurance**”). However, we only maintain limited insurance coverage and there is no assurance that all possible risks are adequately insured against by our insurance or our Tenants’ Insurance. In addition, certain types of losses, such as those arising from wars or acts of God, may not be fully covered by our insurance policies or our Tenants’ Insurance or may not be insured because they are either uninsurable or not economically insurable.

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As a result, we may have to pay out of our own resources for any losses or liabilities resulting from claims for damages, litigation or business disruption that are uninsured or uninsurable, or in excess of the limits stipulated in our insurance policies. If such losses are incurred, or if our business operations were disrupted or interrupted for a substantial period of time, our business, results of operations, financial condition and prospects will be adversely affected.

Please refer to the section entitled “General Information on Our Group – Insurance” of this Offer Document for more details of the insurance policies that we have taken up.

We may face potential claims from our landlords in the event that our tenants’ actions and omissions result in any breaches of the terms of our master leases and we may also be liable for our tenants’ non-compliance with governmental and regulatory requirements, and such losses are not covered by insurance

The master leases which we enter into with our landlords typically include provisions governing the usage and maintenance of the leased premises. In addition, the master leases will also typically include indemnity provisions which require us to indemnify and keep indemnified our landlords from and against, for instance, all claims, proceedings liabilities (civil or criminal) and all losses, damages, cost and expenses which our landlords may suffer or incur in connection with, amongst others, damage to property arising from or out of any occurrences in, upon or at the leased premises or the use of the leased premises by the tenants or by any of the tenants’ licensees. In the event that any of our tenants’ actions or omissions such as causing damage to the leased premises which result in a breach of the terms of our master leases, we could be liable for claims of damages and indemnity under the master leases and incur additional costs that will adversely affect our earnings and profit margin, thereby materially and adversely affecting our business, results of operations, financial condition and prospects.

In addition, our tenants’ use of the premises and the conduct of their business may be subject to governmental and regulatory requirements such as the requirement to obtain the requisite licences and approvals for the use of the premises or the conduct of their business. Any occurrence of such non-compliance with the relevant regulations by our tenants may result in, amongst others, the imposition of fines on us and/or the termination of our master leases. In the event that any of our master leases are terminated prematurely and we are unable to secure new leases of new properties on terms which are favourable to us and/or are unable to find suitable replacement premises, our normal business operations would be disrupted. These may cause us to suffer additional costs which can have a material and adverse effect on our business, results of operations, financial condition and prospects.

We do not have insurance coverage in respect of such claims and/or liabilities arising from breaches of our master leases by us as a result of our tenants’ actions and omissions and non-compliance with the relevant regulations by our tenants. Any material uninsured loss could have a material and adverse effect on our business, results of operations, financial condition and prospects.

(b) Risks relating to our Logistics Services Business

We are exposed to the risk of accidents during the handling and transportation of hazardous materials

As part of our Logistics Services Business, we are involved in the handling and transportation of hazardous materials, such as chemicals and chemical compounds, on a daily basis. Although we constantly strive to ensure that we comply with the safety procedures required by the current laws

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and regulations as well as prevailing industry standards, such as engaging an external service provider with personnel specially trained to handle hazardous materials in the event of accidents, we are still exposed to the risks of contamination, chemical spillage, chemical erosion and other accidents during handling and transportation.

Any damage, injuries or disruptions to our business caused by such accidents during handling and transportation of these hazardous materials may result in claims against us by our employees, our customers and/or third parties for damage to property, personal injury claims, reparation costs or other compensation. These claims may lead to legal or other proceedings and may result in substantial costs and diversion of our management's resources and attention from our business. If such legal or other proceedings are not concluded in our favour and we are made liable for the claims and incur legal and other costs, or if we accept settlement terms that are unfavourable to us, our business, results of operations, financial condition and prospects, as well as our reputation, may be adversely affected.

We are dependent on economic conditions

We are involved in the provision of transportation services and container depot management services under our Logistics Services Business. Demand for these services is dependent on global economic conditions. Any volatility or disruptions to the global financial markets or other factors resulting in a global economic slowdown may cause a general fall in volume of international trade, thereby lowering the demand for transportation services and container depot management services generally. This will adversely affect our business, results of operations, financial condition and prospects.

We are exposed to fluctuations in fuel prices

Our Logistics Services Business, particularly the transportation services which we provide, involves high fuel consumption and we are therefore exposed to the effects of fluctuations in fuel prices. Any significant increase in fuel prices will result in a direct increase in our operational costs. Although we may levy fuel surcharges on our customers from time to time, there is no assurance that we will be able to pass on all or any of such increases in fuel prices to our customers or otherwise offset the effects of any such increases in fuel prices.

If we are unable to pass on the costs of such increases in fuel prices to our customers, our profit margin will be reduced and our business, results of operations, financial condition and prospects will be adversely affected.

We are exposed to payment delays and/or defaults by our customers

We grant credit terms to our customers of up to 30 days, which will expose us to payment delays and/or defaults by our customers as there is no assurance that our customers will be able to pay us on time or at all. We may therefore be unable to recover the costs incurred from our customers, notwithstanding that we have carried out the delivery or storage services required of us by our customers. Persistent payment delays and/or defaults by our customers may also necessitate our termination of their agreements for logistics services with us, and there is no assurance that we will be able to secure a replacement customer in a timely manner or at all.

If any of the above events occur, our working capital and/or cash flows will be affected and may become inadequate. This will adversely affect our business, results of operations, financial condition and prospects.

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We may encounter delays and disruptions in our logistics operations

In relation to our Logistics Services Business, timely service is highly important to our customers. We may experience machinery or vehicular breakdowns, adverse weather or traffic conditions, electronic management system failures or container backlogs, all of which may result in delays or disruptions in our logistics operations.

In the event of such delays or disruptions, we may be required to pay penalty sums to our customers and/or to compensate them for any losses they may sustain as a result of such delays or disruptions. Any such payments will result in an increase in our operational costs and lower our profit margins. Our reputation may also be negatively affected if we are unable to meet our customers' requirements, which may result in a decline in business opportunities available to us.

If any of the above events occur, our business, results of operations, financial condition and prospects will be adversely affected.

We may face potential claims and business risks in respect of our Logistics Services Business, and our insurance coverage may be inadequate

Under our Logistics Services Business, we provide transportation services and container depot management services. In the course of providing such services, we are exposed to potential claims arising from various risks such as mechanical or vehicular failures which may result in damage to our customers' goods, errors or delays in delivery or even non-delivery of our customers' goods. In the event that we fail to meet stipulated delivery deadlines, we may also be required to pay penalties or liquidated damages to the affected customers.

Our Group has taken up insurance policies to cover these potential claims, including transport operators liability insurance, public liability insurance, motor policy insurance and commercial vehicle fleet insurance. Although our Directors believe that we have sufficient insurance coverage in accordance with industry standards and business practices, there is no assurance that our insurance coverage will be adequate to indemnify us against all potential claims. If such claims against us are made in excess of the limits stipulated in our insurance policies, our business, results of operations, financial condition and prospects will be adversely affected.

Please refer to the section entitled "General Information on Our Group – Insurance" of this Offer Document for more details of the insurance policies that we have taken up.

(c) General Risks

Our Group's business and expansion plans are subject to our ability to raise capital

Our Group's business and expansion plans will require adequate funding. Such funds are needed for, among other things, the leasing of new properties, the renovation and refurbishment of properties and the maintenance and upgrading of our properties' existing facilities. Please see the section entitled "General Information on Our Group – Business Strategies and Future Plans" of this Offer Document for further details on our Group's business plans.

In the event that the costs of implementing such plans should exceed these estimates significantly or that we come across opportunities to grow through expansion plans which cannot be predicted at this junction, and our funds generated from our operations prove insufficient for such purposes, we may need to raise additional funds to meet these funding requirements.

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There can be no assurance that financing, either on a short-term or a long-term basis, will be made available, or if available, that such financing will be obtained on terms favourable to our Group. If our Group is unable to secure necessary financing or secure such financing on terms which are favourable to us, either through debt financing and/or equity financing, this may adversely affect the business and prospects of our Group.

Such financing, even if obtained, may be accompanied by conditions that limit our ability to pay dividends or require us to seek lenders' consent for payment of dividends, or restrict our freedom to operate our business by requiring lenders' consent for certain corporate actions. Further, in the event that we raise additional funds by way of a limited placement or by a rights offering or through the issuance of new Shares to new and/or existing Shareholders after the Placement, they may be priced at a discount to the then prevailing market price of our Shares trading on the SGX-ST, or if any Shareholders is unable or unwilling to participate in such additional round of fund raising, in which case, Shareholders' equity interest may be diluted. If we fail to utilise the new equity to generate a commensurate increase in earnings, our earnings per Share will be diluted, and this could cause a decline in our Share price.

Our Group will also be subject to the risk that its existing borrowings may be terminated by the lenders upon occurrence of certain events (such as a failure to make interest payments) and it may not be able to refinance its existing borrowings or that the terms of any refinancing will not be as favourable as the terms of its existing borrowings.

In addition, future debt financing may, apart from increasing our interest expenses and gearing, subject us to various restrictive covenants and result in all or any of the following:

- (a) limit our ability to pay dividends or require us to seek consents for the payment of dividends;
- (b) increase our vulnerability to general adverse economic and/or industry conditions;
- (c) require us to dedicate a substantial portion of our cash flows from operations to payments on our debt, thereby reducing the availability of our cash flows to fund capital expenditure, working capital and other requirements; and/or
- (d) limit our flexibility in planning for, or reacting to, changes in our businesses and our industries.

Our business is subject to regulatory and licensing requirements and we may be adversely affected if we are unable to maintain our existing licences, registrations, approvals and permits

Our Space Optimisation Business, Facilities Management Business and Logistics Services Business are subject to various local regulatory and licensing requirements. Such rules and regulations relate to, amongst others, changes in the designated use of a development site, fire safety works, licensing of cleaning business, licensing to operate heavy vehicle parking places, licensing of security agencies, licensing of security service providers and transportation of petroleum or flammable material. Please refer to the section entitled "General Information on Our Group – Licences, Permits, Approvals, Certifications and Government Regulations" for more details of the laws and regulations governing our businesses.

If we fail to comply with the applicable laws and regulations, we may be subject to penalties such as fines and/or suspension of our business, which may adversely affect our business, results of operations and financial condition, as well as our reputation.

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We have, in the course of our business, been fined by regulatory and statutory bodies such as BCA, PUB, URA, NEA and the Singapore Police Force for infringement of certain rules and regulations in relation to outdoor advertising, environmental, land planning and development, mosquito breeding, security agencies and security service providers from time to time such as the display of signage without a valid licence, permitting the unauthorised discharge of used water into the sewerage system, carrying out of unauthorised works and change of use of premises without permission, carrying out the development of land without planning permission, mosquito breeding at certain of our properties, carrying out of construction works within 150 metres from a residential building during the prohibited period and failure to inform the relevant licensing officer before the employment of a licenced security officer. The aggregate amount of fines paid in FY2012, FY2013, FY2014 and for the period subsequent to FY2014 and up to the Latest Practicable Date was not material in respect of our Group's operations.

One of our subsidiaries has been queried by IRAS as to whether certain invoices issued by that subsidiary, which had been zero-rated, should be subject to GST at a standard rate ("**IRAS Query**"). As at the Latest Practicable Date, IRAS has yet to inform the subsidiary of the outcome of the IRAS Query. Any findings of non-compliance, deficiencies or violation of the relevant legislation, rules and regulations may subject the subsidiary to warnings, reprimands or fines. In this connection, if IRAS decides that the invoices should be subject to GST at a standard rate, our subsidiary may be subject to a late payment penalty which is estimated to be not more than S\$100,000 as at the Latest Practicable Date. Accordingly, our Directors do not expect this matter to have a material effect on our Group's financial position or results.

In addition, any changes in, or to the interpretation or application of, the laws, regulations, rules, codes, guidelines, directives, policies or other requirements applicable to us may lead to an increase in our cost of operations or result in unforeseen capital expenditure in order to ensure our Group's compliance with such changes.

Our licences, registrations, approvals and permits are subject to periodic review and renewal by the relevant regulatory authorities. The renewal of our licences, registrations, approvals and permits are subject to compliance with certain criteria and the relevant laws, regulations and standards. Please refer to the section entitled "General Information on Our Group – Licences, Permits, Approvals, Certifications and Government Regulations" for more details of our licences, registrations, approvals and permits.

Failure by us to obtain, renew or maintain the required licences, registrations, approvals and permits, or the cancellation, suspension or revocation of any of our licences, registrations, approvals and permits may result in the disruption of our business and operations and the imposition of a statutory penalty, which may adversely affect our business, results of operations, financial condition and prospects.

For instance, two (2) of our properties at 1557 Keppel Road ("**Keppel Road Property**") and Blocks 20, 21, 23, 23A, 24, 24A, 25, 25A at Depot Lane ("**Depot Lane Property**") were found to have not met the standards set out in the Fire Code 2013 during our routine fire safety inspection when we took over the properties. In this connection, we have submitted waiver applications for the waiver of certain requirements relating to fire safety in respect of the Keppel Road Property and the Depot Lane Property. The Commissioner of SCDF has granted the waivers which are subject to certain terms and conditions in respect of the Keppel Road Property and the Depot Lane Property ("**Waivers**"). In the event that we fail to fulfil the terms and conditions of the Waivers or fail to obtain the Fire Safety Certificates in respect of the Keppel Road Property and Depot Lane Property after the expiry of the Waivers, the relevant authority may impose a fine on us and/or direct us to vacate the Keppel Road Property and Depot Lane Property. Accordingly, we may not

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be able to lease out the Keppel Road Property and Depot Lane Property, and our business, results of operations, financial condition and prospects may be adversely affected. Please refer to the section entitled “General Information on Our Group – Licences, Permits, Approvals, Certifications and Government Regulations” for more details on the Fire Safety Certificates required by our Group in respect of the Keppel Road Property and Depot Lane Property.

In addition, the renewal by Greenhub Yangon of the permit issued pursuant to section 27A of the Myanmar Companies Act (“**Section 27A Myanmar Permit**”) is subject to certain conditions. In particular, the amount of minimum issued and paid-up capital of Greenhub Yangon shall be US\$50,000 prior to the renewal of the Section 27A Myanmar Permit (“**Minimum Issued and Paid-Up Capital Requirement**”). The current issued and paid-up capital of Greenhub Yangon is US\$25,000. In the event that Greenhub Yangon does not fulfil the Minimum Issued and Paid-Up Capital Requirement prior to the renewal of the Section 27A Myanmar Permit, Greenhub Yangon will not be able to carry on its business in Myanmar, and our business, results of operations, financial condition and prospects may be adversely affected. Please refer to the section entitled “General Information on Our Group – Licences, Permits, Approvals, Certifications and Government Regulations” for more details of the Section 27A Myanmar Permit.

Our continued success is dependent on our ability to retain the services of our Directors and key personnel

We believe our success to-date has been largely attributed to the contributions and expertise of our Executive Directors, Kelvin Lim and Jess Lim, as well as our Executive Officers, who have extensive experience in our Group’s businesses or relevant industries. Kelvin Lim and Jess Lim have, in aggregate, more than 30 years of experience in our industries. Our continued success will depend on our ability to retain the services of our Executive Directors and Executive Officers. The loss of the services of any of our Executive Directors or any of our Executive Officers without suitable and timely replacement, or the inability to attract and retain qualified personnel may adversely affect our business, results of operations, financial condition and prospects.

Please refer to the sections entitled “Directors, Management and Staff – Directors” and “Directors, Management and Staff – Executive Officers” of this Offer Document for further details on our Executive Directors and our Executive Officers.

Our failure to attract and retain skilled personnel could materially affect our operations and business

Our business requires highly skilled personnel such as architects, designers, project managers, project engineers, site supervisors and safety supervisors. Skilled personnel with the appropriate experience in our industries are limited and competition for the employment of such personnel is intense. There is no assurance that we will be able to attract the necessary skilled personnel to work for us or that we will be able to retain the skilled personnel whom we have trained at our own cost or that suitable and timely replacements can be found for skilled personnel who leave us. If we are unable to continue to attract and retain skilled employees, this will adversely affect our business, results of operations, financial condition and prospects.

We have contingent liabilities which may materialise

As at the Latest Practicable Date, we have, amongst others, the following contingent liabilities which may materialise:

- (a) contingent liabilities arising from corporate guarantees provided to institutions for hire-purchase facilities and bank loan facilities;

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- (b) our subsidiary, LHN Group, has given letters of undertaking to provide financial support for certain subsidiaries;
- (c) insurance claim involving HN Management; and
- (d) litigation involving our subsidiary, ICS.

Please refer to the section entitled “Capitalisation and Indebtedness – Contingent Liabilities” of this Offer Document for details of the contingent liabilities which may have a material effect on the financial position and profitability of our Group.

In the event that any of our contingent liabilities materialise and are not adequately provided for, whether by insurance, indemnity or otherwise, our business, results of operations, financial condition and prospects may be adversely affected.

Our financing costs may be adversely impacted by increase in interest costs

We may be subject to risks normally associated with debt financing, including exposure to fluctuations in interest rates and the inability to meet payments of the principal amount and interest. This is because a significant increase in interest rates would increase our Group’s borrowing and financing costs, which would in turn weaken our Group’s financial standing when seeking future financing. This may adversely affect the business, financial condition, results of operations and prospects of our Group.

We may face disputes with our tenants, customers, suppliers and/or other parties

We may face disputes with our tenants, customers, suppliers and/or other parties in the course of our business due to various reasons such as delays or non-payment of monies owing, defects in our properties, deductions made against security deposits paid by our tenants, delays in delivery, damages to goods transported or stored by us, and non-compliance with other contractual terms and conditions.

These disputes may lead to legal or other proceedings and may result in substantial costs and diversion of our management’s resources and attention from our business. If such legal or other proceedings are not concluded in our favour and we are found liable in such disputes for any claims and/or damages and incur legal and other costs, or if we accept settlement terms that are unfavourable to us, our business, results of operations, financial condition and prospects, as well as our reputation, may be adversely affected.

We may not be able to successfully implement our business strategies and future plans

In determining our business strategies and future plans, we have made certain assumptions about the future economic performance of the countries and industries in which we currently operate and/or intend to expand into.

The successful implementation of our strategies will entail, among other things, actively managing our properties, identifying suitable acquisition opportunities and making such acquisitions, undertaking development or asset enhancement initiatives, retaining and securing tenants and customers and raising funds in the capital or credit markets. Our ability to successfully implement our strategies is also dependent on various other factors, including but not limited to the competition we face in our business, which may affect our ability to acquire properties and secure tenants and customers on terms acceptable to us, and our ability to retain our key employees.

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Our ability to expand into new markets is dependent on our ability to adapt our experience and expertise and to understand and navigate the new environment. We cannot assure you that we will be able to implement all or some of our business strategies, and the failure to do so may materially adversely affect our business, financial condition, results of operations and prospects.

Our Group is exposed to risks associated with acquisitions, joint ventures or strategic alliances

Depending on available opportunities, feasibility and market conditions, we may engage in acquisitions, joint ventures or strategic alliances with third parties in Singapore as well as in overseas markets, including but not limited to, Indonesia, Myanmar and Thailand.

Participation in joint ventures, strategic alliances, acquisitions or other investment opportunities involves numerous risks, including the possible diversion of our management's attention from existing business operations and loss of capital or other investments deployed in such joint ventures, strategic alliances, acquisitions or opportunities. In such events, our Group's financial performance may be adversely affected.

If there are disagreements between us and our joint venture partners (if any) regarding the business and operations of the joint ventures, there is no assurance that we will be able to resolve them in a manner that will be favourable to us. In addition, such joint venture partners may (i) have economic or business interests or goals that are inconsistent with ours; (ii) take actions contrary to our instructions, requests, policies or objectives; (iii) be unable or unwilling to fulfil their obligations; (iv) have financial difficulties; or (v) have disputes with us as to the scope of their responsibilities and obligations. Any of these and other factors may adversely affect the performance of our joint ventures, which may in turn adversely affect our business, financial condition, results of operations and prospects.

We may be affected by conflicts, terrorist attacks, natural disasters, an outbreak of communicable diseases or other events beyond our control

Any fresh occurrence of terrorist attacks and conflicts such as those between Russia and the Ukraine and in the Middle East region, natural disasters, riots, demonstrations, social unrests, international sanctions such as those on Russia by the United States of America and the European Union and other events beyond our control, may disrupt our business operations or cause unexpected destruction, or lead to economic and social uncertainties and may result in an economic downturns. This may in turn adversely affect our business, financial condition, results of operations and prospects.

Furthermore, an outbreak of Severe Acute Respiratory Syndrome ("**SARS**"), Middle East Respiratory Syndrome Coronavirus ("**MERS**"), Ebola virus disease ("**EVO**"), avian influenza, Influenza A ("**H1N1**") or any other communicable diseases in the future in the countries in which we or our customers operate may potentially affect us. In particular, our operations and/or the operations of our customers may be disrupted and business sentiments, activities and spending could be adversely affected. This may in turn adversely affect our business, financial condition, results of operations and prospects.

RISK FACTORS

GENERAL RISKS AND RISKS RELATING TO OUR OVERSEAS OPERATIONS

We are exposed to foreign exchange risks

Our revenue is predominantly denominated in S\$, which constituted our Group's entire revenue in FY2012 and FY2013 and approximately 99.9% of our revenue in FY2014, while IDR constituted approximately 0.1% of our Group's revenue in FY2014. Our costs are predominantly denominated in S\$, which constituted approximately 100.0%, 99.6% and 98.9% of our Group's total cost in FY2012, FY2013 and FY2014 respectively, while IDR constituted approximately nil, 0.4% and 1.1% of our Group's total costs in FY2012, FY2013 and FY2014 respectively.

As the currency denomination of our revenue stream and our costs differ, we have a net foreign exchange exposure. Please refer to the section entitled "Management's Discussion And Analysis Of Results Of Operations And Financial Position – Foreign Exchange Exposure" of this Offer Document for further details. To the extent that our revenue stream and our costs are not naturally matched in the same currency, we will be exposed to any adverse fluctuation of foreign currencies against S\$. Overall net foreign exchange gain or loss will be determined by the extent of the impact on our revenue and total purchases as well as translations of foreign currency monetary assets and liabilities as at the end of the reporting period arising from the fluctuation of foreign currencies against the S\$. In addition, we own properties outside Singapore and any fair value gains of these investment properties are denominated in foreign currencies. In the event of a significant depreciation of foreign currencies against the S\$, our operating results and fair values of these properties will be adversely affected.

In addition, any significant depreciation of foreign currencies against the S\$ arising from timing differences between revenue recognised and actual receipt from our customers would result in us incurring foreign exchange losses. Conversely, any significant appreciation of foreign currencies against S\$ arising from the timing differences between costs recognised and actual payment to our suppliers of services will result in us incurring foreign exchange losses.

Given that the reporting currency of our Group's financial statements is in S\$, in order to prepare our financial statements, we translate the financial statements of our Indonesian and Myanmar subsidiaries, as well as our Thai associated companies, from IDR, US\$ and THB, respectively, to S\$ based on the average exchange rates prevailing over the relevant period of the profit and loss account and at closing exchange rates for the balance sheet. Fluctuations in the exchange rates may adversely affect our financial performance and financial condition.

We do not currently have any formal policy for hedging against foreign exchange exposure. We will continue to monitor our foreign exchange exposure and may employ forward currency contracts to manage our foreign exchange exposure should the need arise. Prior to implementing any formal hedging policies, we will seek the approval of our Board on the policy and put in place adequate procedures which shall be reviewed and approved by our Audit Committee. Thereafter, all hedging transactions entered into by our Group will be in accordance with the set policies and procedures.

We may face general risks associated with doing business outside Singapore

There are risks which are inherent in doing business overseas, such as unexpected changes in legislation, regulatory requirements and government policies, economic downturns, difficulties in staffing and managing foreign operations, social and political instability, controls and fluctuations in currency exchange and interest rates, potentially adverse tax consequences, legal uncertainty regarding liability, tariffs and other trade barriers, investment restrictions, variable and unexpected

RISK FACTORS

changes in local laws and barriers to the repatriation of capital or profits, any of which could affect our overseas operations and, consequently, our business, results of operations, financial condition and prospects.

Currently, besides Singapore, we have an overseas business presence in Indonesia, Thailand and Myanmar. We may also expand into other countries in which we presently do not have a business presence. Our business and future growth in these countries are dependent on the economic, political, legal, regulatory, social and other conditions in these countries. We have no control and can provide no assurance over such conditions and developments and any such changes that are detrimental to our business could adversely affect our operations, financial performance and future growth in these countries.

RISKS RELATING TO AN INVESTMENT IN OUR SHARES

Control by our Controlling Shareholders, namely Trident Trust, LHN Capital, HN Capital, HNG, Kelvin Lim and Jess Lim, of our enlarged share capital after the Placement may limit your ability to influence the outcome of decisions requiring the approval of Shareholders

HN Capital, Kelvin Lim and Jess Lim directly own 85.0%, 5.0% and 10.0% respectively of the entire issued and paid-up share capital in HNG. LHN Capital holds the entire issued and paid-up share capital of HN Capital. In turn, Trident Trust holds the entire issued and paid-up share capital of LHN Capital. Accordingly, Trident Trust, LHN Capital, HN Capital, Kelvin Lim and Jess Lim are collectively deemed to control 100.0% of the voting rights in HNG. Upon completion of the Placement, HNG will directly own approximately 76.1% of our post-Placement share capital.

Please refer to the section entitled “Shareholders – Shareholding and Ownership Structure” for more information on our Controlling Shareholders and their respective interests in our Shares.

As a result, our Controlling Shareholders will be able to significantly influence our corporate actions such as mergers or takeover attempts in a manner which may not be in line with the interests of our public Shareholders. They will also have veto power in relation to any shareholder action or approval requiring a majority vote except in situations where they are required by the rules of the Listing Manual and/or the SGX-ST to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Group which may not benefit our Shareholders. There is no assurance that our Controlling Shareholders will act solely in our or your interest, or that any difference of interest will be resolved in our or your favour.

Investment in shares quoted on Catalist involves a higher degree of risk and can be less liquid than shares quoted on the Main Board of the SGX-ST

An application has been made for our Shares to be listed for quotation on Catalist, a listing platform designed primarily for fast-growing and emerging or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established companies listed on the Main Board of the SGX-ST. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST. Catalist was newly formed in December 2007 and the future success and liquidity in the market of our Shares cannot be guaranteed.

RISK FACTORS

There is no prior market for our Shares and the Placement may not result in an active or liquid market for our Shares

Prior to the Listing, there has been no public market for our Shares. Although we have applied to the SGX-ST for the dealing and quotation of our Shares on Catalist, there is no assurance that an active trading market for our Shares will develop or, if developed, will be sustained. There is also no assurance that the market price for our Shares will not decline below the Placement Price.

The rules of the Listing Manual require that companies applying for the listing of their equity Securities on Catalist must meet certain minimum shareholding spread and distribution requirements. While we will need to meet these requirements in order to list our Shares on Catalist, these requirements are only minimum requirements and our shareholding distribution in our Placement and our post-Placement shareholding spread may not substantially exceed these limits or may even fall below these limits after the Placement. In the case where the percentage of our post-Placement share capital held by public shareholders is less than 10.0%, the SGX-ST may suspend trading of our Shares. As a result, the liquidity of our shares can be materially curtailed and there may be no or limited trading in our shares and you may not be able to acquire Shares or sell your Shares in our Company, either at a favourable price or at all. In addition, if shares such as our Shares, have only limited liquidity, the price of such shares can fluctuate significantly as a result of only one or a small number of trades in these shares.

Our share price may be volatile in future which could result in substantial losses for investors purchasing Shares pursuant to the Placement

There is no assurance that the market price of our Shares will not decline below the Placement Price. The Placement Price was determined after consultation between our Company, the Sponsor, Issue Manager and Placement Agent and the Sub-Placement Agent after taking into consideration, *inter alia*, market conditions and estimated market demand for our Share. The Placement Price may not be indicative of the market price for our Shares after the completion of the Placement. Investors may not be able to sell their Shares at or above the Placement Price. The market price of our Shares may fluctuate significantly and rapidly as a result of, amongst others, the following factors, some of which are beyond our control:

- (a) changes in general economic and stock market conditions;
- (b) changes in our operating results;
- (c) perceived prospects and future plans for our business and the general outlook of our industry;
- (d) changes in securities analysts' estimates of our financial performance and recommendations;
- (e) differences between our actual financial operating results and those expected by investors and securities analysts;
- (f) announcements by our competitors or ourselves of gain or loss of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- (g) our involvement in litigations; and
- (h) addition or loss of key personnel.

RISK FACTORS

Future sale or issuance of Shares could adversely affect our Share price

Any future sale, availability or issuance of a large number of our Shares in the public market can have a downward pressure on our Share price. The sale of a significant amount of Shares in the market after the Placement, or the perception that such sales may occur could materially and adversely affect the market price of our Shares. These factors could also affect our ability to issue additional equity securities in future. Save as otherwise described in the section entitled “Shareholders – Moratorium” of this Offer Document, there are no restrictions on the ability of our Shareholders to sell their Shares either on the SGX-ST or otherwise.

Negative publicity which includes those relating to any of our Directors, Executive Officers, Controlling Shareholders or Substantial Shareholders may adversely affect our Share price

Negative publicity or announcement relating to any of our Directors, Executive Officers, Controlling Shareholders or Substantial Shareholders may adversely affect the market perception or the share performance of our Company, whether or not it is justified. Some examples of these include unsuccessful attempts at joint ventures, acquisitions or takeovers, or involvement in insolvency proceedings.

Investors in our Shares would face immediate and substantial dilution in the NTA per Share and may experience future dilution

The Placement Price of our Placement Shares is substantially higher than our Group’s NTA per Share of 14.17 cents based on the post-Placement share capital and after adjusting for the estimated net proceeds from the issue of the Placement Shares. If we were liquidated immediately following this Placement, each investor subscribing to this Placement would receive less than the price they paid for their Shares. Please refer to the section entitled “Dilution” of this Offer Document for more information.

In addition, we may issue Performance Shares under our LHN Performance Share Plan. To the extent that such Performance Shares are issued, there may be further dilution to investors participating in the Placement. Please refer to the section entitled “The LHN Performance Share Plan” as well as Appendix D entitled “Rules of the LHN Performance Share Plan” of this Offer Document for more information.

We may not be able to pay dividends in the future

Our ability to declare dividends to our Shareholders in the future will be contingent on our future financial performance and distributable reserves of our Company. This is in turn dependent on our ability to implement our future plans, regulatory, competitive, technical and other factors, general economic conditions, demand for and selling prices of our services and other factors exclusive to the space optimisation, facilities management and logistics services industries. Any of these factors could have a material adverse effect on our business, financial condition and results of operations, and hence there is no assurance that we will be able to pay dividends to our Shareholders after the completion of the Placement.

Further, in the event that we are required to enter into any loan arrangements with any financial institutions, covenants in the loan agreements may also limit when and how much dividends we can declare and pay out.

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Investors may not be able to participate in future rights offerings or certain other equity issues by us

In the event that we issue new Shares, we will be under no obligation to offer those Shares to our existing Shareholders at the time of issue, except where we elect to conduct a rights issue. If we offer to our Shareholders rights to subscribe for additional Shares or any rights of any other nature or other equity issues, we will have the discretion and be subject to the relevant laws, rules and regulations as to the procedures to be followed in making such rights offering available to our existing Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. We may choose not to offer the rights or other equity issues to our Shareholders or investors having an address outside Singapore, hence overseas Shareholders or investors may be unable to participate in future offerings of our Shares and may experience dilution of their interests in our Company.

PLACEMENT STATISTICS

PLACEMENT PRICE 23.00 cents

NTA

NTA per Share based on the audited consolidated balance sheet of our Group as at 30 September 2014 after adjusting for the Restructuring Exercise and the issue of the Pre-IPO New Shares and PPCF Shares (the “**Adjusted NTA**”):

- | | |
|---|-------------|
| (a) before adjusting for the estimated net proceeds from the issue of Placement Shares and based on our Company’s pre-Placement share capital of 287,611,300 Shares | 12.19 cents |
| (b) after adjusting for the estimated net proceeds from the issue of Placement Shares and based on our Company’s post-Placement share capital of 361,524,300 Shares | 14.17 cents |

Premium of Placement Price over the Adjusted NTA per Share as at 30 September 2014:

- | | |
|---|-------|
| (a) before adjusting for the estimated net proceeds from the issue of Placement Shares and based on our Company’s pre-Placement share capital of 287,611,300 Shares | 88.7% |
| (b) after adjusting for the estimated net proceeds from the issue of Placement Shares and based on our Company’s post-Placement share capital of 361,524,300 Shares | 62.3% |

NTA per Share based on the audited consolidated balance sheet of our Group as at 30 September 2014 after adjusting for the Restructuring Exercise, the issue of the Pre-IPO New Shares and PPCF Shares, and excluding the revaluation gains on leasehold building (the “**Adjusted Revalued NTA**”):

- | | |
|---|-------------|
| (a) before adjusting for the estimated net proceeds from the issue of Placement Shares and based on our Company’s pre-Placement share capital of 287,611,300 Shares | 11.42 cents |
| (b) after adjusting for the estimated net proceeds from the issue of Placement Shares and based on our Company’s post-Placement share capital of 361,524,300 Shares | 13.57 cents |

Premium of Placement Price over the Adjusted Revalued NTA per Share as at 30 September 2014:

- | | |
|---|--------|
| (a) before adjusting for the estimated net proceeds from the issue of Placement Shares and based on our Company’s pre-Placement share capital of 287,611,300 Shares | 101.4% |
| (b) after adjusting for the estimated net proceeds from the issue of Placement Shares and based on our Company’s post-Placement share capital of 361,524,300 Shares | 69.5% |

EPS⁽¹⁾

Audited EPS of our Group for FY2014 based on our Company’s post-Placement share capital of 361,524,300 Shares 3.53 cents⁽²⁾

PLACEMENT STATISTICS

Audited EPS of our Group for FY2014, assuming the Service Agreements had been in place since 1 October 2013 and based on our Company's post-Placement share capital of 361,524,300 Shares 3.40 cents⁽³⁾

PRICE EARNINGS RATIO

Audited price earnings ratio based on the Placement Price and the audited EPS of our Group for FY2014 6.5 times⁽⁴⁾

Audited price earnings ratio based on the Placement Price and the audited EPS of our Group for FY2014, assuming the Service Agreements had been in place since 1 October 2013 6.8 times⁽⁵⁾

NET OPERATING CASH FLOW⁽⁶⁾

Audited net operating cash flow per Share of our Group for FY2014 based on our Company's post-Placement share capital of 361,524,300 Shares 3.10 cents

Audited net operating cash flow per Share of our Group for FY2014, assuming the Service Agreements had been in place since 1 October 2013 and based on our Company's post-Placement share capital of 361,524,300 Shares 2.96 cents

PRICE TO NET OPERATING CASH FLOW RATIO

Ratio of Placement Price to audited net operating cash flow per Share of our Group for FY2014 based on our Company's post-Placement share capital of 361,524,300 Shares 7.4 times

Ratio of Placement Price to audited net operating cash flow per Share of our Group for FY2014, assuming the Service Agreements had been in place since 1 October 2013 and based on our Company's post-Placement share capital of 361,524,300 Shares 7.8 times

MARKET CAPITALISATION

Market capitalisation based on our Company's Placement Price and post-Placement share capital of 361,524,300 Shares S\$83.2 million

Notes:

- (1) EPS is calculated based on the audited profit attributable to equity owners of our Company and our Company's post-Placement share capital of 361,524,300 Shares.
- (2) Had we excluded fair value gain on investment properties of approximately S\$5.8 million for FY2014, our adjusted net profit attributable to equity owners of our Company ("**Adjusted Net Profit Attributable to Equity Owners**") for FY2014 would have been approximately S\$7.0 million. If based on the Adjusted Net Profit Attributable to Equity Owners for FY2014, the historical EPS of our Group for FY2014 based on our Company's post-Placement share capital would have been 1.93 cents.
- (3) Had we excluded fair value gains on investment properties of approximately S\$5.8 million for FY2014 and assuming that the Service Agreements had been in place since 1 October 2013, our Adjusted Net Profit Attributable to Equity Owners for FY2014 would have been approximately S\$6.6 million. If based on the Adjusted Net Profit Attributable to Equity Owners for FY2014, the historical EPS of our Group for FY2014 based on our Company's post-Placement share capital assuming the Service Agreements had been in place since 1 October 2013 would have been 1.81 cents.
- (4) Based on the Adjusted Net Profit Attributable to Equity Owners for FY2014, our price earnings ratio would have been 11.9 times.
- (5) Based on the Adjusted Net Profit Attributable to Equity Owners for FY2014, and assuming the Service Agreements had been in place since 1 October 2013, our price earnings ratio would have been 12.7 times.
- (6) Net operating cash flow refers to net cash generated from operating activities.

USE OF PROCEEDS AND LISTING EXPENSES

Use of Proceeds

The estimated net proceeds to be raised by our Company from the Placement, after deducting the aggregated estimated cash expenses in relation to the Placement of approximately S\$2.6 million will be approximately S\$14.4 million.

The following table sets out the breakdown of the use of proceeds to be raised by our Company:

Use of Proceeds	Amount in Aggregate (S\$'000)	Estimated amount allocated for each dollar raised by our Company (as a percentage of the gross proceeds to be raised by us from the issue of the Placement Shares)
To grow our property portfolio and acquire our own properties	5,000	29.4%
Expansion of our Logistics Services Business and Facilities Management Business	3,000	17.7%
Expansion of our operations in existing markets and into new markets	3,000	17.7%
Development of technological capability	500	2.9%
General working capital	2,931	17.2%
Net proceeds	14,431	84.9%
Estimated listing expenses ⁽¹⁾	2,569	15.1%
Total	17,000	100.0%

Note:

- (1) Approximately S\$0.8 million of the total estimated listing expenses to be borne by our Company will be capitalised against share capital and the balance of the estimated listing expenses will be charged to the profit and loss account of our Company.

Further details of our use of proceeds may be found in the section entitled “General Information on our Group – Business Strategies and Future Plans” of this Offer Document.

The foregoing discussion represents our Company’s best estimate of our allocation of the net proceeds of the Placement attributable to our Company based on our current plans and estimates regarding our anticipated expenditures. Our actual expenditures may vary from these estimates and our Company may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use portions of the net proceeds for other purposes. In the event that our Company decides to reallocate such net proceeds for other purposes, our Company will publicly announce its intention to do so through an SGXNET announcement on the internet at the SGX-ST website, <http://www.sgx.com>. In addition, our Company will make periodic announcements on the use of the proceeds attributable to our Company from the Placement as and when the proceeds from the Placement are materially disbursed, and provide a status report on the use of the proceeds attributable to our Company from the Placement in our financial results announcements and annual reports.

USE OF PROCEEDS AND LISTING EXPENSES

Pending the deployment of the net proceeds from the issue of Placement Shares as aforesaid, the funds will be placed in short-term deposits with banks and financial institutions or invested in money market instruments or used for our working capital requirements as our Directors may, in their absolute discretion, deem fit.

In the event that the amount set aside to meet the estimated expenses in relation to the Placement is in excess of the actual expenses incurred, such amount will be made available for our working capital purposes. In the reasonable opinion of our Directors, there is no minimum amount which must be raised by the Placement.

Listing Expenses

The estimated expenses payable by our Company in connection with the Placement and the application for Listing, including the placement commission, management fees, legal and audit fees, fees payable to the SGX-ST and all other incidental expenses in relation to this Placement are estimated to be approximately S\$2.6 million.

A breakdown of these expenses to be borne by our Company in relation to the Placement is as follows:

Listing expenses borne by our Company	Estimated Amount (S\$'000)	Estimated amount allocated for each dollar raised by our Company (as a percentage of the gross proceeds to be raised by us for the issue of the Placement Shares) (%)
Listing and application fees	58	0.3
Professional fees ⁽¹⁾	1,786	10.5
Placement commission ⁽²⁾	595	3.5
Miscellaneous expenses	130	0.8
Total	2,569	15.1

Notes:

- (1) These refer to the cash expenses payable by our Company in connection with the Placement and excludes the management fee payable to the Sponsor and Issue Manager which will be satisfied in full by the allotment and issuance of 1,391,300 PPCF Shares pursuant to the Management Agreement.
- (2) The amount of placement commission per Placement Share, agreed upon between the Placement Agent and our Company is 3.5% of the Placement Price payable for each Placement Share successfully subscribed for. Please refer to the section entitled "General and Statutory Information – Management and Placement Arrangements" of this Offer Document for more details.

Subscribers of the Placement Shares may be required to pay brokerage or selling commission of up to 1.0% of the Placement Price (and the prevailing GST thereon, if applicable) to the Placement Agent, the Sub-Placement Agent or any other sub-placement agent that may be appointed by the Placement Agent.

DIVIDEND POLICY

Our Company was incorporated on 10 July 2014 and has not distributed any dividends on our Shares since incorporation. Save as disclosed below, none of our subsidiaries has declared or paid any dividends in respect of each of the last three (3) financial years ended 30 September 2012, 2013 and 2014 and the period from 1 October 2014 to the Latest Practicable Date:

Subsidiary	Net dividends paid in respect of						1 October 2014 to the Latest Practicable Date	
	FY2012		FY2013		FY2014		Total (S\$'000)	Per share (S\$)
	Total (S\$'000)	Per share (S\$)	Total (S\$'000)	Per share (S\$)	Total (S\$'000)	Per share (S\$)		
CEC Holdings	600 ⁽¹⁾	6.00	–	–	–	–	–	–
HNC	1,500 ⁽²⁾	60.00	–	–	–	–	–	–
LHN Group	860 ⁽³⁾	0.43	12,000 ⁽⁴⁾	6.00	2,000 ⁽⁵⁾	1.00	–	–
ICFM	200 ⁽⁶⁾	1.33	–	–	–	–	–	–
LHN Space Resources	3,000 ⁽⁷⁾	2.50	4,000 ⁽⁸⁾	3.33	3,000 ⁽⁹⁾	2.50	–	–
Soon Wing Investments	1,000 ⁽¹⁰⁾	40.00	–	–	–	–	–	–
Work Plus Store	2,700 ⁽¹¹⁾	4.50	2,000 ⁽¹²⁾	3.33	–	–	–	–

Notes:

- (1) On 1 September 2012, CEC Holdings declared a one-tier tax exempt interim dividend of S\$600,000 to be paid out of the retained profits of CEC Holdings to the registered shareholders of CEC Holdings as at 1 September 2012 in respect of FY2012. The dividend was paid out on 11 September 2012.
- (2) On 1 September 2012, HNC declared a one-tier tax exempt interim dividend of S\$1,500,000 to be paid out of the retained profits of HNC to the registered shareholders of HNC as at 1 September 2012 in respect of FY2012. The dividend was paid out on 11 September 2012.
- (3) On 3 April 2012, LHN Group declared a one-tier tax exempt interim dividend of S\$660,000 to be paid out of the retained profits of LHN Group to the registered shareholders of LHN Group as at 31 March 2012 in respect of FY2012. The dividend was paid out on 3 April 2012. On 30 June 2012, LHN Group declared a one-tier tax exempt interim dividend of S\$200,000 to be paid out of the retained profits of LHN Group to the registered shareholders of LHN Group as at 30 June 2012 in respect of FY2012. The dividend was paid out on 23 July 2012.
- (4) On 2 October 2012, LHN Group declared a one-tier tax exempt interim dividend of S\$3,000,000 to be paid out of the retained profits of LHN Group to the registered shareholders of LHN Group as at 1 October 2012 in respect of FY2013. The dividend was paid out on 15 October 2012. On 31 December 2012, LHN Group declared a one-tier tax exempt interim dividend of S\$3,000,000 to be paid out of the retained profits of LHN Group to the registered shareholders of LHN Group as at 31 December 2012 in respect of FY2013. The dividend was paid out on 4 January 2013. On 15 January 2013, LHN Group declared a one-tier tax exempt interim dividend of S\$3,000,000 to be paid out of the retained profits of LHN Group to the registered shareholders of LHN Group as at 31 December 2012 in respect of FY2013. The dividend was paid out on 18 January 2013. On 15 July 2013, LHN Group declared a one-tier tax exempt interim dividend of S\$3,000,000 to be paid out of the retained profits of LHN Group to the registered shareholders of LHN Group as at 15 July 2013 in respect of FY2013. The dividend was paid out on 30 July 2013.
- (5) On 24 September 2014, LHN Group declared a one-tier tax exempt interim dividend of S\$2,000,000 to be paid out of the retained profits of LHN Group to the registered shareholders of LHN Group as at 30 September 2014 in respect of FY2014. The dividend was paid out on 1 December 2014.
- (6) On 1 September 2012, ICFM declared a one-tier tax exempt interim dividend of S\$200,000 to be paid out of the retained profits of ICFM to the registered shareholders of ICFM as at 1 September 2012 in respect of FY2012. The dividend was paid out on 11 September 2012.

DIVIDEND POLICY

- (7) On 1 September 2012, LHN Space Resources declared a one-tier tax exempt interim dividend of S\$3,000,000 to be paid out of the retained profits of LHN Space Resources to the registered shareholders of LHN Space Resources as at 1 September 2012 in respect of FY2012. The dividend was paid out on 17 September 2012.
- (8) On 15 July 2013, LHN Space Resources declared a one-tier tax exempt interim dividend of S\$2,000,000 to be paid out of the retained profits of LHN Space Resources to the registered shareholders of LHN Space Resources as at 15 July 2013 in respect of FY2013. The dividend was paid out on 29 July 2013. On 27 September 2013, LHN Space Resources declared a one-tier tax exempt interim dividend of S\$2,000,000 to be paid out of the retained profits of LHN Space Resources to the registered shareholders of LHN Space Resources as at 15 September 2013 in respect of FY2013. The dividend was paid out on 14 November 2013.
- (9) On 25 September 2014, LHN Space Resources declared a one-tier tax exempt interim dividend of S\$3,000,000 to be paid out of the retained profits of LHN Space Resources to the registered shareholders of LHN Space Resources as at 30 September 2014 in respect of FY2014. The dividend was paid out on 28 October 2014.
- (10) On 1 September 2012, Soon Wing Investments declared a one-tier tax exempt interim dividend of S\$1,000,000 to be paid out of the retained profits of Soon Wing Investments to the registered shareholders of Soon Wing Investments as at 1 September 2012 in respect of FY2012. The dividend was paid out on 11 September 2012.
- (11) On 1 September 2012, Work Plus Store declared a one-tier tax exempt interim dividend of S\$2,700,000 to be paid out of the retained profits of Work Plus Store to the registered shareholders of Work Plus Store as at 1 September 2012 in respect of FY2012. The dividend was paid out on 13 September 2012.
- (12) On 15 July 2013, Work Plus Store declared a one-tier tax exempt interim dividend of S\$1,000,000 to be paid out of the retained profits of Work Plus Store to the registered shareholders of Work Plus Store as at 15 July 2013 in respect of FY2013. The dividend was paid out on 29 July 2013. On 27 September 2013, Work Plus Store declared a one-tier tax exempt interim dividend of S\$1,000,000 to be paid out of the retained profits of Work Plus Store to the registered shareholders of Work Plus Store as at 15 September 2013 in respect of FY2013. The dividend was paid out on 14 November 2013.

We currently do not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors:

- (a) the level of our cash and retained earnings;
- (b) our actual and projected financial performance;
- (c) our projected levels of capital expenditure and expansion plans;
- (d) our working capital requirements and general financing condition; and
- (e) restrictions on payment of dividends imposed on us by our financing arrangements (if any).

Subject to the above, our Directors intend to recommend and distribute dividends of not less than 20.0% of our net profit after tax attributable to our Shareholders for each of FY2015 and FY2016 (“**Proposed Dividends**”). However, investors should note that the statement in relation to the Proposed Dividends is merely a statement of our present intention and shall not constitute legally binding obligations. The distribution of future dividends may be subject to modifications, including the reduction or non-payment thereof, at the sole and absolute discretion of our Directors.

We may declare dividends subject to the approval of our Shareholders in a general meeting but the amount of such dividend shall not exceed the amount recommended by our Directors. Subject to our Articles of Association and in accordance with the Companies Act, our Directors may also declare an interim dividend without the approval of our Shareholders. Our Company may pay all dividends out of our profits or pursuant to Section 69 of the Companies Act which permits us to apply accumulated profits to pay dividends in the form of Shares.

DIVIDEND POLICY

The amount of dividends declared and paid by us in the past should not be taken as an indication of the dividends payable in the future. No inference shall or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends in any of the periods discussed. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future.

All dividends are paid *pro-rata* among the Shareholders in proportion to the amount paid-up on each Shareholder's Shares, unless the rights attached to an issue of any Shares provides otherwise. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

Information relating to taxes payable on dividends is set out in the section entitled "Taxation" of this Offer Document.

SHARE CAPITAL

Our Company (Company Registration Number: 201420225D) was incorporated in Singapore on 10 July 2014 under the Companies Act as a private company limited by shares under the name of “LHN Pte. Ltd.”. On 16 March 2015, our Company changed its name to “LHN Limited” in connection with its conversion into a public company limited by shares.

As at the date of incorporation and as at the Latest Practicable Date, our issued and paid-up share capital was S\$1.00, comprising one (1) ordinary Share.

Pursuant to the completion of the Restructuring Exercise, the issued and paid-up share capital of our Company was increased to S\$32,726,560 comprising 1,000,000 Shares.

Pursuant to the extraordinary general meeting held on 10 March 2015, our Shareholders approved, *inter alia*, the following:

- (i) the Share Spilt;
- (ii) the conversion of our Company into a public limited company and the consequential change of our name to “LHN Limited”;
- (iii) the adoption of a new set of Articles of Association;
- (iv) the allotment and issuance of the Placement Shares which are the subject of the Placement which when fully paid, allotted and issued, will rank *pari passu* in all respects with the existing issued Shares;
- (v) the authorisation of our Directors to allot and issue Shares upon the grant of Awards under the LHN Performance Share Plan;
- (vi) the listing and quotation of all the issued Shares (including the Placement Shares to be allotted and issued pursuant to the Placement, the Pre-IPO New Shares and the PPCF Shares) and the Performance Shares to be allotted and issued (if any) on Catalyst;
- (vii) authorisation for our Directors, pursuant to Section 161 of the Companies Act and the Listing Manual to (i) issue Shares whether by way of rights, bonus or otherwise; (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit; and (iii) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force, provided that:
 - (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) and Instruments to be issued pursuant to this resolution shall not exceed 100.0% of the total number of issued Shares (excluding treasury shares) in the capital of our Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued (including Shares to be issued pursuant to the Instruments) other than on a *pro rata* basis to existing Shareholders shall not exceed 50.0% of the total number of issued Shares (excluding treasury shares) in the capital of our Company (as calculated in accordance with sub-paragraph (2) below);

SHARE CAPITAL

- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of Shares that may be issued shall be based on the total number of issued Shares of our Company (excluding treasury shares) immediately after the Placement, after adjusting for (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities; (b) new Shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this authority; and (c) any subsequent bonus issue, consolidation or sub-division of Shares;
 - (3) in exercising such authority, our Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of our Company; and
 - (4) unless revoked or varied by our Company in a general meeting, such authority shall continue in force until (a) the conclusion of the next annual general meeting of our Company or (b) the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier;
- (viii) the adoption of the LHN Performance Share Plan, details of which are set out in the section entitled “LHN Performance Share Plan” of this Offer Document, and also in Appendix D entitled “Rules of The LHN Performance Share Plan” of this Offer Document; and
- (ix) the participation in the PSP by Kelvin Lim and Jess Lim.

In addition, pursuant to the extraordinary meeting held on 3 March 2015, our Shareholders approved, *inter alia*, the allotment and issuance of the Pre-IPO New Shares to the Pre-IPO Investors pursuant to the Pre-IPO Redeemable Convertible Loan Agreements, which will rank *pari passu* in all respects with the existing issued Shares.

Furthermore, pursuant to the extraordinary general meeting held on 30 March 2015, our Shareholders approved, *inter alia*, the allotment and issuance of the PPCF Shares to PPCF in satisfaction of their management fee as Sponsor and Issue Manager which when fully paid, allotted and issued, will rank *pari passu* in all respects with the existing issued Shares.

As at the date of this Offer Document, there is only one (1) class of Shares in the capital of our Company, being the Shares. A summary of the Articles of Association of our Company relating to, among others, the voting rights and privileges of our Shareholders is set out in Appendix C entitled “Selected Extracts of our Articles of Association” of this Offer Document.

There are no founders, management, deferred or unissued Shares reserved for issuance for any purpose. The Placement Shares shall have the same interest and voting rights as our existing issued Shares that were issued prior to this Placement and there are no restrictions to the free transferability of our Shares.

Save for the Awards which may be granted under the LHN Performance Share Plan, no person has, or has the right to be given, an option to subscribe for or purchase any securities of our Company or any of our subsidiaries or associated companies. No option to subscribe for Shares in our Company has been granted to, or was exercised by, any of our Directors or Executive Officers.

SHARE CAPITAL

No participant has been identified and/or granted an Award for any Performance Shares by the Remuneration Committee pursuant to the LHN Performance Share Plan.

As at the date of this Offer Document, following the allotment and issuance of the Pre-IPO New Shares and the PPCF Shares, the issued and paid-up share capital of our Company is S\$35,046,560 comprising 287,611,300 Shares. Upon the allotment and issuance of the Placement Shares, the resultant issued and paid-up share capital of our Company will be increased to S\$51,239,960 comprising 361,524,300 Shares.

Details of the changes in the issued and paid-up share capital of our Company since the date of incorporation and immediately after the Placement are set out below:

	Number of Issued Shares	Issued and paid-up share capital (S\$)
Issued and fully paid Shares at incorporation	1	1
Issue of new Shares pursuant to the Restructuring Exercise ⁽¹⁾	999,999	32,726,559
Post-Restructuring Exercise issued and paid-up share capital	1,000,000	32,726,560
Issued and paid-up share capital after Share Split	275,000,000	32,726,560
Issue of Pre-IPO New Shares	11,220,000	2,000,000
Issue of PPCF Shares	1,391,300	320,000
Pre-Placement issued and paid-up share capital	287,611,300	35,046,560
Placement Shares issued pursuant to the Placement	73,913,000	16,193,400 ⁽²⁾
Post-Placement issued and paid-up share capital	361,524,300	51,239,960

SHARE CAPITAL

Notes:

- (1) Please refer to the section entitled “Restructuring Exercise” of this Offer Document for more details.
- (2) Includes a set-off of our Company’s estimated listing expenses of approximately S\$0.8 million against our share capital, which excludes the remaining listing expenses of approximately S\$2.1 million which will be accounted for as an expense in the income statement of our Group.

The issued and paid-up share capital and the shareholders’ equity of our Company as at the date of its incorporation and after adjustments to reflect the Restructuring Exercise, the Share Split, and the allotment and issuance of the Pre-IPO New Shares, the PPCF Shares and the Placement Shares pursuant to the Placement are set forth below. This should be read in conjunction with Appendix A entitled “Report of the Independent Auditor on the Audited Combined Financial Statements of the Group for the financial years ended 30 September 2012, 2013 and 2014” and Appendix B entitled “Compilation Report of the Independent Auditor on the Pro Forma Financial Information of the Group for the financial year ended 30 September 2014” of this Offer Document.

	As at Incorporation	After the Restructuring Exercise, the Share Split, the allotment and issuance of the Pre-IPO New Shares and PPCF Shares	After the Placement
Issued and fully paid-up shares (number of shares)	1	287,611,300	361,524,300
Issued and fully paid-up share capital (S\$)	1	35,046,560	51,239,960 ⁽¹⁾
Retained profit (S\$)	–	28,998,913	27,236,713 ⁽²⁾
Merger Reserve (S\$)	–	(30,726,559)	(30,726,559)
Reserves on disposal of non- controlling interests (S\$)	–	268,690	268,690
Asset revaluation reserve (S\$)	–	2,188,962	2,188,962
Exchange fluctuation reserve (S\$)	–	(730,006)	(730,006)
Equity attributable to equity owners of the Company (S\$)	1	35,046,560	49,477,760
Equity attributable to equity owners of the Company (net of the revaluation gains on leasehold building) (S\$)	–	32,857,598	47,288,798

SHARE CAPITAL

Notes:

- (1) This includes a set-off of our Company's estimated listing expenses of approximately S\$0.8 million against our share capital.
- (2) This includes our Company's estimated listing expenses of approximately S\$2.1 million to be charged directly to the income statement.

Save as disclosed above, there have been no other changes in the share capital of our Company since the date of its incorporation.

Save as set out in this section and in the following table, there were no changes in the issued and paid-up share capital or changes to the registered share capital of our Company, our subsidiaries and associated companies within the three (3) years preceding the Latest Practicable Date:

Competent Builders

Date of issue	Number of shares issued	Subscription price per share	Purpose of issue or investment	Resultant paid-up share capital
14 September 2012	475,000 shares	S\$1	Capital increase	S\$500,000

GreenHub

Date of issue	Number of shares issued	Subscription price per share	Purpose of issue or investment	Resultant paid-up share capital
3 April 2013	975,000 shares	S\$1	Capital increase	S\$1,000,000

Greenhub Yangon

Date of issue	Number of shares issued	Subscription price per share	Purpose of issue or investment	Resultant paid-up share capital
6 May 2013	25,000 shares	US\$1	Subscriber shares	US\$25,000

HLA

Date of issue	Number of shares issued	Subscription price per share	Purpose of issue or investment	Resultant paid-up share capital
22 March 2013	1 share	S\$1	Subscriber share	S\$1
8 May 2013	799,999 shares	S\$1	Capital increase	S\$512,000 ⁽¹⁾

SHARE CAPITAL

HLA Container Services (Thailand)

Date of issue	Number of shares issued	Subscription price per share	Purpose of issue or investment	Resultant paid-up authorised share capital
23 December 2014	40,800 ordinary shares	THB 25	Subscriber share	THB 1,020,000
23 December 2014	39,200 preference shares	THB 25	Subscriber share	THB 980,000

HLA Holdings

Date of reduction	Number of shares cancelled	Reduced share capital	Purpose of reduction	Resultant paid-up share capital
3 August 2013	278,320 shares	S\$278,320	For the return to shareholders of paid-up share capital which is in excess of the company's needs	S\$715,680

HLA Holdings (Thailand)

Date of issue	Number of shares issued	Subscription price per share	Purpose of issue or investment	Resultant paid-up authorised share capital
22 December 2014	40,800 ordinary shares	THB 25	Subscriber share	THB 1,020,000
22 December 2014	39,200 preference shares	THB 25	Subscriber share	THB 980,000

HNL

Date of issue	Number of shares issued	Subscription price per share	Purpose of issue or investment	Resultant paid-up share capital
9 March 2012	400,000 shares	S\$1	Capital increase	S\$500,000

SHARE CAPITAL

ICFM

Date of issue	Number of shares issued	Subscription price per share	Purpose of issue or investment	Resultant paid-up share capital
1 April 2014	150,000 shares	S\$1	Capital increase	S\$300,000

LHN Residence

Date of issue	Number of shares issued	Subscription price per share	Purpose of issue or investment	Resultant paid-up share capital
27 August 2012	24,996 shares	S\$1	Capital increase	S\$25,000

LHN Space Resources

Date of issue	Number of shares issued	Subscription price per share	Purpose of issue or investment	Resultant paid-up share capital
9 March 2012	850,000 shares	S\$1	Capital increase	S\$1,200,000

LHN Vehicle Parking Management

Date of issue	Number of shares issued	Subscription price per share	Purpose of issue or investment	Resultant paid-up share capital
8 February 2013	300,000 shares	S\$1	Capital increase	S\$500,000

Maple Creek

Date of issue	Number of shares issued	Subscription price per share	Purpose of issue or investment	Resultant paid-up share capital
7 March 2013	1 share	US\$1	Subscriber share	Not applicable ⁽²⁾
7 May 2013	387,175 shares	US\$1	Capital increase	Not applicable ⁽²⁾

PickJunction

Date of issue	Number of shares issued	Subscription price per share	Purpose of issue or investment	Resultant paid-up share capital
9 October 2013	1 share	S\$1	Subscriber share	S\$1

SHARE CAPITAL

PT HNG

Date of issue	Number of shares issued	Subscription price per share	Purpose of issue or investment	Resultant paid-up share capital
10 April 2013	3,000 shares	US\$1,000	Subscriber shares	US\$3,000,000

PT Hub Hijau

Date of issue	Number of shares issued	Subscription price per share	Purpose of issue or investment	Resultant paid-up share capital
21 May 2013	3,500 shares	US\$100	Subscriber shares	US\$350,000

Singapore Handicrafts

Date of issue	Number of shares issued	Subscription price per share	Purpose of issue or investment	Resultant paid-up share capital
26 November 2013	1,000,000 shares	S\$1	Capital increase	S\$4,000,000

Singapore Handicrafts (2012)

Date of issue	Number of shares issued	Subscription price per share	Purpose of issue or investment	Resultant paid-up share capital
12 July 2012	1 share	S\$1	Subscriber share	S\$1

Soon Wing Investments

Date of issue	Number of shares issued	Subscription price per share	Purpose of issue or investment	Resultant paid-up share capital
27 August 2012	24,999 shares	S\$1	Capital increase	S\$25,000

Notes:

- (1) On 8 May 2013, HLA allotted and issued 480,000 shares to Maple Creek ("**HLA-Maple Creek shares**") and 319,999 shares to Hew Chee Fatt ("**HLA-HCF Shares**"). Maple Creek has paid S\$480,000 for the HLA-Maple Creek shares. In respect of the HLA-HCF Shares allotted and issued to Hew Chee Fatt, such payment is to be made within three (3) years from the date of allotment. As at the Latest Practicable Date, Hew Chee Fatt has paid S\$131,999 for the HLA-HCF Shares and S\$188,000 remains outstanding.
- (2) The shares are no par value shares and there is no concept of capital under BVI law.

SHARE CAPITAL

Save as disclosed in this section, no share in or debenture of our Company or our subsidiaries has been issued, or is proposed to be issued, as fully or partly paid-up for cash, or for a consideration other than cash, since the date of incorporation of our Company, subsidiaries and associated companies and up to the date of lodgement of this Offer Document.

SHAREHOLDERS

SHAREHOLDING AND OWNERSHIP STRUCTURE

The Directors, Controlling Shareholders and Substantial Shareholders of our Company and their respective shareholdings immediately before and after the Placement are set out as follows:

	Before the Placement				After the Placement			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
Kelvin Lim ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	–	–	275,000,000	95.6	–	–	275,000,000	76.1
Jess Lim ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	–	–	275,000,000	95.6	–	–	275,000,000	76.1
Lee Gee Aik	–	–	–	–	–	–	–	–
Ch'ng Li-Ling	–	–	–	–	–	–	–	–
Eddie Yong	–	–	–	–	–	–	–	–
Controlling Shareholders								
Trident Trust ⁽²⁾	–	–	275,000,000	95.6	–	–	275,000,000	76.1
LHN Capital ⁽³⁾	–	–	275,000,000	95.6	–	–	275,000,000	76.1
HN Capital ⁽⁴⁾	–	–	275,000,000	95.6	–	–	275,000,000	76.1
HNG ⁽⁵⁾	275,000,000	95.6	–	–	275,000,000	76.1	–	–
Lim Hean Nerng ⁽⁵⁾	–	–	275,000,000	95.6	–	–	275,000,000	76.1
Substantial Shareholders								
Foo Siau Foon ⁽⁵⁾	–	–	275,000,000	95.6	–	–	275,000,000	76.1
Lim Yun En ⁽⁵⁾	–	–	275,000,000	95.6	–	–	275,000,000	76.1
Lim Wei Yong Matthew ⁽⁵⁾	–	–	275,000,000	95.6	–	–	275,000,000	76.1
Lim Wei Yee ⁽⁵⁾	–	–	275,000,000	95.6	–	–	275,000,000	76.1
Lin Weichen ⁽⁵⁾	–	–	275,000,000	95.6	–	–	275,000,000	76.1
Lim Wei Kheng (Lin Weiqing) ⁽⁵⁾	–	–	275,000,000	95.6	–	–	275,000,000	76.1
Others								
Shareholders								
Pre-IPO Investors ⁽⁶⁾	11,220,000	3.9	–	–	11,220,000	3.1	–	–
PPCF ⁽⁷⁾	1,391,300	0.5	–	–	1,391,300	0.4	–	–
Public								
	–	–	–	–	73,913,000	20.4	–	–
Total	287,611,300	100.0			361,524,300	100.0		

Notes:

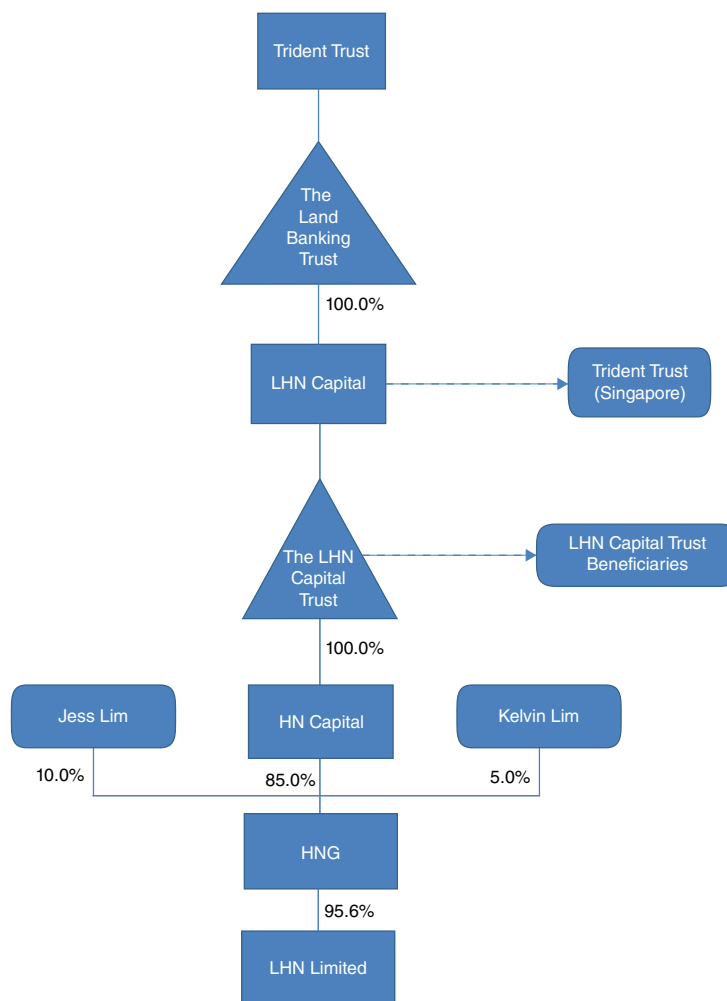
- (1) Kelvin Lim and Jess Lim are siblings. They are therefore deemed interested in each other's interests in the shares of our Company.
- (2) Trident Trust, a licensed trust company incorporated in BVI, holds the entire issued and paid-up share capital in LHN Capital as trustee of The Land Banking Trust in BVI. LHN Capital, a company incorporated in Singapore, is the trustee of The LHN Capital Trust in Singapore. LHN Capital holds the entire issued and paid-up share capital in HN Capital, a company incorporated in BVI. The Land Banking Trust is a discretionary purpose trust with the principal purpose of (a) promoting the operation of the businesses owned directly or indirectly by LHN Capital ("**LHN Capital Business**"); and (b) to enable the operation of the LHN Capital Business in accordance with the terms of the business plan. Accordingly, there are no beneficiaries to The Land Banking Trust. The LHN Capital Trust is a discretionary irrevocable trust which the trustee, LHN

SHAREHOLDERS

Capital, has all powers in relation to the property comprised in The LHN Capital Trust as the legal owner of such property, subject to any express restrictions contained in The LHN Capital Trust. The beneficial owners of the property in the trust fund are the beneficiaries of The LHN Capital Trust which comprise Lim Hean Nerng, Foo Siau Foon, Kelvin Lim and Kelvin Lim's direct lineal issues (namely, Lim Yun En, Lim Wei Yong Matthew, Lim Wei Yee, Lin Weichen and Lim Wei Kheng (Lin Weiqing)) ("**LHN Capital Trust Beneficiaries**"). Trident Trust (Singapore) is the trust administrator of The LHN Capital Trust.

HN Capital, Jess Lim and Kelvin Lim hold 85.0%, 10.0% and 5.0% of the entire issued and paid-up share capital in HNG. Kelvin Lim and Jess Lim are also directors of HNG.

The illustration below shows the connections between the Controlling Shareholders before the Placement:



As Trident Trust and its Associates, namely LHN Capital and HN Capital, are entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in HNG, Trident Trust is deemed to have an interest in the issued and paid-up share capital of our Company held by HNG.

- (3) Kelvin Lim and Jess Lim are directors of LHN Capital. In connection with footnote (2) above, as LHN Capital and its Associate, namely HN Capital are entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in HNG, LHN Capital is deemed to have an interest in the issued and paid-up share capital of our Company held by HNG.
- (4) Kelvin Lim and Jess Lim are directors of HN Capital. In connection with footnote (2) above, as HN Capital is entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in HNG, HN Capital is deemed to have an interest in the issued and paid-up share capital of our Company held by HNG.
- (5) Section 4(3) of the SFA provides that "where any property held in trust consists of or includes securities and a person knows, or has reasonable grounds for believing, that he has an interest under the trust, he shall be

SHAREHOLDERS

deemed to have an interest in those securities”. In connection with footnote (2) above and pursuant to Section 4(3) of the SFA, the LHN Capital Trust Beneficiaries are deemed to have an interest in the issued and paid-up share capital of our Company held by HNG.

Notwithstanding that each of Lim Hean Nerng, Foo Siau Foon and Kelvin Lim’s direct lineal issues (namely, Lim Yun En, Lim Wei Yong Matthew, Lim Wei Yee, Lin Weichen and Lim Wei Kheng (Lin Weiqing)), being a beneficiary of The LHN Capital Trust, is deemed to be interested in 15.0% or more of the voting shares of our Company, each of them only receives an economic benefit under The LHN Capital Trust but has no control over the property comprised in The LHN Capital Trust and also does not, in fact, have any voting rights in or exercise control over our Company. Pursuant to the Fourth Schedule of the SFR, a controlling shareholder in relation to a corporation means (a) a person who has an interest in the voting shares of the corporation and who exercises control over the corporation; or (b) a person who has an interest in the voting shares of the corporation of an aggregate of not less than 30.0% of the total votes attached to all voting shares in the corporation, unless he does not exercise control over the corporation. Accordingly, it is not meaningful to consider them as controlling shareholders of our Company within the meaning of the Fourth Schedule of the SFR.

However, as Lim Hean Nerng was one of the initial founders of our Group and is deemed to be interested in 15.0% or more of the voting shares of our Company through the LHN Capital Trust, for the purpose of the Listing, he is considered to be a Controlling Shareholder.

However, Foo Siau Foon and each of Kelvin Lim’s direct lineal issues are considered Substantial Shareholders of our Company because they are deemed interested in the Shares held by HNG, being not less than 5.0% of the total votes attached to all the voting shares of our Company.

However, Kelvin Lim, a beneficiary of The LHN Capital Trust, is also a director of LHN Capital, HN Capital, HNG and our Company. Accordingly, he is deemed to be able to exercise control over our Company and is deemed to be a Controlling Shareholder of our Company.

Jess Lim is Kelvin Lim’s sibling and is also a director of LHN Capital, HN Capital, HNG and our Company. Accordingly, she is deemed to be able to exercise control over our Company and is deemed to be a Controlling Shareholder of our Company.

- (6) Pre-IPO Investors comprise 1Rockstead GIP Fund II Pte Ltd and IFS Capital Limited and their respective shareholdings immediately before and after the Placement are set out as follows:

Pre-IPO Investors	Before Placement				After the Placement			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
1Rockstead GIP Fund II Pte Ltd	8,415,000	2.9	–	–	8,415,000	2.3	–	–
IFS Capital Limited	2,805,000	1.0	–	–	2,805,000	0.8	–	–
Total	11,220,000	3.9	–	–	11,220,000	3.1	–	–

Please refer to the section entitled “Shareholders – Grant of the Pre-IPO Redeemable Convertible Loans to our Company” of this Offer Document for further details.

- (7) Pursuant to the Management Agreement and as part of PPCF’s management fees as the Sponsor and Issue Manager, our Company allotted and issued to PPCF 1,391,300 PPCF Shares, representing 0.5% of the issued share capital of our Company immediately prior to the Placement, at the Placement Price for each PPCF Share. After the expiry of the relevant moratorium period as set out in the section entitled “Shareholders – Moratorium” of this Offer Document, PPCF may dispose its shareholding interests in our Company at its discretion.

Save as disclosed above, there are no relationships among our Directors, Controlling Shareholders, Substantial Shareholders and Executive Officers.

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As at the Latest Practicable Date, our Company has only one (1) class of shares, being our Shares which are in registered form. There is no restriction on the transfer of fully paid Shares in scripless form except where required by law or the Catalist Rules. The Shares held by our Directors, Controlling Shareholders and/or Substantial Shareholders do not carry voting rights that are different from the Placement Shares.

Our Directors are not aware of any arrangement, the operation of which may, at a subsequent date, result in a change in control of our Company. There has been no public take-over offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or units of business trust which has occurred between the date of the incorporation of our Company to the Latest Practicable Date.

Save as disclosed above, our Company is not directly or indirectly owned or controlled, whether jointly or severally by any other corporation, government or person.

Save as disclosed above and in the sections entitled “Restructuring Exercise” and “Share Capital” of this Offer Document, no shares or debentures were issued or agreed to be issued by our Company for cash or for a consideration other than cash since the date of incorporation of our Company and up to the date of lodgement of this Offer Document.

There are no Shares in our Company that are held by or on behalf of our Company or by the subsidiaries of our Company.

GRANT OF THE PRE-IPO REDEEMABLE CONVERTIBLE LOANS TO OUR COMPANY

Our Company and LHN Group entered into the Pre-IPO Redeemable Convertible Loan Agreements with each of the Pre-IPO Investors, pursuant to which the Pre-IPO Investors granted to our Company the Pre-IPO Redeemable Convertible Loans based on the terms and conditions set out in the Pre-IPO Redeemable Convertible Loan Agreements. The aggregate amount of the Pre-IPO Redeemable Convertible Loans granted to our Company by the Pre-IPO Investors is S\$2.0 million. The proceeds from the Pre-IPO Redeemable Convertible Loans are intended to be used as general working capital of the Group.

To provide additional assurance to the Pre-IPO Investors prior to the acquisition of LHN Group and its subsidiaries by our Company, LHN Group executed a corporate guarantee in favour of each Pre-IPO Investor guaranteeing that in the event that our Company is unable to pay any portion of the redeemable convertible loan amount, interest thereon or any amount due under the respective Pre-IPO Redeemable Convertible Loan Agreements as and when it falls due, LHN Group shall forthwith pay all such sums upon receipt of a written demand from the relevant Pre-IPO Investor.

On the Conversion Date, the Pre-IPO Redeemable Convertible Loans were automatically converted pursuant to the terms and conditions of the Pre-IPO Redeemable Convertible Loan Agreements into an aggregate of 11,220,000 Pre-IPO New Shares (after the Share Split), at a conversion price of approximately S\$0.178 per share which represents a 22.5% discount to the Placement Price. The shares were credited as fully paid-up, non-assessable and not subject to further calls, and rank *pari passu* in all respects with all other ordinary Shares in the issued and paid-up capital of our Company existing at that time, and shall be free from any and all charges, liens, pledges and other encumbrances whatsoever.

SHAREHOLDERS

The following table sets out details of the Pre-IPO Redeemable Convertible Loans:

Pre-IPO Investor	Redeemable convertible loan amount (S\$'000)	Number of Pre-IPO New Shares allotted and issued (after the Share Split)	Shareholding in our Company after the Conversion Date and the allotment and issuance of PPCF Shares and prior to the Placement (%)
1Rockstead GIP Fund II Pte Ltd	1,500	8,415,000	2.9
IFS Capital Limited	500	2,805,000	1.0
Total	2,000	11,220,000	3.9

None of the Pre-IPO Investors is related to any of our Directors, Controlling Shareholders, Substantial Shareholders or their Associates.

None of our Directors, Controlling Shareholders, Substantial Shareholders or their Associates has any direct or indirect interest in the shares held by the Pre-IPO Investors.

SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

Save as disclosed above and in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, there were no significant changes in the percentage of ownership of Shares in our Company between the date of incorporation of our Company and the Latest Practicable Date.

MORATORIUM

Controlling Shareholder – HNG

As a demonstration of its commitment to our Company, our Controlling Shareholder, HNG, who holds an aggregate of 275,000,000 Shares representing approximately 76.1% of our Company’s enlarged issued and paid-up share capital immediately after the Placement, has undertaken not to, amongst others, sell, transfer, assign, dispose of, or realise or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of its respective shareholdings in our Company immediately after the Placement for a period of six (6) months commencing from our Company’s date of admission to Catalist, and for a period of six (6) months thereafter not to sell, transfer, assign, dispose of, realise or enter into any agreement that directly or indirectly constitute or will be deemed as a disposal of any part of its respective shareholding interests in our Company to below 50.0% of its original shareholdings in our Company.

HN Capital, LHN Capital, Trident Trust, Kelvin Lim and Jess Lim (who are also Controlling Shareholders)

HN Capital holds 510,000 shares representing 85.0% of the issued and paid-up share capital of HNG. Jess Lim and Kelvin Lim hold 60,000 shares and 30,000 shares representing 10.0% and 5.0% respectively of the issued and paid-up share capital of HNG, and Kelvin Lim and Jess Lim are also directors of HNG, LHN Capital and HN Capital. LHN Capital holds one (1) share

SHAREHOLDERS

representing the entire issued share capital of HN Capital, and Trident Trust holds three (3) shares representing the entire issued share capital of LHN Capital. Accordingly, HN Capital, LHN Capital, Trident Trust, Kelvin Lim and Jess Lim are deemed interested in the 275,000,000 Shares representing approximately 76.1% of our Company's enlarged issued and paid-up share capital immediately after the Placement. The shareholders of HNG (namely, HN Capital, Jess Lim and Kelvin Lim), the shareholder of HN Capital (namely, LHN Capital) and the shareholder of LHN Capital (namely, Trident Trust), have each undertaken not to, among others, sell, transfer, assign, dispose of, or realise or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of their respective shareholdings in the companies immediately after the Placement for a period of six (6) months commencing from our Company's date of admission to Catalist, and for a period of six (6) months thereafter not to sell, transfer, assign, dispose of, realise or enter into any agreement that directly or indirectly constitute or will be deemed as a disposal of any part of their respective shareholding interests in the companies to below 50.0% of their original shareholdings in the companies.

Pre-IPO Investors

1Rockstead GIP Fund II Pte Ltd and IFS Capital Limited were each allotted and issued 8,415,000 Pre-IPO New Shares and 2,805,000 Pre-IPO New Shares, representing 2.3% and 0.8% of our Company's enlarged issued and paid-up share capital immediately after the Placement respectively. Each of the Pre-IPO Investors has undertaken not to, among others, sell, contract to sell, transfer, assign, pledge, dispose of, realise, grant any option to or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of their respective shareholding interests in our Company, arising from the Conversion (adjusted for any bonus issue or sub-division of Shares) for a period of three (3) months commencing from the date of admission of our Company to Catalist, and for a period of 12 months from the date of admission of our Company to the Catalist not to sell, transfer, assign, dispose of, realise or enter into any agreement that directly or indirectly constitute or will be deemed as a disposal of any part of their respective shareholding interests in 1,893,261 Shares and 631,087 Shares respectively, being the profit portion of their respective investments as at the date of our Company's admission to Catalist (the "**Pre-IPO Investors' Profit Portion Shares**").

The number of Pre-IPO Investors' Profit Portion Shares being the profit portion of each of their investments was calculated based on the difference between the value of the Pre-IPO Investors' Shares as at IPO and the value of their investments.

PPCF

Pursuant to the Management Agreement and as part of PPCF's management fees as the Sponsor and Issue Manager, our Company allotted and issued to PPCF 1,391,300 PPCF Shares, at the Placement Price to PPCF, representing 0.4% of our Company's enlarged issued and paid-up share capital immediately after the Placement. PPCF has undertaken not to, among others, sell, contract to sell, transfer, assign, pledge, dispose of, realise, grant any option to or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of its shareholding interest in our Company immediately after the Placement for a period of three (3) months commencing from the date of our admission to Catalist. Upon completion of the aforesaid relevant moratorium period, PPCF may dispose its shareholding interest in our Company at its discretion.

DILUTION

Dilution is the amount by which the Placement Price paid by the subscribers of our Shares in this Placement exceeds our NTA per Share of our Group immediately after the Placement. Our Adjusted NTA per Share as at 30 September 2014 before adjusting for the estimated net proceeds due to our Company from the Placement and based on the pre-Placement issued and paid-up share capital of 287,611,300 Shares was 12.19 cents per Share.

Pursuant to the Placement in respect of 73,913,000 Placement Shares at the Placement Price, our Adjusted NTA per Share as at 30 September 2014 after adjusting for the estimated net proceeds due to our Company from the Placement and based on the post-Placement issued and paid-up share capital of 361,524,300 Shares would have been 14.17 cents. This represents an immediate increase in NTA per Share of 1.98 cents to our existing Shareholders and an immediate dilution in NTA per Share of 8.83 cents or approximately 38.4% to our new public shareholders.

The following table illustrates the dilution in NTA per Share as at 30 September 2014 based on the Placement Price of 23.00 cents per Share:

	Cents
Placement Price per Share	23.00
Adjusted NTA per Share adjusted for the allotment and issuance of the Pre-IPO Shares and PPCF Shares based on the pre-Placement share capital of 287,611,300 Shares	12.19
Increase in NTA per Share attributable to existing Shareholders	1.98
Adjusted NTA per Share after the allotment and issuance of the Placement Shares and based on the post-Placement share capital of 361,524,300 Shares	14.17
Dilution in NTA per Share to new public Shareholders	8.83
Dilution in NTA per Share to new public Shareholders (%)	38.4

The following table summarises the total number of Shares acquired by and/or issued to our existing Shareholders from the date of the incorporation of our Company to the date of lodgement of this Offer Document, the total consideration paid by them and the average effective cash cost per Share to them and to the new public Shareholders who subscribe for the Placement Shares pursuant to the Placement:

	Number of Shares	Total consideration (S\$)	Average effective cash cost per Share (cents)
EXISTING SHAREHOLDERS			
Controlling Shareholders			
HNG	275,000,000	32,726,560	11.90
Other Shareholders			
Pre-IPO Investors ⁽¹⁾	11,220,000	2,000,000	17.83
PPCF ⁽²⁾	1,391,300	320,000	23.00

DILUTION

	Number of Shares	Total consideration (S\$)	Average effective cash cost per Share (cents)
New public Shareholders	73,913,000	17,000,000	23.00

Notes:

- (1) Please refer to the section entitled "Shareholders" of this Offer Document for details of the allotment and issuance of Shares to the Pre-IPO Investors.
- (2) Pursuant to the Management Agreement and as part of PPCF's management fees as the Sponsor and Issue Manager, our Company allotted and issued to PPCF 1,391,300 PPCF Shares, representing approximately 0.5% of the issued share capital of our Company immediately prior to the Placement, at the Placement Price for each PPCF Share.

RESTRUCTURING EXERCISE

Our Group was formed through the Restructuring Exercise. The rationale for the Restructuring Exercise was to streamline the corporate structure and business activities of our Group for the purposes of the Placement. Pursuant to the Restructuring Exercise, our Company became the holding company of our subsidiaries. The Restructuring Exercise involved the following:

(a) Incorporation of our Company

Our Company was incorporated on 10 July 2014 in Singapore in accordance with the Companies Act as a private company limited by shares with an issued and paid-up share capital of S\$1.00 comprising one (1) Share held by HNG.

(b) Sale of shares in LHN Culinary to HNG by LHN Group

On 1 October 2012, LHN Group sold 3,000,000 shares representing the entire issued and paid-up share capital of LHN Culinary to our Controlling Shareholder, HNG, for a nominal cash consideration of S\$1.00. LHN Culinary was disposed of at a nominal cash consideration on the basis that the NTA of LHN Culinary is negative.

The disposal of LHN Culinary and its subsidiaries, which are involved in the food and beverage business, was intended to enable our Group to focus on its Space Optimisation Business, its Facilities Management Business and its Logistics Services Business.

(c) Sale of shares in HN Holdings to Lim Hean Nerng by LHN Group

On 30 September 2013, LHN Group sold 350,000 shares representing the entire issued and paid-up share capital of HN Holdings to Lim Hean Nerng, for a nominal cash consideration of S\$1.00. HN Holdings was disposed of at a nominal cash consideration on the basis that the NTA in HN Holdings is negative.

The disposal of HN Holdings, which is currently dormant, was intended to streamline the Group's corporate structure.

(d) Sale of shares in HN Management to Lim Hean Nerng by LHN Group

On 1 October 2013, LHN Group sold 100,000 shares representing the entire issued and paid-up share capital of HN Management to Lim Hean Nerng, for a cash consideration of S\$100,000. The consideration was based on the NTA of HN Management of S\$100,000 at the time of disposal.

The disposal of HN Management, which is currently dormant, was intended to streamline our Group's corporate structure.

(e) Sale of shares in HLA Holdings to LHN Group by Lim Hean Nerng and Wang Jialu

On 1 October 2014, pursuant to a sale and purchase agreement dated 1 October 2014 entered into between LHN Group, Hew Chee Fatt, Lim Hean Nerng and Wang Jialu, Lim Hean Nerng and Wang Jialu collectively sold 715,680 shares representing the entire issued and paid-up share capital of HLA Holdings to LHN Group and Hew Chee Fatt for a total cash consideration of S\$47,280 and S\$31,520 respectively, representing 60.0% and 40.0% of the shareholding of HLA Holdings respectively. The consideration was based on the audited NTA of HLA Holdings of approximately S\$78,800 as at 30 September 2014.

RESTRUCTURING EXERCISE

The acquisition of HLA Holdings by our Group was intended to consolidate all the entities involved in our Group's Logistics Services Business within our Group's corporate structure.

(f) Purchase of shares in HLA Holdings (Thailand) by HLA and incorporation of HLA Container Services (Thailand)

HLA Holdings (Thailand), our associated company, was incorporated on 22 December 2014 in Thailand. The initial shareholders of HLA Holdings (Thailand) were Wasawatt Thongjoo (who subscribed for 19,999 ordinary shares at THB 25 each and 39,200 preference shares at THB 25 each), Somsri Puyatho (who subscribed for 20,800 ordinary shares at THB 25 each) and Pratumporn Somboonpoonpol (who subscribed for one (1) ordinary share at THB 25 each). Somsri Puyatho is the spouse of our depot manager at HLA.

On 22 December 2014, Wasawatt Thongjoo transferred 38,400 preference shares and 800 preference shares to HLA and Hew Chee Fatt respectively, for a total cash consideration of THB 576,000 and THB 12,000 respectively. The consideration was based on the par value per share. On 22 December 2014, Pratumporn Somboonpoonpol transferred one (1) ordinary share to Wasawatt Thongjoo. As at the Latest Practical Date, Wasawatt Thongjoo, Somsri Puyatho, HLA and Hew Chee Fatt each holds 20,000 ordinary shares, 20,800 ordinary shares, 38,400 preference shares and 800 preference shares respectively, representing 25.0%, 26.0%, 48.0% and 1.0% of the equity interest in HLA Holdings (Thailand) respectively. As at the Latest Practicable Date, all ordinary and preference shares of HLA Holdings (Thailand) have been fully paid-up. Please refer to the section entitled "Group Structure – Our subsidiaries and associated companies" of this Offer Document for further details on HLA Holdings (Thailand).

On 23 December 2014, HLA Container Services (Thailand) was incorporated with an issued share capital of THB 2,000,000, comprising 40,800 ordinary shares at THB25 each and 39,200 preference shares at THB25 each. The initial shareholders of HLA Container Services (Thailand) were HLA Holdings (Thailand) (who subscribed for 40,799 ordinary shares), Wasawatt Thongjoo (who subscribed for 39,199 preference shares), Somsri Puyatho (who subscribed for one (1) preference share) and Pratumporn Somboonpoonpol (who subscribed for one (1) ordinary share).

On 23 December 2014, Wasawatt Thongjoo transferred 38,399 preference shares and 800 preference shares to HLA and Hew Chee Fatt respectively, for a total cash consideration of THB 959,975 and THB 20,000 respectively. The consideration was based on the par value per share. On 23 December 2014, Somsri Puyatho transferred one (1) preference share to HLA for a total cash consideration of THB 25. The consideration was based on the par value per share. On 23 December 2014, Pratumporn Somboonpoonpol transferred one (1) ordinary share to HLA Holdings (Thailand) at a total cash consideration of THB 25. The consideration was based on the par value per share. As at the Latest Practicable Date, HLA Holdings (Thailand), HLA and Hew Chee Fatt each holds 40,800 ordinary shares, 38,400 preference shares and 800 preference shares respectively, representing 51.0%, 48.0% and 1.0% of the equity interest of HLA Container Services (Thailand) respectively. As at the Latest Practicable Date, all ordinary and preference shares of HLA Container Services (Thailand) have been fully paid-up. Please refer to the section entitled "Group Structure – Our subsidiaries and associated companies" of this Offer Document for further details on HLA Container Services (Thailand).

Through HLA Holdings (Thailand) and HLA Container Services (Thailand), our Group intends to expand our container depot management services business in Thailand.

RESTRUCTURING EXERCISE

(g) Acquisition of LHN Group and its subsidiaries by our Company

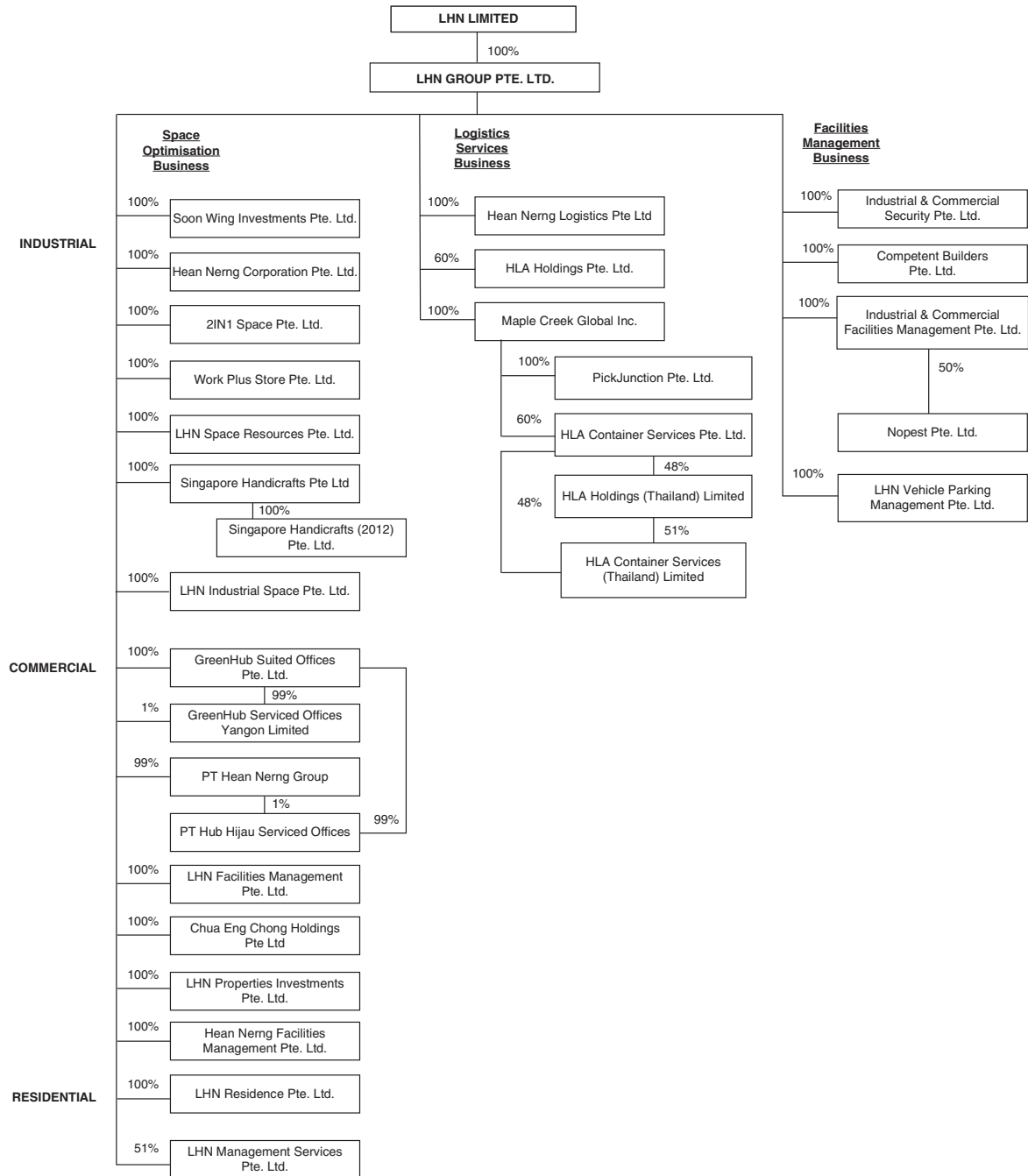
Pursuant to a share swap agreement dated 10 March 2015 entered into between our Company and HNG, our Company acquired from HNG the entire issued and paid-up share capital of LHN Group held by HNG, comprising an aggregate of 2,000,000 ordinary shares for a total consideration of S\$32,726,559 based on the audited NTA of LHN Group and its subsidiaries of approximately S\$32,726,559 as at 30 September 2014.

The purchase consideration was satisfied by the allotment and issuance of an aggregate of 999,999 Shares in the capital of our Company to HNG, at an issue price of S\$32.7 per Share, credited as fully paid-up and was arrived at on a willing buyer willing seller basis.

Please refer to the section entitled “Group Structure” of this Offer Document for details of our Group structure upon completion of the Restructuring Exercise.

GROUP STRUCTURE

Our Group structure immediately after the Restructuring Exercise and as at the date of this Offer Document is as follows:



GROUP STRUCTURE

Our subsidiaries and associated companies

The details of our subsidiaries are as follows:

Company	Date and place of incorporation	Principal business activities/ Principal place of business	% Ownership interest held by our Company
2IN1 Space	2 April 2006/ Singapore	General warehousing and self storage/Singapore	100.0%
CEC Holdings	4 June 1981/ Singapore	Space optimisation and general warehousing/Singapore	100.0%
Competent Builders	6 December 2010/ Singapore	General contractors (building construction including major upgrading works) and renovation contractors/Singapore	100.0%
GreenHub	28 October 2004/ Singapore	Serviced office operations/ Singapore	100.0%
Greenhub Yangon	23 April 2013/ Myanmar	Management of serviced offices by sub-leasing method and management of serviced apartment by sub-leasing method/ Myanmar	100.0% ⁽¹⁾
HLA	22 March 2013/ Singapore	Manufacturing, fabrication, reconditioning of haulage containers and trailers and container services/Singapore	60.0% ⁽²⁾
HLA Holdings	26 November 2008/ Singapore	Manufacture, fabricate, recondition of haulage containers and trailers and container services (excluding rental of containers)/Singapore	60.0% ⁽³⁾
HNC	2 January 2004/ Singapore	Space optimisation and general warehousing/Singapore	100.0%
HNFM	5 March 2004/ Singapore	Space optimisation and general warehousing/Singapore	100.0%
HNL	18 June 1997/ Singapore	Freight transport by road and general warehousing (inclusive of value-added services)/Singapore	100.0%
ICFM	15 May 2009/ Singapore	General contractors (building construction including major upgrading works) and building-cleaning services (including janitorial service)/Singapore	100.0%
ICS	11 January 2005/ Singapore	Security services and installation of fire protection and security alarm systems/Singapore	100.0%
LHN Facilities Management	21 August 2007/ Singapore	Space resource management/ Singapore	100.0%
LHN Group	4 March 2005/ Singapore	Holding company and other business support services activities (space resource management)/ Singapore	100.0%
LHN Industrial Space	27 March 2008/ Singapore	Space resource management and lodging and boarding houses/ Singapore	100.0%
LHN Management Services	16 August 2007/ Singapore	Space resource management/ Singapore	51.0% ⁽⁴⁾

GROUP STRUCTURE

Company	Date and place of incorporation	Principal business activities/ Principal place of business	% Ownership interest held by our Company
LHN Properties Investments	16 August 2007/ Singapore	Space resource management and general warehousing/Singapore	100.0%
LHN Residence	10 March 2008/ Singapore	Renting and leasing of furniture, utensils and other household equipment and residential real estate management other than town council/Singapore	100.0%
LHN Space Resources	15 July 2009/ Singapore	Space resource management and general warehousing/Singapore	100.0%
LHN Vehicle Parking Management	5 September 2007/ Singapore	Carpark management and operation services and manufacture of computer peripheral equipment (including monitors)/Singapore	100.0%
Maple Creek	7 March 2013/ BVI	Holding company/BVI	100.0%
PickJunction	9 October 2013/ Singapore	Public relations consultancy services and web portals (including social networking sites)/Singapore	100.0%
PT HNG	9 April 2013/ Indonesia	Operating and managing serviced offices/Indonesia	99.0% ⁽⁵⁾
PT Hub Hijau	20 May 2013/ Indonesia	Operating and managing serviced offices/Indonesia	100.0% ⁽⁶⁾
Singapore Handicrafts	28 November 1973/ Singapore	General wholesale trade (including general importers and exporters) and other investment holding companies/Singapore	100.0%
Singapore Handicrafts (2012)	12 July 2012/ Singapore	Trading in rosewood furniture/Singapore	100.0%
Soon Wing Investments	12 April 2006/ Singapore	Space resource management/Singapore	100.0%
Work Plus Store	21 September 2004/ Singapore	General warehousing and self storage/Singapore	100.0%

The details of our associated companies are as follows:

Company	Date and place of incorporation	Principal business activities/ Principal place of business	% Ownership interest held by our Company
HLA Container Services (Thailand)	23 December 2014/ Thailand	To provide container depot services, manage the container services and carry on the business of container repair and services maintenance and to provide the container storage services/Thailand	43.5% ⁽⁷⁾
HLA Holdings (Thailand)	22 December 2014/ Thailand	Investment holding company for container depot business/Thailand	28.8% ⁽⁸⁾
Nopest	25 August 2009/ Singapore	Pest control consultancy and pest consultancy services/Singapore	50.0%

GROUP STRUCTURE

Notes:

- (1) GreenHub and LHN Group each holds 99.0% and 1.0% of the equity interest in Greenhub Yangon respectively. GreenHub and LHN Group are our subsidiaries.
- (2) Maple Creek and Hew Chee Fatt each holds 60.0% and 40.0% of the equity interest in HLA respectively. Maple Creek is our subsidiary. Hew Chee Fatt is a director and shareholder of our subsidiary, HLA.
- (3) LHN Group and Hew Chee Fatt each holds 60.0% and 40.0% of the equity interest in HLA Holdings respectively. LHN Group is our subsidiary. Hew Chee Fatt is a director and shareholder of our subsidiary, HLA.
- (4) LHN Group and Master Care Services Pte. Ltd. ("**Master Care**") each holds 51.0% and 49.0% of the equity interest in LHN Management Services respectively. LHN Group is our subsidiary. Master Care is our sub-tenant at 324A Keramat Road Singapore 758858 and 420 Keramat Road Singapore 758859. Pursuant to the share sale agreement dated 25 March 2011 and the addendum made supplemental to the share sale agreement between LHN Group and Master Care, in the event of termination of the master lease, Master Care and all its directors and shareholders covenant and undertake to sell and transfer all the shares in LHN Management Services to LHN Group or its nominee(s) at the consideration of S\$1.00.
- (5) LHN Group and HNG each holds 99.0% and 1.0% of the equity interest in PT HNG, respectively. LHN Group is our subsidiary. HNG is our Controlling Shareholder.
- (6) GreenHub and PT HNG each holds 99.0% and 1.0% of the equity interest in PT Hub Hijau, respectively. GreenHub and PT HNG are our subsidiaries.
- (7) HLA Holdings (Thailand), HLA and Hew Chee Fatt each holds 51.0%, 48.0% and 1.0% of the equity interest of HLA Container Services (Thailand) respectively. HLA is our 60% owned subsidiary and HLA Holdings (Thailand) is our associated company which our Company holds a 28.8% ownership interest. Accordingly, our Company holds a 43.5% ownership interest in HLA Container Services (Thailand). Hew Chee Fatt is a director and shareholder of HLA. The authorised share capital of HLA Container Services (Thailand) comprises (i) 40,800 ordinary shares, held by HLA Holdings (Thailand); and (ii) 39,200 preference shares, held collectively by HLA and Hew Chee Fatt. Accordingly, HLA Holdings (Thailand), HLA and Hew Chee Fatt each holds 9.4%, 88.7% and 1.9% of the voting rights in HLA Container Services (Thailand) respectively. The percentage of voting rights in HLA Container Services (Thailand) held by our Company is 55.95%.

Please refer to the section entitled "Restructuring Exercise" of this Offer Document for further details on HLA Container Services (Thailand).
- (8) Wasawatt Thongjoo, Somsri Puyatho, HLA and Hew Chee Fatt each holds 25.0%, 26.0%, 48.0% and 1.0% of the equity interest in HLA Holdings (Thailand) respectively. HLA is our 60% owned subsidiary. Accordingly, our Company holds a 28.8% ownership interests in HLA Holdings (Thailand). Wasawatt Thongjoo and Somsri Puyatho are unrelated third parties who are the Thai partners in HLA Holdings (Thailand). Hew Chee Fatt is a director and shareholder of HLA. The authorised share capital of HLA Holdings comprises (i) 40,800 ordinary shares, held collectively by Wasawatt Thongjoo and Somsri Puyatho; and (ii) 39,200 preference shares, held collectively by HLA and Hew Chee Fatt. Accordingly, Wasawatt Thongjoo, Somsri Puyatho, HLA, Hew Chee Fatt each holds 4.6%, 4.8%, 88.7% and 1.9% of the voting rights of HLA Holdings (Thailand) respectively. The percentage of voting rights in HLA Holdings (Thailand) held by our Company is 53.23%.

Please refer to the section entitled "Restructuring Exercise" of this Offer Document for further details on the HLA Holdings (Thailand).
- (9) ICFM and Aardvark Consultancy Pte. Ltd. ("**Aardvark Consultancy**") each holds 50.0% of the equity interest in Nopest. ICFM is our subsidiary. Aardvark Consultancy is an unrelated third party company that specialises in pest control consultancy services and pest consultancy services.

Save as disclosed above, our Group does not have any subsidiaries or associated companies.

Our subsidiaries and associated companies are not listed on any stock exchange.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following summary financial information should be read in conjunction with the full text of this Offer Document, including the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position”, and the sections entitled “Report of the Independent Auditor on the Audited Combined Financial Statements of the Group for the financial years ended 30 September 2012, 2013 and 2014” and “Compilation Report of the Independent Auditor on the Pro Forma Financial Information of the Group for the financial year ended 30 September 2014” as set out in Appendix A and Appendix B respectively of this Offer Document.

A summary of the audited combined financial statements of our Group in respect of the financial years ended 30 September 2012, 2013 and 2014 is set out below:

RESULTS OF OPERATIONS OF OUR GROUP

S\$'000	← Audited →		
	FY2012	FY2013	FY2014
Continuing operations			
Revenue	75,124	83,748	90,740
Cost of sales	(49,237)	(61,395)	(65,709)
Gross profit	25,887	22,353	25,031
Other operating income	897	1,610	2,194
Selling and distribution expenses	(1,570)	(1,671)	(975)
Administrative expenses	(15,559)	(17,146)	(17,236)
Other operating expenses	(193)	(221)	(110)
Finance costs	(107)	(283)	(708)
Share of associated companies' results, net of tax	(62)	3	24
Profit from operations	9,293	4,645	8,220
Fair value gain on investment properties	–	825	5,784
Gain on disposal of subsidiaries	–	1,429	–
Profit before taxation from continuing operations⁽¹⁾	9,293	6,899	14,004
Taxation	(1,822)	(731)	(1,301)
Profit after taxation from continuing operations for the financial year	7,471	6,168	12,703
Discontinued operations			
(Loss)/profit from discontinued operations, net of tax	(427)	1,941	–
Profit for the financial year, net of tax	7,044	8,109	12,703
Other comprehensive (expense)/income after tax			
Item that will be reclassified subsequently to combined profit or loss			
Currency translation differences arising from consolidation – Losses	–	(600)	(135)

SELECTED CONSOLIDATED FINANCIAL INFORMATION

S\$'000	←	Audited	→
	FY2012	FY2013	FY2014
Continuing operations			
Item that will not be reclassified subsequently to combined profit or loss			
Revaluation gains on leasehold building	–	355	1,834
Other comprehensive (expense)/income after tax	–	(245)	1,699
Total comprehensive income for the financial year, net of tax	7,044	7,864	14,402
Profit attributable to:			
Equity owners of the Company			
Profit from continuing operations, net of tax	7,521	6,297	12,755
(Loss)/profit from discontinued operations, net of tax	(427)	1,941	–
Profit attributable to equity owners of the Company	7,094	8,238	12,755
Non-controlling interests			
Loss from continuing operations, net of tax	(50)	(129)	(52)
Loss from discontinued operations, net of tax	–	–	–
Loss attributable to the non-controlling interests	(50)	(129)	(52)
	7,044	8,109	12,703
Total comprehensive income attributable to:			
Equity owners of the Company ⁽¹⁾	7,094	7,999	14,455
Non-controlling interests	(50)	(135)	(53)
	7,044	7,864	14,402
EPS ⁽²⁾⁽⁴⁾ (cents)	2.47	2.86	4.43
Adjusted EPS ⁽¹⁾⁽³⁾⁽⁵⁾ (cents)	1.96	2.28	3.53

Notes:

- (1) Had the Service Agreements (as set out in the section entitled “Directors, Management and Staff – Service Agreements” of this Offer Document) been in effect since 1 October 2013, our audited consolidated profit before taxation, profit attributable to equity owners of the Company and adjusted EPS computed based on our Company’s post-Placement share capital of 361,524,300 Shares for FY2014 would have been approximately S\$13.5 million, S\$12.3 million and 3.40 cents respectively.
- (2) For comparative purposes, the EPS for the Period Under Review have been computed based on the profit/(loss) attributable to equity owners of the Company and our Company’s pre-Placement share capital of 287,611,300 Shares.
- (3) For comparative purposes, the EPS for the Period Under Review have been computed based on the profit/(loss) attributable to equity owners of the Company and our post-Placement share capital of 361,524,300 Shares.
- (4) Had we excluded fair value gain on investment properties, our basic EPS would have been 2.47 cents, 2.58 cents and 2.42 cents for FY2012, FY2013 and FY2014 respectively.
- (5) Had we excluded fair value gain on investment properties, our adjusted EPS would have been 1.96 cents, 2.05 cents and 1.93 cents for FY2012, FY2013 and FY2014 respectively.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

FINANCIAL POSITION OF OUR GROUP

S\$'000	← 30 September 2012	Audited as at 30 September 2013	→ 30 September 2014
Assets			
Non-current			
Property, plant and equipment	8,709	17,945	19,869
Investment properties	–	14,578	20,631
Investment in associated companies	171	38	62
Available-for-sale financial assets	– ⁽¹⁾	–	–
Fixed deposits	111	1,857	–
Long-term prepayments	–	380	333
	8,991	34,798	40,895
Current			
Inventories	8	230	256
Work-in-progress	160	281	58
Trade and other receivables	9,979	13,056	10,222
Prepayments	495	1,431	985
Cash and bank balances	16,861	12,140	14,417
Fixed deposits	4,838	4,194	5,584
	32,341	31,332	31,522
Assets of disposal group classified as held for sale	9,293	1,692	–
	41,634	33,024	31,522
Total assets	50,625	67,822	72,417
Equity			
Capital and reserves			
Share capital	2,000	2,000	2,000
Reserves	22,343	18,272	30,727
Premium paid on acquisition of non-controlling interests	(70)	–	–
	24,273	20,272	32,727
Non-controlling interests	(12)	(78)	(131)
Total equity	24,261	20,194	32,596
Liabilities			
Non-current			
Deferred tax liabilities	176	231	223
Other payables	–	1,128	166
Obligations under finance lease	1,124	3,049	2,870
Bank borrowings	278	10,247	9,246
	1,578	14,655	12,505
Current			
Trade and other payables	20,300	26,343	23,596
Obligations under finance lease	492	1,166	1,331
Bank borrowings	669	2,179	824
Current tax payable	2,127	1,167	1,565
	23,588	30,855	27,316
Liabilities directly associated with disposal group classified as held for sale	1,198	2,118	–
	24,786	32,973	27,316
Total equity and liabilities	50,625	67,822	72,417
NTA per Share (cents)⁽²⁾	8.44	7.05	11.38
Revalued NTA per Share (cents)⁽³⁾	8.44	6.92	10.62

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Notes:

- (1) Denotes an amount less than S\$1,000.
- (2) NTA per Share is computed based on the equity attributable to equity owners of the Company and the pre-Placement share capital of 287,611,300 Shares, net of any intangible assets.
- (3) Revalued NTA per Share is computed based on the equity attributable to equity owners of the Company and Company's pre-Placement share capital of 287,611,300 Shares, net of any intangible assets and the revaluation gains on leasehold building.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following summary financial information should be read in conjunction with the full text of this Offer Document, including the sections entitled "Selected Consolidated Financial Information", and the sections entitled "Report on the Independent Auditor on the Audited Combined Financial Statements of the Group for the financial years ended 30 September 2012, 2013 and 2014" and "Compilation Report of the Independent Auditor on the Pro Forma Financial Information of the Group for the financial year ended 30 September 2014" as set out in Appendix A and Appendix B respectively of this Offer Document.

OVERVIEW

We are a real estate management services group with the ability to generate value through our distinctive competency in space optimisation which sets us apart from other companies which provide real estate management services. Under our Space Optimisation Business, we lease and manage a diverse portfolio of industrial, commercial and residential properties. This is complemented by our Facilities Management Business, which provides facilities management services. Our Group also provides logistics services under our Logistics Services Business.

REVENUE

Our revenue is driven by contributions from our three (3) business segments as follows:

- (i) Space Optimisation Business contributed approximately 85.3%, 79.7% and 77.8% to our Group's revenue in FY2012, FY2013 and FY2014 respectively;
- (ii) Facilities Management Business contributed approximately 3.2%, 7.2% and 9.3% to our Group's revenue in FY2012, FY2013 and FY2014 respectively; and
- (iii) Logistics Services Business contributed approximately 11.5%, 13.1% and 12.9% to our Group's revenue in FY2012, FY2013 and FY2014 respectively.

During the Period Under Review, our Group's revenue increased by approximately S\$8.6 million or 11.5%, from approximately S\$75.1 million in FY2012 to approximately S\$83.7 million in FY2013, and increased by approximately S\$7.0 million or 8.4% from approximately S\$83.7 million in FY2013 to approximately S\$90.7 million in FY2014.

Correspondingly, our Group's profit after tax increased by approximately S\$1.1 million or 15.7% from approximately S\$7.0 million in FY2012 to approximately S\$8.1 million in FY2013, and increased by approximately S\$4.6 million or 56.8% from approximately S\$8.1 million in FY2013 to approximately S\$12.7 million in FY2014.

We derived a majority of our revenue from our operations in Singapore where the bulk of our property portfolio is located, which is mainly denominated in S\$. Revenue from Singapore accounted for approximately 100.0%, 100.0% and 99.9% of our revenue in FY2012, FY2013 and FY2014 respectively. We only expanded our Space Optimisation Business into Indonesia in April 2014 via the provision of our Group's GreenHub brand of suited offices in Jakarta. Accordingly, revenue derived from our operations in Indonesia only accounted for 0.1% of our Group's revenue in FY2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

(a) Space Optimisation Business

Our Group specialises in space optimisation, which includes the design, refurbishment, leasing and management of properties. Our scope of services covers the full spectrum of the real estate management process including land searches, feasibility studies, design, liaison with the relevant governmental authorities, refurbishment and management (including management of tenants).

Revenue from our Space Optimisation Business is primarily generated from rental income (which includes warehousing service fees). The rental income is mainly derived from the following types of properties:

- (i) warehouses, factories, industrial buildings and land for open storage ("**Industrial Properties**");
- (ii) offices and business space, ("**Commercial Properties**"); and
- (iii) dormitories, HDB apartments and condominium apartments ("**Residential Properties**").

A breakdown of the revenue from our Space Optimisation Business for the Period Under Review is set out below:

	FY2012		FY2013		FY2014	
	S\$'000	%	S\$'000	%	S\$'000	%
Industrial Properties	29,783	46.5	39,139	58.6	40,484	57.4
Commercial Properties	15,702	24.5	18,817	28.2	21,198	30.0
Residential Properties	18,578	29.0	8,808	13.2	8,880	12.6
	64,063	100.0	66,764	100.0	70,562	100.0

Rental income from our Space Optimisation Business is recognised on an accrual basis, upon acceptance of the tenancy and signing of the tenancy agreement(s).

Rental income from Industrial Properties has historically contributed the most to our revenue followed by rental income from Commercial Properties. This is reflective of our Group's expansion of our industrial property portfolio from the management of 13 properties with a NLA of approximately 2.9 million sq ft in FY2012, to 15 properties with an NLA of approximately 3.2 million sq ft in FY2013 and 18 properties with a NLA of approximately 3.5 million sq ft in FY2014. On the other hand, our Group's Commercial Properties has increased from 12 properties in FY2012 to 13 properties in FY2013. As at the end of FY2014, the Group had 14 Commercial Properties with an aggregate NLA of approximately 0.6 million sq ft.

The contribution of rental income from Residential Properties in FY2012 was the highest as compared to FY2013 and FY2014 due to our Group's management of HDB projects located at Boon Lay Avenue and Yung Kuang Road in FY2012. The decline in the rental income contribution from Residential Properties in FY2013 was due to the expiry of the lease for the residential property at Boon Lay Avenue in FY2012. With the decrease in rental income

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

contributions from Residential Properties, our Directors are of the opinion that the management of Residential Properties will gradually play a smaller role in our Group's Space Optimisation Business and this is in line with our Group's business strategy to focus on enhancing and developing our operations and portfolio of Industrial Properties and Commercial Properties.

Accordingly, our rental income is also dependent on the number of properties managed and the NLA managed under our Group's portfolio. Our occupancy rates are affected by several factors including, *inter alia*, the rental rates, rental rebates, location, age and condition of our properties as compared to our competitors as well as the prevailing market conditions at the time of negotiations of the tenancy agreement(s).

As at 30 September 2014, we recorded occupancy rates of approximately 95.2%, 91.0%, and 99.0% for our Industrial Properties, Commercial Properties and Residential Properties respectively.

Rental Income from our properties

Rental income from our properties is based on the rental rates pursuant to tenancy agreements entered into between our Group and our tenants and takes into account any rent-free periods and other rental incentives provided by our Group such as extensive initial renovations for our properties leased to our tenants. Rental income from our properties accounted for approximately 82.8%, 77.2% and 76.1% of the revenue for FY2012, FY2013 and FY2014 respectively.

Tenancy agreements usually stipulate a tenancy period of between one (1) to three (3) years. Rents paid pursuant to our tenancy agreements are fixed in advance for the tenure period and are subject to review and/or renegotiation only upon expiry. Our tenancy agreements do not provide for rent reviews during the period of the tenancy.

Our tenants pay a deposit of between one (1) to three (3) months' rental upon execution of the tenancy agreement and rental is collected monthly in advance. In determining the rental rates, we take into account the prevailing market and competitive conditions. As for renewal of existing tenancy agreements we also take into account, *inter alia*, the amount of space occupied by each tenant, the market demand and alternative uses of the leased spaces, as well as the tenants' payment track record.

Other property-related income

We also derive income incidental to the rental of our Group's properties such as maintenance income. Maintenance income is charged for the maintenance of the facilities and utility infrastructure within the properties that we manage. Maintenance income is recognised upon invoicing of our tenants, which is done on a monthly basis.

Our revenue is mainly dependent on the following factors:

- (i) the health of the property industry in Singapore, particularly the rental market, as well as the general economy;
- (ii) changes in laws and regulations relating to the property industry in Singapore;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

- (iii) our ability to continue or renew the existing leases of our properties or secure leases on new properties;
- (iv) our ability to compete for properties and for tenants;
- (v) our ability to retain our existing tenants;
- (vi) the fluctuations in rental prices; and
- (vii) our ability to raise capital for our Group's business and expansion plans.

Please refer to the section entitled "Risk Factors" of this Offer Document for other factors which may affect our revenue.

(b) Facilities Management Business

Our Facilities Management Business complements our Space Optimisation Business by providing facilities management services principally to the properties which we lease and manage. These services include building maintenance, security services, cleaning, landscaping, pest control services and car park management services, which are provided primarily through our subsidiaries. Our car park management services manage the car park lots within the compound of our properties and car park lots outside our properties for government bodies and private enterprises.

Revenue from building maintenance, security services, cleaning, landscaping, pest control services is derived from fees charged to tenants on a "cost plus mark-up" basis and also takes into account the prevailing market rates and competitive conditions. Revenue from car park management services is derived from (i) car park rates which are fixed by our Group in respect of car parks owned by private entities; and (ii) car park rates which are regulated by the relevant government body in respect of car parks owned by government bodies.

(c) Logistics Services Business

Our Logistics Services Business comprises transportation services to transport mainly ISO tanks, containers, base oil and bitumen between ports, bulk liquid loading terminals and our customers' designated destinations in Singapore. We also provide container depot management services which include container surveying by IICL-certified inspectors, stacking and lifting of containers, container washing, on-site repair and storage of empty general purpose and refrigerated containers (reefer).

Revenue is derived from charges for transportation and storage of containers, as well as charges for cargo-handling and service and repair. Such charges for containers are generally in line with the prevailing market rates charged by our competitors. Our Group recognises revenue from the provision of such logistics services when they have been rendered.

Our revenue is mainly dependent on the following factors:

- (i) the global economic conditions of the logistics industry;
- (ii) governmental and regulatory requirements in respect of the logistics industry;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

- (iii) our ability to compete for customers;
- (iv) our ability to retain our existing customers; and
- (v) our ability to raise capital for expansion plans of our logistics business.

Please refer to the section entitled "Risk Factors" of this Offer Document for other factors which may affect our revenue.

COST OF SALES

Our cost of sales comprises mainly rental fees, direct labour costs, upkeep and maintenance costs, transportation costs, sub-contracting costs and others. Cost of sales amounted to approximately S\$49.2 million, S\$61.4 million and S\$65.7 million which accounted for approximately 65.5%, 73.4% and 72.4% of our revenue for FY2012, FY2013 and FY2014 respectively.

A breakdown of our cost of sales for the Period Under Review is set out below:

	FY2012		FY2013		FY2014	
	S\$'000	%	S\$'000	%	S\$'000	%
Rental costs	37,984	77.2	47,281	77.0	49,328	75.1
Direct labour costs	5,870	11.9	6,715	10.9	8,191	12.5
Upkeep and maintenance costs	4,941	10.0	6,131	10.0	7,121	10.8
Transportation costs	72	0.1	361	0.6	375	0.6
Sub-contracting costs	285	0.6	465	0.8	153	0.2
Others ⁽¹⁾	85	0.2	442	0.7	541	0.8
	49,237	100.0	61,395	100.0	65,709	100.0

Note:

(1) Consist of sales commissions, furniture, inventories and miscellaneous costs.

Rental fees payable to our lessors/landlords for leasing the properties to our Group which we in turn manage and sub-lease accounted for the largest proportion of our Group's cost of sales during the Period Under Review. Rental costs also include car park rental costs. Direct labour costs relate to salary expenses of our employees. Upkeep and maintenance costs relate to expenses incurred in relation to (i) the maintenance and repair of our property sites; (ii) the upkeep of depot handling equipment; and (iii) the maintenance of our fleet of prime movers, trailers, forklifts and lorries. Transportation costs relate to charges incurred for sub-contracting of trucking services. Sub-contracting costs relate to material and labour costs incurred for works sub-contracted out to third party in relation to projects under our Space Optimisation Business.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

(a) Space Optimisation Business

Cost of sales for our Space Optimisation Business consists of rent payable to our lessors for all the properties managed by our Group, utility charges for our Group's properties, property taxes, site repair and maintenance costs and others. These accounted for approximately 77.4%, 73.4% and 71.6% of our Group's direct costs in FY2012, FY2013 and FY2014 respectively.

A breakdown of the cost of sales for our Space Optimisation Business based on the type of properties for the Period Under Review is set out below:

	FY2012		FY2013		FY2014	
	S\$'000	%	S\$'000	%	S\$'000	%
Industrial Properties	18,585	48.8	23,853	53.0	26,126	55.5
Commercial Properties	10,946	28.7	13,352	29.6	14,290	30.4
Residential Properties	8,572	22.5	7,854	17.4	6,624	14.1
	38,103	100.0	45,059	100.0	47,040	100.0

Cost of sales for our Space Optimisation Business is affected by (i) changes in rental costs for each property; (ii) changes in property taxes; (iii) changes in utility charges; and (iv) the extent of property repair and maintenance costs required for each property.

(b) Facilities Management Business

Cost of sales for our Facilities Management Business consists of direct labour costs, cleaning costs, sub-contractors costs, professional fees and submission costs, car park rental costs and others. These accounted for approximately 9.8%, 13.1% and 15.9% of our Group's direct costs for FY2012, FY2013 and FY2014 respectively.

Cost of sales for our Facilities Management Business is mainly affected by (i) changes in direct labour costs; (ii) changes in the price of cleaning materials; (iii) changes in professional fees and sub-contractors costs; and (iv) changes in rental costs of car park spaces.

(c) Logistics Services Business

Cost of sales for our transportation services comprises mainly (i) cost of transportation handling activities such as PSA charges and shipping charges; (ii) cost of fuel; (iii) upkeeping and maintenance expenses for our fleet of prime movers, trailers, forklifts and lorries; and (iv) direct labour costs.

Our container depot related cost of sales comprises mainly (i) costs of washing and repairing containers; (ii) costs of upkeeping depot handling equipment; and (iii) rental expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Cost of sales for our Logistics Services Business is affected by (i) changes in direct labour costs; (ii) the fleet size of our prime movers, number of trailers, stackers and other logistics equipment; (iii) fluctuations in fuel prices; (iv) changes in PSA charges; (v) the number of containers required for repairs and maintenance; and (vi) fluctuation in rental rates.

Costs of sales for our Logistics Services Business accounted for approximately 12.8%, 13.5% and 12.5% of our Group's cost of sales in FY2012, FY2013 and FY2014, respectively. The general increase in cost of sales during the Period Under Review is in line with the increasing revenue from our Logistics Services Business.

Gross profit and gross profit margin

Gross profit is determined after deducting cost of sales from our revenue. Hence, the determinants of gross profit are the revenue generated from our Space Optimisation Business, Facilities Management Business and Logistics Services Business and our cost of sales.

Our gross profit margins were approximately 34.5%, 26.6% and 27.6% in FY2012, FY2013 and FY2014 respectively.

Other operating income

Other operating income consists mainly of (i) deposits received from customers written off; (ii) administrative charges; (iii) gain on disposal of property, plant and equipment ("PPE"); (iv) interest income; (v) vehicle rental and parking; (vi) government grants; and (vii) other miscellaneous charges.

Other operating income was approximately S\$0.9 million, S\$1.6 million and S\$2.2 million representing approximately 1.2%, 1.9% and 2.4% of our total revenue in FY2012, FY2013 and FY2014 respectively.

	FY2012		FY2013		FY2014	
	S\$'000	%	S\$'000	%	S\$'000	%
Deposits received from customers written off	17	1.9	–	–	–	–
Administrative charges	103	11.5	118	7.3	218	9.9
Gain on disposal of PPE	74	8.2	2	0.1	–	–
Interest income	65	7.2	228	14.2	70	3.2
Vehicle rental and parking	145	16.2	223	13.8	133	6.1
Government grants	27	3.0	9	0.6	99	4.5
Special employment credit	18	2.0	51	3.2	253	11.5
Negative goodwill on consolidation	–	–	62	3.8	–	–
Waiver of debt from a director of certain of our subsidiaries	–	–	–	–	81	3.7
Miscellaneous charges ⁽¹⁾	448	50.0	917	57.0	1,340	61.1
	897	100.0	1,610	100.0	2,194	100.0

Note:

(1) Mainly consist of fuel charges, bad debt recovered and reinstatement works.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Selling and distribution expenses

Selling and distribution expenses mainly consist of (i) advertising cost; (ii) commission paid to property agents; (iii) entertainment expenses; and (iv) marketing expenses.

Selling and distribution expenses were approximately S\$1.6 million, S\$1.7 million and S\$1.0 million, accounting for approximately 2.1%, 2.0% and 1.1% of our total revenue in FY2012, FY2013 and FY2014 respectively.

Administrative expenses

Administrative expenses consist mainly of (i) employee benefit costs; (ii) depreciation of PPE; and (iii) other administrative expenses.

Administrative expenses were approximately S\$15.6 million, S\$17.1 million and S\$17.2 million, accounting for approximately 20.8%, 20.4% and 19.0% of our total revenue in FY2012, FY2013 and FY2014 respectively.

Employee benefit costs

Employee benefit costs consist mainly of (i) salaries and related costs; (ii) CPF contributions; and (iii) remuneration of the directors of our Company, key management personnel (other than the directors) and employees of our Group. Employee benefit costs amounted to approximately S\$7.4 million, S\$8.7 million and S\$7.8 million, which accounted approximately for 47.4%, 50.9% and 45.3% of our administrative expenses for FY2012, FY2013 and FY2014 respectively.

Depreciation of PPE

Depreciation of PPE consists mainly of the depreciation of our Group's leased property and leasehold buildings, plant and machinery, and logistics equipment. Depreciation of property, plant and equipment amounted to approximately S\$4.1 million, S\$4.6 million and S\$5.2 million, which accounted for approximately 26.3%, 26.9% and 30.2% of our administrative expenses for FY2012, FY2013 and FY2014 respectively.

Other administrative expenses

Other administrative expenses include mainly audit fees, consultancy fees, information technology maintenance fees, printing fees, site related expenses, telecommunication expenses and others. Other administrative expenses amounted to approximately S\$1.5 million, S\$1.7 million and S\$1.6 million in FY2012, FY2013 and FY2014 respectively, accounting for approximately 9.6%, 9.9% and 9.3% of our administrative expenses for FY2012, FY2013 and FY2014 respectively.

Other operating expenses

Other operating expenses consist mainly of impairment loss on trade receivables, other receivables and bad debts. Other operating expenses were approximately S\$0.2 million, S\$0.2 million and S\$0.1 million in FY2012, FY2013 and FY2014 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Finance costs

Finance costs consist mainly of interest expense on bank loans and finance leases. Finance costs were approximately S\$0.1 million, S\$0.3 million and S\$0.7 million, accounting for approximately 0.1%, 0.4% and 0.8% of our total revenue in FY2012, FY2013 and FY2014 respectively.

Income tax expense

Our overall effective tax rate was approximately 19.6%, 10.6% and 9.3% for FY2012, FY2013 and FY2014 respectively. The Singapore and Indonesian statutory corporate tax rates from FY2012 to FY2014 were approximately 17.0% and 25.0% respectively. In Indonesia, in accordance with the Directorate General of Taxes decree No. Kep-227/PJ/2002 dated 23 April 2002, which became effective from May 2002, income derived from rental of land and buildings and other income related to the business of rental of land and buildings of organisation bodies are subject to 10.0% income tax and regarded as a final corporate income tax. Our subsidiaries in Indonesia are subject to a final corporate income tax of 10.0%. As we derived most of our revenue in Singapore, the income tax incurred in Indonesia had a minimal impact on our income tax expense. Our effective tax rate for FY2012 was slightly higher than Singapore's statutory corporate tax rates mainly due to deferred tax assets on temporary differences not recognised. Our effective tax rates for FY2013 and FY2014 were lower than Singapore's statutory corporate tax rates mainly due to the utilisation of the Group's tax relief, enhancement in productivity and innovation credit allowances, corporate income tax rebate and tax effects of Singapore statutory stepped income exemptions.

REVIEW OF RESULTS OF OPERATIONS

Breakdown of our past performance by business segments and geographical markets

Our management will monitor the operating results of our Group's three (3) business segments for the purpose of making decisions about resource allocation and performance assessment. A breakdown of our revenue by business segments for the Period Under Review is set out below:

Revenue

	FY2012		FY2013		FY2014	
	S\$'000	%	S\$'000	%	S\$'000	%
Space Optimisation Business	64,063	85.3	66,764	79.7	70,562	77.8
Facilities Management Business	2,398	3.2	6,060	7.2	8,478	9.3
Logistics Services Business	8,663	11.5	10,924	13.1	11,700	12.9
Total	75,124	100.0	83,748	100.0	90,740	100.0

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Profit before tax

	FY2012 S\$'000	FY2013 S\$'000	FY2014 S\$'000
Space Optimisation Business	17,487	11,901	15,519
Facilities Management Business	862	(439)	(51)
Logistics Services Business	(536)	(227)	714
Adjustments	(8,520)	(4,336)	(2,178)
Total	9,293	6,899	14,004

Our revenue for FY2012 and FY2013 was derived solely in Singapore. For FY2014, revenue derived in Singapore and Indonesia accounted for approximately 99.9% and 0.1% of our total revenue respectively.

REVIEW OF PAST PERFORMANCE

FY2013 compared with FY2012

Revenue

Our total revenue increased by approximately S\$8.6 million or 11.5% from S\$75.1 million in FY2012 to S\$83.7 million in FY2013. The increase was mainly attributable to higher revenue contributions from our Group's Space Optimisation Business, primarily driven by revenue generated from Industrial Properties and Commercial Properties, as well as an improvement in the performance of our Facilities Management Business and Logistics Services Business. The increase was partially offset by a decrease in revenue generated from Residential Properties.

a) **Space Optimisation Business**

Industrial Properties

Revenue derived from Industrial Properties increased by approximately S\$9.3 million or 31.2% from approximately S\$29.8 million in FY2012 to approximately S\$39.1 million in FY2013. The increase in revenue was mainly due to:

- (i) an increase in tenants' rental rates following the renewal of leases of our existing sites;
- (ii) an increase in rental income as a result of two (2) new sites awarded to our Group; and
- (iii) an increase in rental income from our property at 72 Eunos Avenue 7 which we acquired in FY2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Commercial Properties

Revenue derived from Commercial Properties increased by approximately S\$3.1 million or 19.7% from approximately S\$15.7 million in FY2012 to approximately S\$18.8 million in FY2013. The increase in revenue was mainly due to three (3) new sites being awarded to our Group by SLA in FY2013.

Residential Properties

Revenue derived from Residential Properties decreased by approximately S\$9.8 million or 52.7% from approximately S\$18.6 million in FY2012 to approximately S\$8.8 million in FY2013. The decrease was mainly due to the expiry of the lease of the HDB residential property at Boon Lay Avenue ("**Boon Lay Lease**") in August 2012.

b) Facilities Management Business

Revenue derived from our Facilities Management Business increased by approximately S\$3.7 million or 154.2% from approximately S\$2.4 million in FY2012 to approximately S\$6.1 million in FY2013.

The increase in revenue was mainly due to an increase in revenue from security services as a result of new contracts secured from external customers and the commencement of management operations at 11 car park sites awarded by URA in the middle of FY2013.

c) Logistics Services Business

Revenue derived from our Logistics Services Business increased by approximately S\$2.2 million or 25.3% from approximately S\$8.7 million in FY2012 to approximately S\$10.9 million in FY2013.

The increase in revenue was mainly due to an increase in revenue from the provision of transportation services to our customers as a result of an increase in our fleet size.

Cost of Sales

Cost of sales increased by approximately S\$12.2 million or 24.8% from approximately S\$49.2 million in FY2012 to approximately S\$61.4 million in FY2013. Cost of sales was 65.5% of our revenue in FY2012 as compared to 73.4% of our revenue in FY2013.

The increase in cost of sales was due to (i) rental cost incurred for the 11 new car park sites awarded by URA; (ii) increase in rental cost by our lessors due to the renewal of certain leases; (iii) increase in direct manpower costs; and (iv) five (5) new property leases being awarded to our Group in FY2013.

Gross profit and gross profit margin

Our Group's gross profit decreased by approximately S\$3.5 million from approximately S\$25.9 million in FY2012 to approximately S\$22.4 million in FY2013, whereas gross profit margin as a percentage of revenue decreased from approximately 34.5% in FY2012 to 26.6% in FY2013. The

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

decrease in our Group's gross profit margin was primarily due to the expiry of the Boon Lay Lease in August 2012 which generated a higher profit margin as compared to the rest of our Group's properties.

Other operating income

Our other operating income increased by approximately S\$0.7 million or 77.8% from approximately S\$0.9 million in FY2012 to approximately S\$1.6 million in FY2013. This was mainly due to the recognition of negative goodwill on consolidation, special employment credit and other miscellaneous income in FY2013.

Selling and distribution expenses

Total selling and distribution expenses increased by approximately S\$0.1 million or 6.3% from approximately S\$1.6 million in FY2012 to approximately S\$1.7 million in FY2013.

The increase in selling and distribution expenses was mainly attributable to the increase in entertainment expenses by approximately S\$0.1 million or 100.0% from S\$0.1 million in FY2012 to S\$0.2 million in FY2013.

Administrative expenses

Total administrative expenses increased by approximately S\$1.5 million or 9.6% from approximately S\$15.6 million in FY2012 to approximately S\$17.1 million in FY2013.

The increase in administrative expenses was mainly attributable to the increase in employee benefits costs by approximately S\$1.3 million or 17.6% from S\$7.4 million in FY2012 to S\$8.7 million in FY2013 as a result of an increase in headcount and salaries of our employees.

Other operating expenses

Other operating expenses were approximately S\$0.2 million in each of FY2012 and FY2013.

Finance costs

Finance costs increased by approximately S\$0.2 million or 200.0% from approximately S\$0.1 million in FY2012 to approximately S\$0.3 million in FY2013 mainly attributable to an increase in interest expense as a result of increased bank loans and finance leases held by our Group.

Fair value gain on investment properties

Fair value gain on investment properties increased by approximately S\$0.8 million or 100.0% from nil in FY2012 to approximately S\$0.8 million in FY2013 due to a revaluation of investment properties at fair value at the end of the reporting period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Profit before taxation from continuing operations

Profit before taxation decreased by approximately S\$2.4 million or 25.8% from a profit of approximately S\$9.3 million in FY2012 to approximately S\$6.9 million in FY2013 as a result of the decrease in gross profit and an increase in (i) selling and distribution expenses; (ii) administrative expenses; (iii) other operating expenses; and (iv) finance costs.

Income tax expense

Income tax expenses decreased from approximately S\$1.8 million in FY2012 to approximately S\$0.7 million in FY2013. Our effective income tax rate in FY2012 was 19.6% as compared to 10.6% in FY2013. The lower tax rate was mainly due to the utilisation of the Group's tax relief, enhancements in productivity and innovation credit allowances, corporate income tax rebates and the tax effects of Singapore statutory stepped income exemptions.

Loss from discontinued operations, net of tax

Our Group recorded a loss from discontinued operations, net of tax of approximately S\$0.4 million comprising of a S\$2.4 million loss as a result of the disposal of the entire shareholding interest of LHN Culinary to HNG for a consideration of S\$1.00 on 1 October 2012 and a S\$2.0 million gain as a result of the disposal of the entire shareholding interest of HN Management to its former director, Lim Hean Nerng for a consideration sum of S\$100,000 on 1 October 2013. LHN Culinary held the food and beverage business of our Group prior to the disposal. Since the completion of the disposal on 1 October 2012, LHN Culinary has ceased to be a subsidiary of our Company and accordingly, our Group is no longer involved in the food and beverage business. HN Management was in the business of warehousing and logistics services business. Towards the end of 2012, there was a change in business strategy by our Group to focus on our Logistics Services Business instead of the warehousing business. Upon completion of the sale, HN Management ceased to be a subsidiary of our Group.

FY2014 compared with FY2013

Revenue

Our total revenue increased by approximately S\$7.0 million or 8.4% from approximately S\$83.7 million in FY2013 to approximately S\$90.7 million in FY2014. The increase was mainly attributable to an increase in revenue contributions from our Group's Space Optimisation Business, primarily driven by our Industrial and Commercial Properties, as well as increased revenue from our Facilities Management Business and Logistics Services Business.

a) Space Optimisation Business

Industrial Properties

Revenue derived from Industrial Properties increased by approximately S\$1.4 million or 3.6% from approximately S\$39.1 million in FY2013 to approximately S\$40.5 million in FY2014. The increase in revenue was mainly due to an increase in rental income as a result of three (3) new sites awarded to our Group.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Commercial Properties

Revenue derived from Commercial Properties increased by approximately S\$2.4 million or 12.8% from approximately S\$18.8 million in FY2013 to approximately S\$21.2 million in FY2014. The increase in revenue was mainly due to an increase in occupancy rate of our Commercial Properties in FY2013.

Residential Properties

Revenue derived from our Residential Properties was approximately S\$8.8 million for FY2013 and S\$8.9 million for FY2014.

b) Facilities Management Business

Revenue derived from Facilities Management Business increased by approximately S\$2.4 million or 39.3% from approximately S\$6.1 million in FY2013 to approximately S\$8.5 million in FY2014. The increase in revenue was mainly due to the commencement of management operations at 11 car park sites awarded by URA in the middle of FY2013.

c) Logistics Services Business

Revenue derived from our Logistics Services Business increased by approximately S\$0.8 million or 7.3% from approximately S\$10.9 million in FY2013 to approximately S\$11.7 million in FY2014.

The increase in revenue was mainly due to an increase in the provision of transportation services in FY2014.

Cost of Sales

Cost of sales increased by approximately S\$4.3 million or 7.0% from approximately S\$61.4 million in FY2013 to approximately S\$65.7 million in FY2014. Cost of sales accounted for approximately 73.4% of our revenue in FY2013 as compared to 72.4% of our revenue in FY2014.

The increase in cost of sales was due to an increase in cost of sales from our Industrial and Commercial Properties as well as car park rental costs.

Gross profit and gross profit margin

Our Group's gross profit increased by approximately S\$2.6 million from approximately S\$22.4 million in FY2013 to approximately S\$25.0 million in FY2014 whereas gross profit margin as a percentage of revenue increased from 26.6% in FY2013 to 27.6% in FY2014. The increase was mainly due to higher rental income and occupancy rates of our Industrial Properties and Commercial Properties.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Other operating income

Our other operating income increased by S\$0.6 million or 37.5%, from approximately S\$1.6 million in FY2013 to approximately S\$2.2 million in FY2014. The increase was mainly due to an increase in bad debt recovered, government grants, special employment credit and administration charges of approximately S\$0.2 million, S\$0.1 million, S\$0.2 million and S\$0.1 million respectively.

Selling and distribution expenses

Total selling and distribution expenses decreased by approximately S\$0.7 million or 41.2% from S\$1.7 million in FY2013 to approximately S\$1.0 million in FY2014.

The decrease was mainly attributable to a decrease in advertising expenses, agent commission and marketing expenses of approximately S\$0.2 million, S\$0.4 million and S\$0.1 million respectively.

Administrative expenses

Total administrative expenses increased marginally by approximately S\$0.1 million or 0.6% from S\$17.1 million in FY2013 to approximately S\$17.2 million in FY2014.

Finance costs

Finance costs increased by approximately S\$0.4 million or 133.3% from approximately S\$0.3 million in FY2013 to approximately S\$0.7 million in FY2014 which was mainly attributable to an increase in interest expense as a result of increased bank loans and finance leases held by our Group.

Fair value gain on investment properties

Fair value gain on investment properties increased by approximately S\$5.0 million or 625.0% from approximately S\$0.8 million in FY2013 to approximately S\$5.8 million in FY2014 mainly due to a revaluation of investment properties at fair values at the end of the reporting period.

Profit before taxation from continuing operation

Profit before taxation increased by approximately S\$7.1 million or 102.9% from S\$6.9 million in FY2013 to approximately S\$14.0 million in FY2014. This was mainly due to (i) an increase in gross profit; (ii) a revaluation gain on investment properties; (iii) an increase in other operating income; and (iv) a decrease in selling and distribution expenses.

Income tax expense

Income tax expenses increased from approximately S\$0.7 million in FY2013 to approximately S\$1.3 million in FY2014. Our effective income tax rate in FY2013 was 10.6% as compared to 9.3% in FY2014. The higher tax expense in FY2014 was due mainly to lower productivity and innovation credit allowances as compared to FY2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

REVIEW OF FINANCIAL POSITION

As at 30 September 2014

Non-current assets

As at 30 September 2014, our non-current assets amounted to approximately S\$40.9 million which accounted for approximately 56.5% of our total assets. Our non-current assets comprised primarily PPE, investment properties, investment in associated companies and long term prepayments.

The main components of our non-current assets was PPE of approximately S\$19.9 million which accounted for approximately 48.7% of our total non-current assets as at 30 September 2014, as well as investment properties of approximately S\$20.6 million which accounted for approximately 50.4% of our total non-current assets as at 30 September 2014. PPE as at 30 September 2014 comprised the following:

S\$'000	As at 30 September 2014
Renovation works	6,383
Leasehold building at valuation	6,664 ⁽¹⁾
Construction in progress	45
Plant and machinery	3,091
Furniture and fittings	919
Office equipment, kitchen equipment, digital and visual equipment	566
Logistics equipment	1,958
Motor vehicles	145
Computers	89
Containers	9
	19,869

Note:

- (1) The increase in leasehold building at valuation as at 30 September 2014 is largely due to revaluation gains on leasehold building of S\$355,015 and S\$1,833,947 recognised in FY2013 and FY2014 respectively as other comprehensive income and transferred to the asset revaluation reserve of the Group.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Investment properties comprised (i) a six (6)-storey industrial building in Singapore, which was acquired in November 2012 and carried a fair value of S\$20.0 million as at 30 September 2014, and (ii) four (4) units of office building space in Indonesia acquired in July 2013 which carried a fair value of S\$7.3 million as at 30 September 2014. The details of the investment properties are as follow:

Location	Description	Area (sq m)	Tenure	Fair Value (S\$'000)
72 Eunos Avenue 7, Singapore	Six (6)-storey multiple-user light industrial building	4,143.7	30 years lease commencing from 1 January 2011	13,336 ⁽¹⁾
EightyEight@Kasablanka Office Tower, Lantai 38, Jl. Casablanca Raya Kav. 88, Kelurahan Menteng Dalam, Kecamatan Tebet, Kota Administrasi Jakarta Selatan, Indonesia	Four (4) units of office building	1,737.0	14 years lease commencing from 1 July 2013	7,295
				20,631

Note:

(1) Revalued as a whole to be approximately S\$20.0 million which comprises property, plant and equipment of approximately S\$6.7 million and investment properties of approximately S\$13.3 million.

Our business partnerships with Nopest and SRM Capital Pte. Ltd. accounted for an aggregate of approximately S\$0.1 million or 0.2% of our total non-current assets as at 30 September 2014.

Current assets

As at 30 September 2014, our current assets amounted to approximately S\$31.5 million which accounted for approximately 43.5% of our total assets. Our current assets comprised mainly trade and other receivables, cash and bank balances, prepayments and fixed deposits.

Trade and other receivables comprised mainly trade receivables from external parties, a fellow subsidiary and related parties, GST receivables, deposits and others. Trade and other receivables amounted to approximately S\$10.2 million or 32.4% of our total current assets as at 30 September 2014.

Cash and bank balances comprised cash on hand and cash deposited with banks which amounted to approximately S\$14.4 million or 45.7% of our total current assets as at 30 September 2014.

Prepayments and fixed deposits, in aggregate, amounted to approximately S\$6.6 million or 21.0% of our total current assets as at 30 September 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Non-current liabilities

As at 30 September 2014, our non-current liabilities of approximately S\$12.5 million accounted for approximately 31.4% of our total liabilities. Our non-current liabilities comprised deferred tax liabilities, other payables, obligations under finance lease and bank borrowings.

Obligations under finance lease held by our Group amounted to approximately S\$2.9 million and accounted for approximately 23.2% of our total non-current liabilities as at 30 September 2014. Obligations under finance lease comprised mainly finance lease agreements which our Group has entered into for the purchase of PPE from non-related parties. The obligations under finance lease are secured by the underlying assets of certain plant and machinery, logistics equipment and motor vehicles, personal guarantees provided by, amongst others, our Executive Directors, Lim Hean Nerng and Foo Siau Foon and corporate guarantees provided by LHN Group.

Bank borrowings comprised secured bank loans amounting to approximately S\$9.2 million as at 30 September 2014, of which approximately S\$3.3 million are repayable later than one (1) year and not later than five (5) years, and approximately S\$5.9 million are repayable later than five (5) years. Bank borrowings accounted for 73.6% of our non-current liabilities as at 30 September 2014.

Deferred tax liabilities of approximately S\$0.2 million accounted for approximately 1.6% of our non-current liabilities as at 30 September 2014.

Current liabilities

As at 30 September 2014, our current liabilities amounted to approximately S\$27.3 million which accounted for approximately 68.6% of our total liabilities. Our current liabilities comprised mainly trade and other payables, current tax payable, bank borrowings and obligations under finance leases.

Trade and other payables comprised mainly trade payables to external parties, a fellow subsidiary, and related parties, as well as GST payables. Trade and other payables amounted to approximately S\$23.6 million or 86.4% of our total current liabilities as at 30 September 2014.

Current tax payable amounted to approximately S\$1.6 million which accounted for approximately 5.9% of our total current liabilities as at 30 September 2014.

Bank borrowings comprised a secured bank loan which amounted to approximately S\$0.8 million, is repayable not later than one year. Bank borrowings accounted for 2.9% of our current liabilities as at 30 September 2014.

Obligations under finance lease held by our Group amounted to approximately S\$1.3 million which accounted for 4.8% of our total current liabilities as at 30 September 2014.

Equity attributable to owners of the Company

As at 30 September 2014, our equity attributable to owners of the Company amounted to approximately S\$32.7 million comprising mainly S\$2.0 million of issued and paid-up share capital and S\$30.7 million of accumulated profits. In FY2014, we declared approximately S\$2.0 million of interim, tax-exempt dividends in respect of FY2014 which was paid out on 1 December 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

LIQUIDITY AND CAPITAL RESOURCES

As at the Latest Practicable Date, our Group has financed our growth and operations through both internal and external sources of funds. Internal sources of funds comprise cash generated from our Group's operating activities. External sources of funds comprise mainly bank loans and hire purchase facilities from banks and finance companies, as well as capital investment from shareholders. The principal uses of these cash sources are mainly to finance working capital requirements, capital expenditures, repayment of credit facilities as well as the expansion of our Group's business operations.

The following table sets out a summary of our Company's cash flows for FY2012, FY2013 and FY2014:

(S\$'000)	← Audited →		
	FY2012	FY2013	FY2014
Net cash flows generated from operating activities	14,965	15,223	11,195
Net cash flows used in investing activities	(7,899)	(10,706)	(5,351)
Net cash flows used in financing activities	(1,712)	(8,444)	(4,755)
Net increase/(decrease) in cash and cash equivalents	5,354	(3,927)	1,089
Effects of exchange rate changes on cash and cash equivalents	–	–	(16)
Cash and cash equivalents at the beginning of the financial year	11,925	17,279	13,352
Cash and cash equivalents at the end of the financial year ⁽¹⁾	17,279	13,352	14,425

Note:

(1) The following table sets out a summary of our Company's cash and bank balances for FY2012, FY2013 and FY2014:

(S\$'000)	← Audited →		
	FY2012	FY2013	FY2014
Cash and bank balances			
– continuing operations	16,861	12,140	14,417
– discontinued operations	306	720	–
Bank balances	17,167	12,860	14,417
Fixed deposits	4,949	6,051	5,584
	22,116	18,911	20,001
Less: pledged fixed deposits that mature within one (1) year	(4,837)	(3,702)	(5,576)
Less: pledged fixed deposits that mature after one (1) year	–	(1,857)	–
	17,279	13,352	14,425

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

FY2012

In FY2012, we recorded net cash generated from operating activities of approximately S\$15.0 million, which was a result of operating profit before working capital changes of approximately S\$13.6 million, net working capital inflow of approximately S\$3.0 million, net interest paid of approximately S\$0.1 million and net income tax paid of approximately S\$1.5 million. Our working capital inflows were mainly due to the following:

- (i) an increase in operating payables of approximately S\$4.9 million; and
- (ii) a decrease in work-in-progress of approximately S\$0.3 million.

The working capital inflows were partially offset by an increase in:

- (i) inventories of approximately S\$0.1 million; and
- (ii) operating receivables of approximately S\$2.1 million.

Net cash used in investing activities amounted to approximately S\$7.9 million which was mainly due to the purchase of plant and equipment of approximately S\$8.6 million. This was partially offset by proceeds from the disposal of PPE of approximately S\$0.6 million and interest received of approximately S\$0.1 million.

Net cash used in financing activities amounted to approximately S\$1.7 million which was due to the repayment of finance leases of approximately S\$0.7 million, bank borrowings of approximately the S\$0.7 million and dividends paid of approximately S\$0.9 million. These were partially offset by the receipt of an amount owing to our immediate holding company of approximately S\$0.6 million.

As a result of the above, there was a net increase of approximately S\$5.4 million in our cash and cash equivalents, from approximately S\$11.9 million as at 30 September 2011 to approximately S\$17.3 million as at September 2012.

As at 30 September 2012, our cash and cash equivalents stood at approximately S\$17.3 million.

FY2013

In FY2013, we recorded net cash generated from operating activities of approximately S\$15.2 million, which was a result of operating profit before changes in working capital of approximately S\$11.2 million and a net working capital inflow of approximately S\$6.1 million, adjusted for income tax paid of approximately S\$1.8 million and net interest expense paid of approximately of approximately S\$0.3 million. Our working capital inflows were mainly due to an increase in operating payables of approximately S\$8.6 million.

The working capital inflows were partially offset by an increase in:

- (i) inventories of approximately S\$0.2 million;
- (ii) work-in-progress of approximately S\$0.1 million; and
- (iii) operating receivables of approximately S\$2.2 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Net cash used in investing activities amounted to S\$10.7 million which was due to the purchase of plant and equipment of approximately S\$6.9 million, purchase of investment properties of approximately S\$2.9 million, acquisition of a subsidiary, net of cash of S\$1.1 million and a net cash outflow on disposal of investment in subsidiaries of S\$0.3 million. These were partially offset by proceeds generated from the disposal of property, plant and equipment of S\$0.2 million, proceeds from the disposal of an associated company of S\$0.1 million and interest received of S\$0.2 million.

Net cash used in financing activities amounted to S\$8.4 million which was due to a one-off extraordinary dividend payment of S\$12.0 million to our shareholders, repayment of finance leases of approximately S\$0.7 million, repayment of bank borrowings of approximately S\$0.6 million and net placements of deposit pledged of approximately S\$0.7 million. These were partially offset by bank borrowings of approximately S\$3.2 million, effect of non-controlling interest on newly incorporated subsidiaries of approximately S\$0.1 million and an amount owing to a Director of our Group of approximately S\$0.2 million and a director of certain of our subsidiaries of approximately S\$2.1 million. The amount due to a director of certain of our subsidiaries was originally present at the time in which Singapore Handicrafts was acquired in November 2012.

As a result of the above, there was a net decrease of approximately S\$3.9 million in our cash and cash equivalents, from approximately S\$17.3 million as at 30 September 2012 to approximately S\$13.4 million as at 30 September 2013.

FY2014

In FY2014, we recorded net cash generated from operating activities of approximately S\$11.2 million, which was a result of operating cash flows before changes in working capital of S\$14.2 million and net working capital outflow of approximately S\$1.5 million, adjusted for income tax paid of approximately S\$0.8 million and net interest expenses paid of approximately S\$0.7 million. Our working capital outflows were mainly due to a decrease in operating payables of S\$4.2 million which was partially offset by a decrease in operating receivables and work-in-progress of approximately S\$2.5 million and S\$0.2 million respectively.

Net cash used in investing activities amounted to approximately S\$5.4 million, which was due to the purchase of plant and equipment of approximately S\$4.8 million, purchase of investment property of approximately S\$0.5 million and net cash outflow on disposal of investment in subsidiaries of S\$0.6 million. These were partially offset by proceeds from the disposal of PPE of approximately S\$0.5 million.

Net cash used in financing activities amounted to approximately S\$4.8 million which was due to the repayment of finance leases of approximately S\$1.1 million, repayment of bank borrowings of approximately S\$5.4 million, repayment to a Director of our Group of S\$0.4 million and repayment to a director of certain of our subsidiaries of S\$0.9 million. These were partially offset by bank borrowings of approximately S\$3.0 million.

As a result of the above, there was a net increase of S\$1.0 million in our cash and cash equivalents, from approximately S\$13.4 million as at 30 September 2013 to S\$14.4 million as at 30 September 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

INFLATION

Our financial performance for the Period Under Review was not materially affected by inflation.

CAPITAL EXPENDITURE AND DIVESTMENTS

The capital expenditures and divestments made by our Group in FY2012, FY2013 and FY2014 and for the period from 1 October 2014 up to the Latest Practicable Date were as follows:

(S\$'000)	FY2012	FY2013	FY2014	From 1 October 2014 to the Latest Practicable Date
Expenditures				
<u>Property, plant and equipment</u>				
Leasehold building	–	581	642	–
Renovation works	5,489	5,109	2,970	745
Construction-in-progress	28	–	45	–
Plant and machinery	1,505	2,516	625	289
Furniture and fittings	1,265	213	342	9
Office equipment, kitchen equipment, digital and visual equipment	527	236	205	28
Logistics equipment	804	1,178	781	617
Motor vehicles	190	248	68	8
Computers	198	198	268	79
Containers	66	5	–	–
Cutleries and utensils	165	–	–	–
Total	10,237	10,284	5,946	1,775
<u>Investment properties</u>	–	6,324	500	500
Total expenditures	10,237	16,608	6,446	2,275

(S\$'000)	FY2012	FY2013	FY2014	From 1 October 2014 to the Latest Practicable Date
Acquisition of subsidiary				
<u>Property, plant and equipment</u>				
Leasehold building	–	3,530	–	–
Renovation works	–	101	–	–
Office equipment, kitchen equipment, digital and visual equipment	–	5	–	–
Total	–	3,636	–	–
<u>Investment properties</u>	–	7,428	–	–
Total acquisition of subsidiary	–	11,064	–	–

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF
OPERATIONS AND FINANCIAL POSITION**

(\$'000)	FY2012	FY2013	FY2014	From 1 October 2014 to the Latest Practicable Date
Divestments				
<u>Property, plant and equipment</u>				
Renovation works	(5,447)	(23)	–	–
Construction-in-progress	(28)	–	–	–
Plant and machinery	–	(34)	–	–
Furniture and fittings	(1,244)	(10)	–	–
Office equipment, kitchen equipment, digital and visual equipment	(1,162)	(8)	–	–
Computers	(70)	–	–	–
Containers	(47)	–	–	–
Cutleries and utensils	(165)	–	–	–
Total	(8,163)	(75)	–	–

The above capital expenditures were primarily financed by internally generated funds, short term bank loans and hire purchase facilities, except for leasehold building and investment properties which were partially financed by (i) a 15-year term loan of S\$5.0 million, which has an interest rate of 3.55% per annum below Maybank's NMBR for the first year; (ii) a 15-year term loan of S\$2.3 million, which has an interest rate of 3.35% per annum below Maybank's NMBR for the first year; and (iii) an 8-year term loan of S\$3.0 million, which has an interest rate of 2.5% per annum above cost of fund for the interest period of one (1) month. All the above term loans are financed by Maybank. As at the Latest Practicable Date, we have drawn down approximately S\$10.3 million to finance our leasehold building and investment properties.

FOREIGN EXCHANGE MANAGEMENT

Accounting Treatment of Foreign Currencies

Transactions in foreign currencies are measured in the respective functional currencies of our Company and our subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit and loss except for exchange differences arising on monetary items that form part of our Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit and loss of our Group on disposal of the foreign operations.

Foreign Exchange Exposure

Our reporting currency is in Singapore dollars and our operations are primarily carried out in Singapore and Indonesia. Other than the respective functional currencies of our subsidiary companies, there were no transactions undertaken with foreign currencies during the Period Under Review.

We currently do not have a formal foreign currency hedging policy with respect to any possible foreign currency exposure. We will continue to monitor any foreign exchange exposure in the future and will consider formalising a hedging policy to manage the foreign exchange exposure should the need arise. Such policies will be reviewed and approved by our Audit Committee and our Board. However, we may, subject to the approval of our Board, enter into relevant transactions when necessary, to hedge our exposure to foreign currency fluctuations.

SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

Save as disclosed in the sections entitled "Report on the Independent Auditor on the Audited Combined Financial Statements of the Group for the financial years ended 30 September 2012, 2013 and 2014" and "Compilation Report of the Independent Auditor on the Pro Forma Financial Information of the Group for the financial year ended 30 September 2014" as set out in Appendix A and Appendix B respectively of this Offer Document, there have been no significant changes in the accounting policies during the Period Under Review.

CAPITALISATION AND INDEBTEDNESS

The following table, which should be read in conjunction with the sections entitled “Report of the Independent Auditor on the Audited Combined Financial Statements of the Group for the financial years ended 30 September 2012, 2013 and 2014” and “Compilation Report of the Independent Auditor on the Pro Forma Financial Information of the Group for the financial year ended 30 September 2014” as set out in Appendix A and Appendix B respectively of this Offer Document and the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document, shows our cash and cash equivalents, capitalisation and indebtedness:

- (i) as at 30 September 2014 based on our audited combined financial statements;
- (ii) as at 28 February 2015 based on our unaudited consolidated management accounts; and
- (iii) as adjusted to give effect to the Restructuring Exercise, the allotment and issuance of the Pre-IPO New Shares, the PPCF Shares and the application of the net proceeds from the Placement, after deducting estimated listing expenses related to the Placement.

(S\$'000)	As at 30 September 2014	As at the Latest Practicable Date	As adjusted for the Restructuring Exercise, the allotment and issuance of the Pre-IPO New Shares and PPCF Shares, and net proceeds from the Placement
Cash and short term deposits	20,001	18,070	32,501
	20,001	18,070	32,501
Current			
Secured and guaranteed	2,155	2,235	2,235
Unsecured and guaranteed	–	2,000	–
	2,155	4,235	2,235
Non-current			
Secured and guaranteed	12,116	11,635	11,635
Total indebtedness	14,271	15,870	13,870
Equity attributable to equity owners of the Company	32,727	35,056	49,478
Total capitalisation and indebtedness	46,998	50,926	63,348
Total capitalisation and indebtedness (excluding revaluation gains on leasehold building)	44,809	48,737	61,159

CAPITALISATION AND INDEBTEDNESS

Save for (a) the changes in working capital, (b) the scheduled monthly repayments on our finance leases, (c) changes in our shareholders' equity and reserves arising from the day-to-day operations in the ordinary course of our business, and (d) (i) a 15-year term loan of S\$5.0 million, which has an interest rate of 3.55% per annum below Maybank's NMBR for the first year; (ii) a 15-year term loan of S\$2.3 million, which has an interest rate of 3.35% per annum below Maybank's NMBR for the first year; and (iii) an 8-year term loan of S\$3.0 million, which has an interest rate of 2.5% per annum above cost of fund for the interest period of one (1) month, there were no material changes to our capitalisation and indebtedness from 1 October 2014 to the Latest Practicable Date.

Credit Facilities

As at the Latest Practicable Date, our Group's banking facilities from the financial institutions are as follows:

Financial institution	Nature of facility	Facility amount (S\$'000)	Utilised amount (S\$'000)	Unutilised amount (S\$'000)	Interest rate	Maturity profile ⁽¹⁾
CIMB	Banker's guarantee	700	271	429	1.0% per annum	31 May 2015
Maybank	Banker's guarantee	3,000	594	1,285	1.0% per annum	31 December 2014 (claim period till 30 June 2015)
			73		1.0% per annum	31 May 2015 (claim period till 31 August 2015)
			45		1.0% per annum	31 July 2015 (claim period till 31 October 2015)
			551		1.0% per annum	31 October 2015 (claim period till 31 January 2016)
			116		1.0% per annum	31 December 2015 (claim period till 31 March 2016)
			194		1.0% per annum	31 March 2016 (claim period till 30 June 2016)
			142		1.0% per annum	30 June 2017 (claim period till 30 September 2017)
	Overdraft	200	–	200	0.5% per annum above the prime rate per annum	–

CAPITALISATION AND INDEBTEDNESS

Financial institution	Nature of facility	Facility amount (S\$'000)	Utilised amount (S\$'000)	Unutilised amount (S\$'000)	Interest rate	Maturity profile ⁽¹⁾
Maybank	Term loan 1	5,000	5,000	–	<p>1st year: 3.55% per annum below Maybank's NMBR</p> <p>2nd year: 3.25% per annum below Maybank's NMBR</p> <p>3rd year: 2.05% per annum below Maybank's NMBR</p> <p>Thereafter, interest rate shall be 0.75% per annum below Maybank's NMBR or such other rate as may be determined by Maybank from time to time.</p>	15 years from 2 November 2012
	Term loan 2	2,300	2,300	–	<p>1st year: 3.35% per annum below Maybank's NMBR</p> <p>2nd year: 3.05% per annum below Maybank's NMBR</p> <p>3rd year: 1.85% per annum below Maybank's NMBR</p> <p>Thereafter, interest rate shall be 0.75% per annum below Maybank's NMBR or such other rate as may be determined by Maybank from time to time.</p>	15 years from 5 November 2012
	Term loan 3	3,000	3,000	–	2.5% above cost of funds per annum	8 years from 1 August 2014
OCBC	Banker's guarantee	2,000	–	2,000	1.0% per annum	–
OCBC	Credit facility	200	–	200	OCBC's prescribed rate	–

CAPITALISATION AND INDEBTEDNESS

Financial institution	Nature of facility	Facility amount (S\$'000)	Utilised amount (S\$'000)	Unutilised amount (S\$'000)	Interest rate	Maturity profile ⁽¹⁾
OCBC	Hire purchase facility	1,980	164	144	1.65% per annum over the OCBC's prevailing cost of funds	6 May 2016
			50		1.65% per annum over the OCBC's prevailing cost of funds	25 March 2018
			448		1.65% per annum over the OCBC's prevailing cost of funds	6 May 2018
			866		1.65% per annum over the OCBC's prevailing cost of funds	7 May 2018
			308		1.65% per annum over the OCBC's prevailing cost of funds	21 May 2018
RHB	Banker's guarantee	3,000	70	1,244	1.0% per annum	31 March 2015 (claim period till 30 June 2015)
			85		1.0% per annum	31 October 2015 (claim period till 31 January 2016)
			59		1.0% per annum	31 December 2015
			219		1.0% per annum	31 March 2016 (claim period till 30 April 2016)
			474		1.0% per annum	30 June 2016 (claim period till 30 September 2016)
			100		1.0% per annum	31 October 2016 (claim period till 31 January 2017)
			749		1.0% per annum	31 March 2018 (claim period till 30 June 2018)
	Revolving credit facility	2,000	–	2,000	2.0% per annum above the bank's cost of funds	–
DBS	Fixed advance facility	2,000	–	2,000	2.0% plus cost of funds per annum	–
	Letters of guarantee/ long term letters of guarantee	1,000	–	1,000	DBS's prevailing rate	–

CAPITALISATION AND INDEBTEDNESS

Financial institution	Nature of facility	Facility amount (S\$'000)	Utilised amount (S\$'000)	Unutilised amount (S\$'000)	Interest rate	Maturity profile ⁽¹⁾
Hong Leong Finance	Hire purchase facility	3,000	20	1,586 ⁽²⁾	1.30% flat per annum	14 November 2016
			265		1.30% flat per annum	1 December 2016
			71		1.30% flat per annum	19 December 2016
			136		1.30% flat per annum	20 December 2016
			818		1.58% flat per annum	10 January 2017
			104		1.40% flat per annum	1 July 2017
Hong Leong Finance	Hire purchase facility	3,000	40	472 ⁽²⁾	1.28% flat per annum	9 June 2016
			85		1.30% flat per annum	12 August 2016
			32		1.30% flat per annum	28 December 2016
			713		1.30% flat per annum	25 January 2017
			172		1.38% flat per annum	12 June 2017
			36		1.30% flat per annum	10 August 2017
			183		1.30% flat per annum	9 September 2017
			360		1.40% flat per annum	14 October 2017
			39		1.30% flat per annum	13 January 2018
			152		1.30% flat per annum	24 September 2018
			352		1.30% flat per annum	13 May 2019
			179		1.30% flat per annum	16 May 2019
			185		1.30% flat per annum	19 May 2019
Hong Leong Finance	Hire purchase facility	2,000	144	1,483	1.58% flat per annum	19 November 2019
			283		1.58% flat per annum	19 December 2019
			90		1.58% flat per annum	10 January 2020
UOB	Hire purchase facility	310	310	–	1.45% flat per annum	28 October 2018
UOB	Hire purchase facility	68	68	–	1.45% flat per annum	19 August 2019
Total		34,758	20,715	14,043		

Notes:

- (1) Maturity profile in relation to a banking facility generally refers to the tenure of the banking facility. In the case of certain bank guarantees, claims may be made beyond the tenure of the banking facility in accordance with the terms and conditions of the bank guarantee whereby such period is generally referred to as the claim period.
- (2) The unutilised amount of the hire purchase facilities have lapsed.

CAPITALISATION AND INDEBTEDNESS

As at the Latest Practicable Date, we have total banking facilities of approximately S\$34.8 million, of which approximately S\$20.7 million has been utilised. Such banking facilities comprise mainly overdraft, term loan, revolving credit facility, fixed advance facility, the issuance of performance guarantees, bank guarantees and hire purchase facilities. Interest on the overdraft is 0.5% plus prime rate per annum and term loan facilities range from 2.95% to 4.25% per annum or such other rate(s) as the bank may determine from time to time. Facilities for the issuance of performance guarantees and bank guarantees are charged based on the relevant bank's prevailing commissions/charges. Interest on the hire purchase facilities range from 1.28% flat per annum to 1.65% per annum plus cost of funds or such other rate(s) as the bank may determine from time to time.

As at the Latest Practicable Date, to the best of our Directors' knowledge, we are not in breach of any terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our Group's financial position and results of business operations, or the investments of our Shareholders.

Performance Bonds

As at the Latest Practicable Date, our Group has the following performance bonds:

Institution	Agreement	Amount guaranteed ⁽¹⁾ (S\$)	Premium paid ⁽¹⁾ (S\$)	Maturity profile ⁽²⁾
Tokio Marine	Master lease in respect of a property	708,945	19,344	24 September 2016 (claim period till 24 December 2016)
Tokio Marine	Management agreement in respect of a property	72,000	1,836	30 November 2016
Tokio Marine	Master lease in respect of a property	1,500,000	27,000	31 August 2016 (claim period till 30 November 2016)
Tokio Marine	Master lease in respect of a property	22,455	803	20 September 2015 (claim period till 20 December 2015)
Tokio Marine	Master lease in respect of certain units of a property	1,150,360	29,334	14 October 2015 (claim period till 14 January 2016)
Tokio Marine	Master lease in respect of a property	3,403,719	56,161	24 July 2016 (claim period till 24 October 2016)
Tokio Marine	Master lease in respect of a property	107,994	3,240	27 August 2015 (claim period till 27 November 2015)
Tokio Marine	Master lease in respect of a property	26,805	684	1 January 2017 (claim period till 1 April 2017)
Tokio Marine	Master lease in respect of a property	34,194	872	31 January 2016 (claim period till 30 April 2016)

CAPITALISATION AND INDEBTEDNESS

Institution	Agreement	Amount guaranteed ⁽¹⁾ (S\$)	Premium paid ⁽¹⁾ (S\$)	Maturity profile ⁽²⁾
Tokio Marine	Lease agreement in respect of a property	176,784	4,508	30 June 2017 (claim period till 30 September 2017)
Tokio Marine	Licence agreement in respect of operation and management of a car park	207,744	5,297	14 February 2016 (claim period till 14 May 2016)
Tokio Marine	Licence agreement in respect of the operation and management of 10 car parks	1,025,256	43,573	14 February 2018 (claim period till 14 May 2018)
Tokio Marine	Master lease in respect of a property	114,960	3,449	21 May 2015 (claim period till 21 August 2015)
Tokio Marine	Master lease in respect of a property	989,304	25,227	6 August 2017 (claim period till 6 November 2017)
ECICS Limited	Master lease in respect of a property	1,151,994	29,376	30 November 2015 (claim period till 28 February 2016)
The Overseas Assurance Corporation Limited	Master lease in respect of a property	398,226	6,372	26 January 2016 (claim period till 26 April 2016)
The Overseas Assurance Corporation Limited	Master lease in respect of a property	937,686	15,003	31 March 2016 (claim period till 30 June 2016)
The Overseas Assurance Corporation Limited	Master lease in respect of a property	793,956	12,703	31 December 2016 (claim period till 31 March 2017)
The Overseas Assurance Corporation Limited	Master lease in respect of a property	281,994	6,768	5 July 2017 (claim period till 5 October 2017)
Liberty Insurance Pte Ltd	Management agreement in respect of a property	327,000	9,810	30 June 2015 (claim period till 30 September 2015)

Notes:

(1) Amounts rounded to the nearest dollar.

(2) Maturity profile in relation to a performance bond generally refers to the tenure of the performance bond. In the case of certain performance bonds, claims may be made beyond the tenure of the performance bond in accordance with the terms and conditions of the performance bond whereby such period is generally referred to as the claim period.

CAPITALISATION AND INDEBTEDNESS

The above performance bonds are secured by cash collaterals, personal indemnities and corporate guarantees. Please refer to the section entitled “Interested Person Transactions – On-Going Interested Person Transactions” of the Offer Document for more details.

Operating Lease Commitments

Our Group has entered into commercial property leases for the properties we manage. The leases are negotiated for an average term of three (3) to 15 years to be adjusted according to pre-negotiated rates during the lease term. Details of our leased properties and assets are disclosed in the section entitled “General Information on Our Group – Properties and Fixed Assets” of this Offer Document.

As at 30 September 2014 and the Latest Practicable Date, the future minimum rentals payable under the non-cancellable operating leases are as follows:

(S\$'000)	As at 30 September 2014	As at the Latest Practicable Date
Not later than one (1) year	36,065	25,221
Later than one (1) year but not later than five (5) years	47,999	52,665
Later than five (5) years	11,177	10,448
	<hr/> 95,241	<hr/> 88,334

Capital Commitments

Save for the purchase of an industrial building at 100 Eunos Avenue 7 Singapore 409572 (“**100 Eunos**”) for the purpose of setting up a new self-storage facility, our Group has no material capital commitments as at the Latest Practicable Date. Our subsidiary, Work Plus Store, had on 17 December 2014, exercised the option to purchase 100 Eunos for a total purchase consideration of S\$12.85 million. We intend to utilise approximately S\$3.0 million of the Placement proceeds to finance the purchase and renovation of 100 Eunos, with the balance purchase price to be funded by bank loans and internal cash flow. Please refer to the section entitled “General Information on our Group – Business Strategies and Future Plans” of this Offer Document for details of this property.

Contingent Liabilities

Corporate guarantees

As at the Latest Practicable Date, we have contingent liabilities arising from corporate guarantees provided to institutions for hire-purchase facilities and bank loan facilities amounting to an aggregate of approximately S\$13.9 million. Please refer to Appendix A entitled “Report of the Independent Auditor on the Audited Combined Financial Statements of the Group for the financial years ended 30 September 2012, 2013 and 2014” of this Offer Document for details on the contingent liabilities arising from the corporate guarantees provided to institutions for hire-purchase facilities and bank loan facilities.

CAPITALISATION AND INDEBTEDNESS

Letters of undertaking from LHN Group for financial support

LHN Group has given letters of undertaking to provide financial support for certain of the Company's subsidiaries (as listed below) which had an aggregate net tangible deficit of approximately S\$2.9 million as at 30 September 2014, as well as for subsidiaries with an aggregate net current liabilities of S\$10.4 million as at 30 September 2014 to enable these subsidiaries to continue to operate as going concern entities and to meet their respective obligations as and when they fall due. The list of the relevant subsidiaries ("**Relevant Subsidiaries**") and their respective net tangible deficits/net current liabilities are as follows:

Relevant Subsidiaries	As at 30 September 2014		As at the Latest Practicable Date	
	Net tangible deficits (\$S'000)	Net current liabilities (\$S'000)	Net tangible deficits (\$S'000)	Net current liabilities (\$S'000)
LHN Management Services	18	18	17	17
LHN Industrial Space	834	834	777	777
LHN Vehicle Parking Management	1,266	2,124	1,717	2,832
CEC Holdings	560	1,392	317	927
HLA	–	84	–	112
LHN Residences	–	57	–	52
PT Hub Hijau	241	1,356	638	1,671
PickJunction	6	6	6	6
GreenHub	–	916	–	214
Singapore Handicrafts	–	2,699	–	3,017
Singapore Handicrafts (2012)	–	46	63	105
LHN Properties Investments	–	826	–	987
	2,925	10,358	3,535	10,717

Insurance claim involving HN Management

During FY2013, there was a fire incident at one (1) of the warehousing sites located at 800 Upper Bukit Timah Road Singapore 678139 ("**Insured Property**") ("**Fire Incident**") which HN Management leased from Tan Chong Realty Pte Ltd ("**Tan Chong Realty**"). HN Management sub-leased an area of the Insured Property out to Sol Mart Pte Ltd ("**Sol Mart**"). The fire originated in the area that was sub-tenanted to Sol Mart. On 9 December 2014, KhattarWong LLP, acting for Tan Chong Realty's insurers, Tenet Sompo Insurance Pte Ltd ("**Tenet Sompo**"), issued a letter of demand to HN Management ("**Letter**"). In the Letter, Tenet Sompo claimed to have paid out a total sum of S\$1,237,813.05 to Tan Chong Realty in respect of material damage and consequential losses arising from the damage caused by the fire to the Property. Hence, Tenet Sompo is demanding that HN Management pay them damages of S\$1,237,813.05, being the amount paid out by Tenet Sompo to Tan Chong Realty in settlement of Tan Chong Realty's claim ("**Tenet Sompo's Claim**"). HN Management has notified its insurers in respect of Tenet Sompo's Claim. HN Management's insurer had on 23 December 2014 sent out a holding letter in response to the Letter. As at the Latest Practicable Date, we understand that HN Management's insurers are

CAPITALISATION AND INDEBTEDNESS

currently liaising with Tenet Sompō in respect of the Letter and no legal proceedings have commenced. Please refer to the section entitled “General and Statutory Information – Litigation” of this Offer Document for more details.

Our Directors are of the view that it is unlikely that our Group would be exposed to any potential liability arising from the Tenet Sompō’s Claim as HN Management is no longer a subsidiary of our Company pursuant to the sale of shares by LHN Group representing the entire issued and paid-up share capital of HN Management to Lim Hean Nerng on 1 October 2013. Notwithstanding the above, our Directors are of the opinion that in the event that LHN Group, as the then parent company of HN Management, is directed by the Singapore Court to pay out the insurance claim, LHN Group is covered by the group public liability insurance for our Group which was in force at the time of the Fire Incident. In addition, in the event that the Tenet Sompō’s Claim and/or a claim for damages is brought by Tan Chong Realty and/or Tenet Sompō against any of our Group Companies (“**Claims**”), our Executive Directors, Kelvin Lim and Jess Lim, have undertaken to indemnify our Group of all reasonable costs and expenses, in excess of the amount that HN Management’s insurer is bound to pay under the the group’s public liability insurance which was in force at the time of the Fire Incident, which any of the companies within our Group may reasonably incur in connection with the above Claims. Accordingly, our Directors do not expect this matter to have a material effect on our Group’s financial position or results.

Litigation involving ICS

In 2013, ICS was investigated by MOM in relation to an employee of ICS (“**ICS Employee**”). On 17 November 2013, the ICS Employee was involved in a fight with his co-worker. Subsequently, the ICS Employee was injured and sent to the hospital. The ICS Employee was subsequently dismissed by ICS for gross misconduct. Thereafter, the ICS Employee filed for work injury compensation claim with MOM under the Work Injury Compensation Act (“**WICA**”). On 26 May 2014, the Assistant Commissioner (Work Injury Compensation) held that no compensation was payable by ICS as the ICS Employee’s injury was not caused by accident arising out of and in the course of employment. ICS received a letter dated 11 June 2014 from the ICS Employee’s lawyers informing ICS that the ICS Employee has withdrawn his claim under WICA and intends to commence proceedings for damages against ICS. On 12 June 2014, MOM accepted the ICS Employee’s claim withdrawal but stated that if he decided to seek damages from ICS under common law and should such action eventually be dismissed, he could request the civil court to assess the compensation payable to him under WICA pursuant to section 33(3) of WICA.

On 29 August 2014, the ICS Employee’s lawyer issued a letter of demand to ICS making a total claim of S\$219,365.18. On 18 December 2014, the ICS Employee filed a suit in respect of negligence (industrial accidents with injury) against ICS and is seeking to claim, amongst others, general damages for personal injuries and for pain and suffering and loss of amenities and loss of earning capacity and/or loss of future earnings, from ICS. On 11 February 2015, ICS filed a defence. Our Directors do not expect this matter to have a material effect on our Group’s financial position or results because ICS is covered by work injury compensation insurance for common law claims.

Save as disclosed above, as at the Latest Practicable Date, to the best of our knowledge, information and belief, we are not aware of any contingent liabilities which may have a material effect on the financial position and profitability of our Group.

WORKING CAPITAL

The Company financed its operations through both internal and external sources. Our internal sources of funds comprise cash generated from our Group's operating activities. External sources of funds comprise mainly credit granted by suppliers and capital investment from shareholders.

Our Group had cash and short term deposits of approximately S\$21.7 million, S\$16.3 million, and S\$20.0 million as at 30 September 2012, 30 September 2013 and 30 September 2014 respectively.

As at 30 September 2014, we had an aggregate net cash surplus position of approximately S\$20.0 million, of which S\$14.4 million related to cash at banks and on hand and S\$5.6 million related to short term deposits held with financial institutions. The short term deposits mature within a period of one (1) month to nine (9) months and interests are earned at rates ranging from 0.25% to 1.20% per annum.

The net cash generated from our Group's operating activities was approximately S\$15.0 million, S\$15.2 million and S\$11.2 million in FY2012, FY2013 and FY2014 respectively.

Our Group recorded positive working capital of approximately S\$8.8 million, S\$0.5 million and S\$4.2 million as at 30 September 2012, 2013 and 2014 respectively.

As at the Latest Practicable Date, our Group had cash and short term deposits of approximately S\$18.1 million. Accordingly our Group had an aggregate net cash surplus position of approximately S\$18.1 million and available credit facilities granted of approximately S\$34.8 million, of which approximately S\$20.7 million were utilised and approximately S\$14.1 million were unutilised.

Our Directors are of the reasonable opinion that, after having made due and careful inquiry and after taking into account the cash flows generated from our operations and our existing cash and short term deposits, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for our present working capital requirements and for at least 12 months after the admission of our Company to Catalist.

The Sponsor is of the reasonable opinion that, after having made due and careful inquiry and after taking into account the cash flows generated from our operations and our existing cash and short term deposits, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for our present working capital requirements and for at least 12 months after the admission of our Company to Catalist.

GENERAL INFORMATION ON OUR GROUP

HISTORY

Our Company was incorporated on 10 July 2014 in Singapore under the Companies Act as an investment holding private limited company under the name of “LHN Pte. Ltd.”. Pursuant to the Restructuring Exercise, we became the holding company for all of our subsidiaries and associated companies. Our Company was converted into a public company and renamed as “LHN Limited” on 16 March 2015.

Our history dates back to 1991 when Lim Hean Nerng, father of our Executive Directors, Kelvin Lim and Jess Lim, started to lease out part of the space in a family-owned factory to tenants comprising mainly wood-working companies. In 1997 and 2002, Kelvin Lim and Jess Lim joined the business respectively. Lim Hean Nerng has since retired in June 2014 and has ceased to be involved in the business of our Group.

Space Optimisation Business

Between 1998 and 2006, we started to diversify our customer base by leasing out spaces to other industrial tenants which required spaces for warehousing, open storage and factory purposes such as storage of construction and engineering equipment, building materials and automobiles. Our Group acquired the master leases for these spaces mainly from Sembawang Corporation Ltd. (in respect of 50 Admiralty Road West, Singapore 759946), PSA Corporation Limited (in respect of 10A Admiralty Road West, Singapore 759964), Eng Kong Container Agencies Pte Ltd (in respect of Lot C&D, Plot A14057 Jalan Papan, Singapore 619396) and Keppel Logistics Pte. Ltd. (in respect of 7 Gul Circle, Singapore 629563).

In 2006, in line with the growth of the Singapore property industry and in order to differentiate ourselves from other landlords, we started to renovate and refurbish our properties before leasing them out to our tenants, beginning with Soon Wing Industrial Building located at 2 Soon Wing Road, Singapore 347893. We renovated and refurbished, and fully sub-leased out this eight (8)-storey clean and light industrial building. Since taking over the master lease, through our space optimisation, we have increased the NLA of the property by approximately 11.6%. This marked the beginning of our expertise in space optimisation.

In 2007, we expanded our portfolio of space-optimised properties to include commercial properties when we secured the master lease of our first significant commercial property at 10 Raeburn Park. Upon securing this master lease, we renovated and refurbished 10 Raeburn Park such that the NLA increased by approximately 13.0%, of which we retained approximately 13,300 sq ft for use as our Group’s corporate headquarters and leased the remaining space to various companies including global supply chain management company, Li & Fung Limited, who became one of our anchor tenants at 10 Raeburn Park.

In 2012, in response to demand from our existing customers, we launched our GreenHub brand of suited offices to provide suited offices to small-and-medium enterprises (“SME”) in Singapore. In 2013, as part of our strategic plan to expand our business in Southeast Asia, we began to provide our GreenHub brand of suited offices in Jakarta, Indonesia, and in the same year, incorporated Greenhub Yangon with the strategic intent to expand such services into Myanmar.

Over the years, our Group has grown from a small lessor of factory space to become a real estate management services group with the ability to generate value for our landlords and tenants through our expertise in space optimisation, which sets us apart from other companies which provide real estate management services.

GENERAL INFORMATION ON OUR GROUP

As at the Latest Practicable Date, we have secured and transformed over 4.0 million sq ft of industrial, commercial and residential net lettable space serving more than 600 customers across Singapore. Please refer to the section entitled “General Information on Our Group – Our Business” for a list of the properties leased and managed by our Group as at the Latest Practicable Date.

Logistics Services Business

In 2003, we seized the opportunity to extend our Group’s business and established our Logistics Services Business, initially providing transportation services for base oil and bitumen to oil majors such as Singapore Petroleum Company, Total Oil Asia-Pacific Pte Ltd and Idemitsu Lube (Singapore) Pte. Ltd. We subsequently expanded our transportation services to include container trucking in 2005, and ISO tank trucking in 2009.

Since then, some of our customers under our Logistics Services Business, such as Cables International Pte. Ltd. and Clarion Logistics Holding Singapore Ltd have also gone on to lease industrial space from us under our Space Optimisation Business. Similarly, some of our customers under our Space Optimisation Business, such as Aw Transport and Warehousing Pte. Ltd. have also gone on to use our transportation services under our Logistics Services Business.

In 2013, we expanded our Logistics Services Business to include container depot management services. Pursuant to a service agreement dated 1 July 2013 between Keppel Logistics Pte Ltd (“**Keppel Logistics**”), HLA Holdings and HLA, HLA, as the sub-contractor of Keppel Logistics, provides container depot management services to HLA Holdings at 27 Benoi Sector Singapore 629859 (“**Keppel Depot**”). HLA Holdings is the principal customer of Keppel Logistics and it extends the container depot management services to major shipping lines and container leasing companies.

Facilities Management Business

Our Facilities Management Business was established in 2005 to provide facilities management services to the properties which we manage.

Our subsidiary, ICS, was set up in 2005 to undertake security services provided by our Group. In 2007, our subsidiary, LHN Vehicle Parking Management, was set up to develop our car park management business, which includes securing the management rights of private and government-managed car parks in industrial, commercial and residential areas.

To date, our facilities management services include security services, car park management services and property maintenance services such as cleaning, landscaping, pest control, repair and general maintenance of our properties.

Our Space Optimisation Business, Facilities Management Business and Logistics Services Business are integrated and complement each other such that we are able to provide our tenants with ad-hoc facilities management services such as general cleaning, pest control, repair and maintenance services. With such integration, we are able to position ourselves as an efficient one-stop solutions provider for our customers’ space and space management needs. In this regard, as part of our marketing and business development efforts, we actively market our services to customers across each of our business segments.

GENERAL INFORMATION ON OUR GROUP

As a testament to the quality of our services, we obtained the ISO 9001:2008 for our principal subsidiaries, namely, HNL, ICFM, ICS and LHN Group. Please refer to the section entitled “General Information on our Group – Awards and Certifications” of this Offer Document for details of our various awards and certifications.

OUR BUSINESS

We are a real estate management services group with the ability to generate value for our landlords and tenants through our expertise in space optimisation, which sets us apart from other companies which provide real estate management services companies. Under our Space Optimisation Business, we lease and manage a diverse portfolio of industrial, commercial and residential properties. This is complemented by our Facilities Management Business, which provides facilities management services. Our Group also provides logistics services under our Logistics Services Business.

(a) Space Optimisation Business

Under our Space Optimisation Business, we secure and transform unused, old and under-utilised industrial, commercial and residential properties through our expertise in space optimisation, before leasing them out to our tenants.

Space optimisation involves the following:

- (i) re-designing and planning the property in order to increase its NLA and minimise the amount of “dead”, or unusable, space, thus increasing the potential rental yield per sq ft and accordingly, the potential rental yield of the property. This process involves our in-house architects and interior designers who will re-design and plan the existing building and land, if applicable, and the engagement of qualified personnel to assist with submissions to the relevant authorities, including the approval on the change of usage of property (if necessary) and on matters regarding fire safety;
- (ii) executing the necessary renovation and refurbishment work in order to ensure that the property conforms to the space optimisation plans set out in step (i) above, as well as to enhance the aesthetic appeal and the overall value of the property. This process includes the engagement of and coordination with sub-contractors to provide services such as A&A works (including partition works, tiling works, ceiling works and interior decoration), M&E design, and the checking and maintenance of the electrical wiring systems and air-conditioning in the property.

Depending on the nature, scale and complexity of the work involved, we usually take approximately one (1) to six (6) months to complete the space optimisation works of a property, and depending on the scale and complexity, we may carry out the space optimisation works in stages.

Space optimisation generates value for our landlords, whose properties increase in value as well as lettable and usable space, and our tenants, who are willing to pay additional dollar for thoughtfully designed and highly usable space.

GENERAL INFORMATION ON OUR GROUP

Some examples of properties to which we have successfully applied our expertise in space optimisation are as follows:

Property/Address	Approximate NLA before space optimisation (sq ft)	Approximate NLA after space optimisation (sq ft)
10 Raeburn Park Singapore 088702	115,000	130,000
10-40 Tuas South Street 1 Singapore 637466/5/4/3	850,000	896,000
43 Keppel Road Singapore 099418	75,000	111,000
2 Soon Wing Road Singapore 347893	76,000	85,000

As a result of our distinctive competency in space optimisation, we are generally able to increase the NLA of each property as well as the rental rates.

Our business model is “asset light” as our properties are primarily secured through master leases from government bodies or private owners. As at the Latest Practicable Date, approximately half of our properties are leased from various government bodies. Furthermore, as at the Latest Practicable Date, approximately 52.9% of our current master leases have renewal options and approximately 58.8% of our current master leases which have expired are successfully renewed by our Group.

We continue to manage our properties after leasing them out to our tenants. In Singapore, our industrial, commercial and residential properties are grouped into five (5) zones, namely north, northeast, central, east and west, and the properties in each zone are managed by a property manager and a team of assistant property managers, who carry out the day-to-day functions of property management such as the conduct of daily site inspections, the implementation of site expenditure controls, monitoring the operating costs of each property and the management of and the provision of prompt and reliable assistance in response to the enquiries, feedback and issues of our tenants. They also work closely with the facilities manager for the zone and his team of assistant facilities supervisors. An assistant facilities supervisor will be assigned to each of our commercial and industrial properties. In Indonesia, our commercial property is under our “GreenHub” brand of suited offices and managed by a serviced office team. In Singapore, our “GreenHub” brand of suited offices is also managed by a serviced office team.

As at the Latest Practicable Date, we manage 36 industrial, commercial and residential properties in Singapore, one (1) commercial property in Indonesia and one (1) residential property in Myanmar. As at the Latest Practicable Date, the properties managed by us have a total of over 4.0 million sq ft of NLA.

Our Industrial Properties

We manage industrial properties with a total NLA of approximately 3.3 million sq ft. Our industrial properties comprises industrial buildings, factories, warehouses and land for open storage in Singapore.

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Information relating to the industrial properties leased and/or managed by our Group in Singapore as at the Latest Practicable Date is set out below⁽¹⁾:

Properties ⁽¹⁾	Aggregate approximate GFA per zone (sq ft)
<u>North zone</u>	
566 Woodlands Road Singapore 728697	
23 Woodlands Industrial Park E1 Singapore 757741	
253 Kranji Road Singapore 739500	57,000
<u>North-east zone</u>	
18 New Industrial Road Singapore 536205	75,000
<u>Central zone</u>	
Lots 3453L(PT) & 2807W MK 01 at Blocks 20, 21, 23, 23A, 24, 24A, 25, 25A, Former Canteen Block and Annex Building at Depot Lane Singapore 109763/766/753/767/764/677	
43, Keppel Road, Singapore 099418	479,000
34 Boon Leat Terrace Singapore 119866	
<u>East zone</u>	
72 Eunos Ave 7, Singapore Handicrafts Centre, Singapore 409570	
State Land Lot 3145 MK 24 at 2 Soon Wing Road Singapore 347893	173,000
<u>West zone</u>	
4 Penjuru Road Singapore 609122	
245 Jalan Ahmad Ibrahim Singapore 629144	
51 Jalan Buroh Singapore 619495	
No. 10 Tuas South Street 1, Singapore 637466	
No. 20 Tuas South Street 1, Singapore 637465	
No. 30 Tuas South Street 1, Singapore 637464	
No. 40 Tuas South Street 1, Singapore 637463	
No. 16 Tuas South Street 2, Singapore 637786	
Lot 449 at Jalan Papan Singapore 610000	
18 Penjuru Road (Lot 2339C Pt Mukim 5) Singapore 609126	
15 Jalan Terusan (Lot 505 Mukim 6) Singapore 619294	
2 Tuas South Avenue 2, Singapore 637601.	
798/800 Upper Bukit Timah Road, Singapore 678138	
7A Jalan Papan Singapore 619408	
30 Jalan Terusan Singapore 619305	2,460,000

Note:

- (1) Save for 245 Jalan Ahmad Ibrahim Singapore 629144, 51 Jalan Buroh Singapore 619495, 7A Jalan Papan Singapore 619408 and 30 Jalan Terusan Singapore 619305 which our Group manages only, we lease and manage the other properties set out in the table.

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Our industrial properties such as warehouses are leased out to our tenants pursuant to tenancy agreements for typical terms of between one (1) to three (3) years and we also managed the open yards in our industrial properties pursuant to warehousing service agreements for typical terms of between one (1) to three (3) years.

The rental/warehousing service fee receivable by our Group pursuant to each tenancy agreement/warehousing service agreement for our industrial properties is generally fixed in advance for the entire duration of the agreement and is subject to review and renegotiation on or close to the expiry of the agreement.

We typically enter into leases in respect of our industrial properties with terms of between two (2) to 15 years. As at the Latest Practicable Date, we have held approximately 57.9% of our existing leases for at least three (3) years.

The rental payable by our Group pursuant to each of our leases for our industrial properties is generally fixed in advance for the entire duration of the lease. Our landlords will typically review the rental payable by our Group on or close to the expiry of the respective lease.

Our Commercial Properties

We manage office and business space in Singapore and Indonesia with a total NLA of approximately 589,000 sq ft.

Information relating to the commercial properties leased and managed by our Group in Singapore as at the Latest Practicable Date is set out below:

Properties	Aggregate approximate GFA per zone (sq ft)
<u>North zone</u>	59,000
Lot 228,342 & 346 Mukim XIV Woodlands Singapore	
<u>North east zone</u>	21,000
45 Burghley Drive Singapore 559022	
<u>Central zone</u>	470,000
10 Raeburn Park Singapore 088702	
300-320 Tanglin Road (Phoenix Park) Singapore 247970/247980	
27 West Coast Highway Singapore 117867	
1557 Keppel Road Singapore 089066	10,900
<u>East zone</u>	
23A/B Turnhouse Road Singapore 507760/507764	
34 Pulau Ubin Singapore 502487	
42 Pulau Ubin Singapore 502487	77,000
<u>West zone</u>	
200 Pandan Gardens Singapore 609336	
260 Upper Bukit Timah Singapore 588190	
215 Upper Bukit Timah Singapore 588184	

GENERAL INFORMATION ON OUR GROUP

Our commercial properties are leased out to our tenants pursuant to tenancy agreements for typical terms of up to three (3) years. Our tenants for our commercial properties are from various industries such that we are not dependent on any particular industry.

The rental receivable by our Group pursuant to each tenancy agreement for our commercial properties is generally fixed in advance for the entire duration of the tenancy and are subject to review and renegotiation on or close to the expiry of the tenancy agreement.

In respect of our commercial properties which are secured through leases, the average lease period and the average remaining lease period are approximately 2.8 and 1.4 years respectively as at the Latest Practicable Date. Approximately 58.0% of our commercial properties have options to renew as at the Latest Practicable Date.

The rental payable by our Group pursuant to each of our leases for our commercial properties is generally fixed in advance for the entire duration of the lease. Our landlords will typically review the rental payable by our Group on or close to the expiry of the respective lease.

GreenHub Suited Offices

In addition to the foregoing, under our “GreenHub” brand, we offer suited offices with flexible leases, with typical contract terms of between one (1) month to 12 months.

The suited offices we provide under our “GreenHub” brand are conveniently located close to the central business district, and combine tranquil, green environments conducive for business with world-class business amenities and a complete suite of business solutions. These include virtual office packages with mail and telephone reception services, the use of a physical office for a minimum number of days per month and the use of a physical meeting space for a small additional fee.

Our suited offices distinguish themselves from other serviced offices by providing a ready-to-work environment and premium fitted offices for our customers which are designed to be more energy efficient and can also be leased at more reasonable rental rates. The target clients of our suited offices include SMEs, start-up ventures, born-global companies, and multi-national corporations.

In Singapore, we manage three (3) GreenHub suited offices with a total of 406 work stations over an aggregate gross floor area of 24,735 sq ft. In Jakarta, Indonesia, we manage a GreenHub suited office with 246 work stations over a gross floor area of 18,697 sq ft. A dedicated serviced office team manages the GreenHub suited offices in each of these properties.

Our Residential Properties

We manage residential properties which are located along Robin Road, Peck Hay Road and Keramat Road, with a total NLA of approximately 233,600 sq ft.

We lease and manage Fifteen Robin, a freehold condominium development at 15 Robin Road, Singapore 258196, which comprises 32 units with a total NLA of approximately 52,000 sq ft, from a group of private owners which we then lease out for residential use.

We also lease and manage two (2) units in Viva, a condominium development at 5 Peck Hay Road Singapore 228307, with a total NLA of approximately 1,600 sq ft.

We also lease a two-block dormitory at Keramat Road, which has about 500 beds, for leasing out to a maid agency. This property is an MOM-approved dormitory in Singapore for foreign domestic workers.

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Our residential properties in relation to Fifteen Robin and Viva are leased out to our tenants pursuant to tenancy agreements for typical terms of up to three (3) years and two (2) years respectively. Our tenants for Fifteen Robin and Viva are primarily expatriates.

The rental receivable by our Group pursuant to each tenancy agreement for Fifteen Robin and Peck Hay Road is generally fixed in advance for the entire duration of the tenancy and is subject to review and renegotiation on or close to expiry of the tenancy agreement.

As at the Latest Practicable Date, in respect of our residential properties, we typically enter into three (3) years leases with an option to renew for a further term of up to three (3) years. In respect of the dormitory, we have a lease term of three (3) years with an option to renew for a further term of three (3) plus three (3) years. Such options are typically subject to mutual agreement with the landlord on the rental which would typically be taken with reference to the prevailing market rates.

The rental payable by our Group pursuant to each of our master leases for our residential properties is generally fixed in advance for the entire duration of the master lease. Our landlords will typically review the rental payable by our Group on or close to the expiry of the respective master lease.

We entered into a lease agreement dated 5 March 2015 ("**5 March 2015 Lease Agreement**") for a one (1) year lease for a six (6)-storey property in Yangon, Myanmar located at No. 85 Boyar Nyunt Street, Dagon Township, Yangon Region ("**Boyar Nyunt Street Property**"), which comprises 13 units with a total NLA of approximately 14,611 sq ft, which we will lease out for residential use. We are entitled to renew the lease for the Boyar Nyunt Street Property nine (9) times, each for a consecutive term of one (1) year on the same terms and conditions, including the amount of fixed annual rent. On 17 March 2015, we entered into a new lease agreement which superseded the 5 March 2015 Lease Agreement ("**17 March 2015 Lease Agreement**"). The terms and conditions of the 17 March 2015 Lease Agreement are substantially similar to the 5 March 2015 Lease Agreement (save for method of payment of the balance of annual rent for the initial term and security deposit amounts).

Occupancy Levels

As at 30 September 2014, the average occupancy rate of each of the industrial, commercial and residential segments in Singapore expressed as a percentage of total NLA of the properties in these segments is approximately 95.2%, 91.0% and 99.0% respectively.

GENERAL INFORMATION ON OUR GROUP

The following table sets out information on the occupancy rate in each zone for each segment as at 30 September 2012, 2013 and 2014:

Location of Property	Average occupancy rate in each zone for each segment		
	As at 30 September 2012 (%)	As at 30 September 2013 (%)	As at 30 September 2014 (%)
<u>Industrial</u>			
North zone	–	–	100.0
North east zone	–	–	–
Central zone	91.3	96.0	98.8
East zone	98.2	87.1	92.2
West zone	99.0	98.3	94.7
<u>Commercial</u>			
North zone	100.0	100.0	100.0
North east zone	100.0	100.0	92.6
Central zone	90.0	93.2	92.3
East zone	90.2	88.7	84.3
West zone	63.1	77.7	83.3
<u>Residential</u>			
North zone	100.0	100.0	99.9
North east zone	–	–	–
Central zone	–	48.7	98.0
East zone	–	–	–
West zone	99.8	99.6	98.1

(b) Facilities Management Business

Our Facilities Management Business complements our Space Optimisation Business by providing facilities management services principally to the properties which we lease and manage. These services include building maintenance, security services, cleaning, landscaping, pest control services and car park management services, which are provided primarily through our subsidiaries. By providing such services, we provide our tenants with a safe and conducive environment to focus on and achieve maximum returns from their core business activities.

In particular, we provide services in the following three (3) main areas:

Comprehensive cleaning and related services

Our comprehensive cleaning and related services comprise: (i) the repair and maintenance of our properties which include the maintenance of the roofs, façades and common areas; (ii) public area and office cleaning services which involve the cleaning of public areas, carpets, floors, toilets, changing rooms, lifts and escalators and emptying of garbage bins at commercial complexes, industrial buildings, car park facilities and shuttle bus facilities; (iii) external wall and window cleaning services; (iv) pest control and fumigation services; (v) landscaping services; and (vi) the provision of amenities and utilities to the occupants of our properties.

Our subsidiary, ICFM is registered by the BCA in the categories of MW02 for housekeeping, cleansing, desilting and conservancy service with a L3 grading and MW03 for landscaping with a L1 grading. As a testament to the quality of our comprehensive cleaning and related

GENERAL INFORMATION ON OUR GROUP

services, our Group was awarded the Clean Mark Silver Award under the Clean Mark Accreditation Scheme (for cleaning services in the conservancy/public areas, commercial premises and food and beverage establishments sectors) by the NEA in 2013 and 2014.

In addition, our associated company, Nopest, is registered by the BCA in the category of MW04 for pest control with a L1 grading.

Our cleaning and related services are provided mainly to our properties as well as our tenants. We provide cleaning and related services to our tenants in the tenanted area of our building premises as well as to external parties on a regular basis, ad-hoc or one-off basis.

Car Parks

Our car park management services manage the parking lots in the compound of our properties and parking lots that are owned by government bodies and private enterprises. We currently manage a portfolio of 4,958 equivalent parking lots.

We deploy the use of technology to monitor our car parks remotely. Manpower is only activated where needed when we receive enquiries and/or feedback at the various car parks through our central monitoring system at our headquarters. We also provide maintenance services to the car parks which we manage, where necessary.

Information relating to the parking lots managed by our Group is set out below:

Location and number of car parks in Singapore	Aggregate number of equivalent parking lots per zone
North zone – One (1) car park	1,588
Northeast zone – One (1) car park	51
Central zone – 17 car parks	2,172
East zone – Three (3) car parks	965
West zone – Four (4) car parks	182

Car park rates for car parks owned by private entities are fixed by our Group while the car park rates for car parks owned by government bodies are regulated by the relevant government body.

Security services

We provide security services for our properties and external parties, mainly in the medical and education sectors. Our security services include the provision of ground security personnel, modern security surveillance technology, and the provision of services such as the supply and installation, repair and maintenance of security systems.

Our subsidiary, ICS, which undertakes the security services provided by our Group, is a Grade A licensed security agency. We conduct safety and security audit and tenancy compliance audit on our properties every month to monitor and provide feedback on the security aspects of the properties in our portfolio.

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(c) Logistics Services Business

We provide transportation and container depot management services under our Logistics Services Business.

Transportation services

As at the Latest Practicable Date, we have a fleet of more than 35 prime movers, more than 10 road tankers and more than 110 trailers, to transport mainly ISO tanks, containers, base oil and bitumen between ports, bulk liquid loading terminals and our customers' designated destinations in Singapore.

Our clients include oil majors such as Singapore Petroleum Company, Total Oil Asia-Pacific Pte Ltd and Idemitsu Lube (Singapore) Pte. Ltd.. We own all the prime movers, trailers and other smaller motor vehicles in our fleet, and are therefore able to minimise operational costs and optimise the utilisation of each vehicle. Our prime movers are equipped with GPS and their movements and delivery routes are constantly monitored to optimise efficiency and to ensure that our drivers observe the fixed delivery routes for safety purposes.

Container depot management services

We provide container depot management services which include container surveying by IICL-certified inspectors, stacking and lifting of containers, container washing, on-site repair and storage of empty general purpose and refrigerated containers (reefer) at 27 Benoi Sector, Singapore 629859. Our customers include major shipping lines and container leasing companies.

By applying our expertise in space optimisation, we are able to maximise storage space and volume at the container depot. Empty containers are stored on the depot premises where they can be stacked to a maximum height of nine (9) containers. We have our own reach stackers, empty container handlers and forklift trucks on-site to enable efficient storage and placement.

We also conduct surveys on all incoming containers to assess their condition and determine whether they require maintenance or repair. We then perform cleaning, maintenance and repair works on containers before they are stacked and stored on the depot premises at the request of our customers.

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BUSINESS PROCESS

Our business process flow can be illustrated diagrammatically as follows:



(a) Space Optimisation Business and Facilities Management Business

Tender and needs brief

We regularly scout for potential properties for us to manage in open tender bids for the lease of properties from government bodies. For properties leased from government bodies, such potential leases are usually advertised in the newspapers or on the Government Electronic Business (GeBIZ) website. We also scout for the lease of industrial and commercial properties from private owners.

For tenders, applicants are typically required to submit a tender form with supporting documents. In the tender form, we will normally provide our track record, financial standing, project proposals and plans.

Before participating in a tender, we will first:

- estimate the tender cost for the entire project, taking into account the estimated total costs of the project undertaking. These are usually based on our internal estimates and experience with similar work. For significant cost items or cost items with which we have no prior experience, we will usually obtain multiple indicative quotes; and
- consider various factors such as the location, usability and the physical condition of the property, the estimated renovation and refurbishment costs and the time may be required to complete such renovation and/or refurbishment, the potential rental yield and demand from the targeted tenant profile as well as the projected market conditions of the property sector.

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The entire process for the above would typically take about two (2) weeks depending on the size of the project.

If our submitted tender terms are amongst the most favourable, we may then be required to attend tender interviews to present our proposals in detail and to respond to any other queries relating to the tender. Notification of a successful tender will typically take place within three (3) months after the close of the tender.

For properties which are not secured through tenders, we will contact the property owners directly to commence negotiations. We will typically take two (2) to three (3) weeks to review the property and draw up a proposal for submission to the property owners for their consideration. If this proposal is accepted, we will typically take another two (2) to three (3) weeks to conclude the negotiations for the master lease of the property.

Additionally, in evaluating opportunities to be added to our portfolio of properties, we typically take into account the following general factors, such as:

- rental yield;
- occupancy and tenant characteristics;
- length of lease;
- location;
- building and facilities specifications; and
- engineering, environmental and land survey reports.

After we are awarded the master lease, we will usually be allowed to take over the property after one (1) month. During this one (1) month, we will study the property in greater detail and utilise our distinctive competency in space optimisation to re-design and plan the space in order to increase its lettable area and minimise “dead”, or unusable space, thus increasing the potential rental yield of the property.

Our in-house design team, comprising architects, interior designers and M&E engineers, will undertake detailed design development. This entails the drawing up of the relevant proposals and plans according to our budgeted refurbishment costs as well as the requirements of our prospective tenants (where applicable). We will also engage qualified personnel to assist with submissions to the relevant authorities, including submissions for approval on the change of usage of property (if necessary) and on matters relating to fire safety.

Our teams within our projects department will draw up a detailed budget. This will involve obtaining quotes from multiple sub-contractors and suppliers whom we may wish to engage. We typically engage the services of sub-contractors for the execution of A&A works such as partition works, tiling works, ceiling works and interior decoration.

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Renovation and refurbishment, completion and handover

After we are allowed to take over the property, we will typically be granted a rent-free period of about three (3) months for us to carry out renovation and/or refurbishment works.

The properties leased by our Group generally require renovation and/or refurbishment prior to leasing out. This ensures that each property conforms to the space optimisation plans as set out. These efforts will go towards enhancing the aesthetic appeal and the overall value of the property. Upon obtaining the appropriate approvals (if necessary) from the relevant authorities, we will engage our sub-contractors to carry out the necessary renovation and/or refurbishment works.

A project manager, supported by a team of specialists including architects, interior designers and engineers from our project department will manage the execution of the refurbishment works for the property. Our project management team will work with our in-house design team to develop and refine the proposed design for the property.

Prior to the commencement of refurbishment works for the property, the project manager will prepare a refurbishment schedule stating the required dates of award for various sub-contracts, as well as the costs and relevant details of the proposed materials that will be procured for use in the project.

We will typically invite at least three (3) of our pre-approved sub-contractors to submit their quotations for the various sub-contract works based on our sub-contract tender documents prepared by our project management division for each area of sub-contract work. We may require our sub-contractors to explain their pricing, methods of construction and to respond to any other queries relating to the sub-contract quotations. There may be negotiations to finalise the price and terms of the sub-contract before the sub-contract is awarded by our project management team. We have stringent quality requirements for our suppliers and sub-contractors, and will where possible first seek quotes from suppliers and sub-contractors who have been shortlisted by us based on our prior working experience with them and the quality of their work.

The project management team for the property will also carry out daily site inspections to ensure that the works are carried out in accordance with our quality procedures and that all safety procedures are adhered to.

Once the renovation or refurbishment work is completed, the project management team will hand over the project to our property management team, which will liaise with and hand over the relevant units to our tenants upon confirmation of these tenants by our leasing department. In the event that the renovation and refurbishment work on the property is completed in phases, the handover will also be done in phases. The property management team will prepare the units and the relevant documentation, including the tenancy agreements, for the hand over.

The property management team will continue to provide maintenance services in relation to the property.

Tenant management

After we are allowed to take over the property, we will also begin marketing the units available for leasing out to potential tenants alongside the execution of the renovation and refurbishment works. Our marketing department and information technology department will seek potential clients from our database of past and existing tenants, as well as seek recommendations and referrals from our business associates and property agents.

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Once the units are handed over to our tenants following the completion of the renovation and refurbishment works on the property, our property management team will continue to liaise with our tenants on matters relating to compliance with the terms and conditions of their tenancy agreements as well as our master lease. This involves the collection of rental and the renewal of their tenancy agreements (including the negotiation and execution of the relevant documents) at least three (3) months before the expiry of such tenancy agreements. If the tenancy agreements are not renewed, our property management team will carry out an inspection of the units before they are returned to us and execute the relevant documents. If our tenants intend to carry out renovation works in relation to their units, our property management team will also offer co-ordination and refurbishment assistance where required.

Our property management team is also responsible for the conduct of daily site inspections, the implementation of site expenditure controls, the monitoring of the profit and loss of each property and the provision of prompt and reliable assistance in response to the enquiries, feedback and issues of our tenants in relation to each property.

Facilities management

We provide a full spectrum of facilities management services to manage the facilities of our industrial, commercial and residential properties. Our Facilities Management Business comprises teams of qualified personnel and ground staff to provide services including building maintenance, security, cleaning, landscaping and pest control services. These teams will carry out their services according to schedules drawn up by the property management team for each property, or on an ad-hoc basis as requested by our tenants.

(b) Logistics Services Business

We provide transportation and container depot management services to our customers under our Logistics Services Business. In relation to our transportation services, we have agreements on the transportation rates with our customers. The usage of our transportation services are typically reserved up to two (2) months ahead of our customer's shipment schedule. In relation to our container depot management services, we have agreements with our customers in Singapore and Southern China which enable us to maximise the utilisation of the container depot space and to provide container trucking, pre-trip inspections, pre-cooling, refurbishing, conversion, repair and maintenance services.

GENERAL INFORMATION ON OUR GROUP

QUALITY MANAGEMENT

Providing quality service is of utmost importance in our real estate management services business. Before our property can be sub-let to tenants, we will engage the services of an architect to plan and design the layout of the building for submission to the URA and the SCDF (Fire Safety and Shelter Department) to obtain their approval on the change of usage for the property and on matters regarding fire safety. Subsequently, we will appoint sub-contractors to refurbish the premises in accordance with the approved plans. Before the property is ready for sub-letting, we will engage the services of approved licensed contractors to carry out mandatory checks on the M&E services in the property to ensure it is in working condition. We also appoint cleaners who are responsible for cleanliness of the premises and security guards who will maintain the security of the properties in our portfolio.

We have a team of property managers and facilities managers within our property management and facilities management departments respectively who are committed to provide quality and reliable services to our tenants. We have developed an established quality assurance system for our operations. As a testament to our commitment to providing high quality services, we have been awarded the ISO 9001:2008 quality management system certificate for the leasing of land and property from 30 January 2014 to 20 December 2016, the ISO 9001:2008 quality management system certificate for facilities management services from 16 September 2013 to 15 September 2016, the ISO 9001:2008 quality management system certificate for security management services from 16 September 2013 to 15 September 2016 and the ISO 9001:2008 quality management system certificate for the transportation of base oil, bitumen, chemical and containers from 3 February 2014 to 2 February 2017.

OUR MAJOR CUSTOMERS

Our customers mainly comprise tenants who lease our industrial and commercial properties, as well as customers who engage us to provide logistics services for their products/goods. We are not materially dependent on any of our customers and none of our customers and/or tenants accounted for 5.0% or more of our Group's total revenue for the Period Under Review.

Our business or profitability is not materially dependent on any single customer. For our industrial and commercial properties under our Space Optimisation Business, our historical average tenancy renewal rate is approximately 72.0%.

As at the date of this Offer Document, save for their interests in quoted or listed equity securities which do not exceed 5.0% of the total amount of the issued securities in that class for the time being, none of our Directors, Controlling Shareholders, Substantial Shareholders or their respective Associates have any interest, direct or indirect, in any of our customers. To the best of our Directors' knowledge and belief, there are no arrangements or understanding with any customers pursuant to which any of our Directors and Executive Officers were appointed.

GENERAL INFORMATION ON OUR GROUP

OUR MAJOR SUPPLIERS

Our major suppliers mainly comprise the landlords from whom we lease our properties. Our major suppliers accounting for 5.0% or more of our Group's total purchases excluding discontinued operations for FY2012, FY2013 and FY2014 are set out below:

Suppliers	As a percentage of our Group's total purchases (%)		
	FY2012	FY2013	FY2014
SLA	40.4	36.6	39.4
Transurban Properties Pte. Ltd.	17.4	17.3	14.2
HDB	16.0	8.0	3.9
URA	–	5.0	8.3

A significant portion of our revenue is derived from properties that we lease from a few of our landlords, in particular, HDB, SLA and Transurban Properties Pte. Ltd.. Properties leased from HDB, SLA and Transurban Properties Pte. Ltd. accounted for approximately 72.6%, 64.4% and 58.2% of our Group's revenue in FY2012, FY2013 and FY2014, respectively.

Save as disclosed above, our Directors are of the opinion that our business or profitability is not materially dependent on any of our suppliers.

As at the date of this Offer Document, to the best of our knowledge, we are not aware of any information or arrangement which would lead to a cessation or termination of our current relationship with any of our major suppliers.

As at the date of this Offer Document, none of our Directors, Controlling Shareholders, Substantial Shareholders or the Associates of our Directors, Controlling Shareholders and Substantial Shareholders have any interest, direct or indirect, in any of the abovementioned suppliers.

CREDIT POLICY

We typically extend our tenants credit terms of up to 15 days and our other customers credit terms of up to 30 days. The credit terms granted to these customers are determined based on our past experience with them and their payment track records. We invoice our tenants in advance, on a monthly basis and typically invoice our other customers after service has been rendered.

For property leasing, we have tenancy agreements that require tenants to pay a minimum rental deposit of one (1) month.

GENERAL INFORMATION ON OUR GROUP

Trade receivables' turnover days

Our trade receivables' turnover days for FY2012, FY2013 and FY2014 are as follows:

	FY2012	FY2013	FY2014
Trade receivables' turnover days ⁽¹⁾	19	22	23

Note:

(1) Trade receivables' turnover days is computed as follows:

$$\frac{\text{Average trade receivables balances}}{\text{Revenue}} \times \text{Number of days}$$

Where:

"Average trade receivables balances" is based on the average of the opening and closing trade receivables balances for the relevant financial year/period.

"Number of days" is defined as the number of calendar days in the relevant financial year/period.

Credit terms granted by our suppliers

Payment terms granted by our suppliers vary and are dependent on, *inter alia*, our relationship with our suppliers and the size of the transaction. Typical credit terms range from 30 to 90 days. For some of our suppliers, payment is to be made before commencement of the work, on the commencement of the work or within seven (7) days from the commencement of the work.

Our trade payables' turnover days for FY2012, FY2013 and FY2014 are as follows:

	FY2012	FY2013	FY2014
Trade payables' turnover days ⁽¹⁾	10	13	12

Note:

(1) Trade payables' turnover days is computed as follows:

$$\frac{\text{Average trade payables balances}}{\text{Expenses}} \times \text{Number of days}$$

Where:

"Average trade payables balances" is based on the average of the opening and closing trade payable balances for the relevant financial year/period.

"Number of days" is defined as the number of calendar days in the relevant financial year/period.

GENERAL INFORMATION ON OUR GROUP

MARKETING AND BUSINESS DEVELOPMENT

Our Executive Chairman and Group Managing Director, Kelvin Lim, is responsible for the sales and marketing activities of our Group. He is responsible for developing our Group's overall business strategies and marketing plans. He is supported by a leasing and marketing team of 21 personnel, of which 16 of them are focused on leasing and marketing activities for our Space Optimisation Business.

Our Group markets its entire suite of services collectively. We actively engage in both online and offline leasing and marketing activities to increase the awareness of our portfolio of projects and wide range of services. Through this, we carry out brand-building by developing and establishing long lasting relationships with its customers through the integration of our services.

Furthermore, our Space Optimisation Business, Facilities Management Business and Logistics Services Business are integrated and complement each other such that we are able to provide our tenants with ad-hoc facilities management services such as general cleaning, pest control, repair and maintenance services. In this regard and as part of our marketing and business development efforts, we also actively market our services to customers across each of our business segments.

INSURANCE

Our Group maintains group public liability insurance for our properties, business interruption insurances for our buildings and other insurances such as fire commercial insurances and industrial all risks insurances as required by the landlords for selected properties. Our Group also maintains motor vehicle insurances, electronic equipment and machinery and equipment all risks insurances, transport operators liability insurance, commercial vehicle fleet insurance and money insurance.


Our Group's employees are provided with fidelity insurances, professional indemnity insurances, group personal accident and group hospital and surgical policy as well as work injury compensation policies. We also maintain directors' and officers' liability insurances for our Executive Directors and Executive Officers. As at the Latest Practicable Date, we are in the process of procuring keyman insurance coverage for our Executive Directors.

Our Directors believe that we have adequate insurance coverage for the purposes of our business operations and we will procure the necessary additional insurance coverage for our business operations, properties and assets as and when the need arises. However, significant disruption to our operations or damage to any of our properties, whether as a result of fire and/or other causes, may still have a material adverse impact on our results of operations or financial condition.

GENERAL INFORMATION ON OUR GROUP

INTELLECTUAL PROPERTY




We have registered the following trademark:

Trademark	Country of registration	Class	Registration number	Expiry date	Registered owner
	Singapore	36 ⁽¹⁾ , 37 ⁽²⁾ and 39 ⁽³⁾	T1304033G	12 May 2023	LHN Group


Notes:

- (1) Class 36 refers to the class of specification of goods and services under the International Classification of Goods and Services by the World Intellectual Property Organisation. The services classified under Class 36 that are relevant to this trademark are “real estate agency services; agency services for the leasing of residential industrial and commercial real estate and properties; real estate appraisal and valuation; real estate agency services relating to rent and lease negotiations of property; letting and leasing of residential, industrial and commercial real estate and properties; tenant management services; real estate selection and acquisition; property investment services; agency services for the selling on commission of real property; leasing and acquisition services; land leasing and estate management; management services relating to residential, industrial and commercial real estate and properties; financial advice; management and leasing of property; all included in Class 36”.
- (2) Class 37 refers to the class of specification of goods and services under the International Classification of Goods and Services by the World Intellectual Property Organisation. The services classified under Class 37 that are relevant to this trademark are “advisory services relating to property development, advisory services relating to the restoration, renovation and refurbishment of buildings and property; property development services, development of property; property maintenance; property development; cleaning, maintenance and construction of buildings; renovation, refurbishment, repair, painting and interior decoration (installation, renovation or repair services) of buildings, restoration of office and retail premises; building project management for residential, industrial and commercial real estate and properties; maintenance and repair of buildings; building construction supervision; caretaking and janitorial services; all included in Class 37”.
- (3) Class 39 refers to the class of specification of goods and services under the International Classification of Goods and Services by the World Intellectual Property Organisation. The services classified under Class 39 that are relevant to this trademark are “transportation, moving and storage services; providing storage services, namely, electronically monitored, climate controlled and non-climate controlled spaces, locker storage services, warehouse storage services, and delivery and pick up by truck, and storage of containers for the storage of personal, household and commercial property; locating and arranging for reservations for storage space for others; advisory and consultancy services relating to transportation of goods and storage of goods; provision of services relating to land freight forwarding services; logistics services for transport, packaging and storage of goods; rental of warehouse storage solutions; provision of services of transportation and delivery of goods by motor vehicles; provision of car parking facilities, rental of parking places, advisory services relating to provision of car parking facilities and rental of parking places; providing information on the internet relating to all the aforesaid services; all included in Class 39”.

We have applied for the registration of the following trademarks:

Trademark	Country of registration	Class	Application date	Status
	Singapore	35 and 43 ⁽¹⁾	8 November 2013	Pending
	Indonesia	35 ⁽²⁾ and 43 ⁽²⁾	17 May 2013	Pending
	Indonesia	36 ⁽³⁾ , 37 ⁽⁴⁾ and 39 ⁽⁵⁾	17 May 2013	Pending

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Trademark	Country of registration	Class	Application date	Status
	Singapore	36 ⁽⁶⁾ , 37 ⁽⁷⁾ and 39 ⁽⁸⁾	27 March 2015	Pending

Notes:

- (1) Class 35 and Class 43 refer to the specification of services under the International Classification of Goods and Services by the World Intellectual Property Organisation. The services classified under Class 35 that are relevant to us are the “rental of office machines and equipment; office management services; management of serviced and managed offices; office support services; business administration for managed offices; secretarial services; photocopying, telephone answering, typing, word processing and shorthand secretarial services; provision of call centre services including, management of telephone call centres, operating telephone calls and telephone answering; organisation, administration and management of telephone welcoming services and general telephone receptionist services; clerical services; document reproduction and shredding services; personnel recruitment and placing services; human resources management including placement services, office support staff for document reproduction and shredding documents services; computerised business storage including electronic storage of data including computerised file management; advice, information and consultancy relating to these services; all included in this Class 35”. The services classified under Class 43 that are relevant to this trademark are the “provision and rental of temporary office accommodation; temporary conference, seminar, exhibition and meeting facilities; rental of office furniture; advice, consultancy relating to these services; all included in Class 43.
- (2) Class 35 and Class 43 refer to the classes of specification of goods and services under the International Classification of Goods and Services by the World Intellectual Property Organisation. The services classified under Class 35 that are relevant to this trademark are “rental of office machines and equipment; office management services; management of serviced and managed offices; office support services; business administration for managed offices; secretarial services; photocopying, telephone answering, typing, word processing and shorthand secretarial services; provision of call centre services including, management of telephone call centres, operating telephone calls and telephone answering; organisation, administration and management of telephone welcoming services and general telephone receptionist services; clerical services; documents reproduction and shredding services; personnel recruitment and placing services; human resources management including placement services, office support staff for document reproduction and shredding documents services; computerised business storage including electronic storage of data including computerised file management; advice, information and consultancy relating to these services, all included in Class 35”. The services classified under Class 43 that are relevant to this trademark are “provision and rental of temporary office accommodation; temporary conference, seminar, exhibition and meeting facilities; rental of office furniture; advice; consultancy relating to these services, all included in Class 43”.
- (3) Class 36 refers to the class of specification of goods and services under the International Classification of Goods and Services by the World Intellectual Property Organisation. The services classified under Class 36 that are relevant to this trademark are “real estate agency services; agency services for the leasing of residential industrial and commercial real estate and properties; real estate appraisal and valuation, rent and lease negotiations; letting and leasing of residential, industrial and commercial real estate and properties; tenant management services; real estate selection and acquisition; property investment services; property sales, leasing and acquisition services; land and estate management; management services relating to residential, industrial and commercial real estate and properties; financial advice; property management, property utilisation, all included in Class 36”.
- (4) Class 37 refers to the class of specification of goods and services under the International Classification of Goods and Services by the World Intellectual Property Organisation. The services classified under Class 37 that are relevant to this trademark are “advisory services relating to property development, advisory services relating to the restoration, renovation and refurbishment of buildings and property; property development services, development of property; property maintenance; property development; cleaning, maintenance and construction of buildings, renovation, refurbishment, repair, painting and decoration of buildings, restoration of office and retail premises; facilities management services for residential, industrial and commercial real estate and properties; maintenance and repair of buildings; building construction, supervision; caretaking and janitorial services, all included in Class 37”.
- (5) Class 39 refers to the class of specification of goods and services under the International Classification of Goods and Services by the World Intellectual Property Organisation. The services classified under Class 39 that are relevant to this trademark are “transportation, moving and storage services; providing storage services, namely, electronically monitored, climate controlled and non-climate controlled spaces, locker storage services, warehouse storage services, and delivery and pick up by truck, and storage of containers for the storage of personal, household and commercial property; locating and arranging for reservations for storage space for others; providing information on the internet relating to all such services; advisory and consultancy services relating to transportation of goods

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and storage of goods; provision of services relating to land freight forwarding services; logistics services for transport, packaging and storage of goods; rental of warehouse storage solutions; provision of services of transportation and delivery of goods by motor vehicles; provision of car parking facilities, rental of parking places, advisory services relating to provision of car parking facilities and rental of parking places; all included in Class 39”.

- (6) Class 36 refers to the class of specification of goods and services under the International Classification of Goods and Services by the World Intellectual Property Organisation. The services classified under Class 36 that are relevant to this trademark are “real estate agency services; agency services for the leasing of residential industrial and commercial real estate and properties; real estate appraisal and valuation; real estate agency services relating to rent and lease negotiations of property; letting and leasing of residential, industrial and commercial real estate and properties; tenant management services; real estate selection and acquisition; property investment services; agency services for the selling on commission of real property; leasing and acquisition services; land leasing and estate management; management services relating to residential, industrial and commercial real estate and properties; financial advice; management and leasing of property; all included in Class 36”.
- (7) Class 37 refers to the class of specification of goods and services under the International Classification of Goods and Services by the World Intellectual Property Organisation. The services classified under Class 37 that are relevant to this trademark are “advisory services relating to property development, advisory services relating to the restoration, renovation and refurbishment of buildings and property; property development services, development of property; property maintenance; property development; cleaning, maintenance and construction of buildings; renovation, refurbishment, repair, painting and interior decoration (installation, renovation or repair services) of buildings, restoration of office and retail premises; building project management for residential, industrial and commercial real estate and properties; maintenance and repair of buildings; building construction supervision; caretaking and janitorial services; all included in Class 37”.
- (8) Class 39 refers to the class of specification of goods and services under the International Classification of Goods and Services by the World Intellectual Property Organisation. The services classified under Class 39 that are relevant to this trademark are “transportation, moving and storage services; providing storage services, namely, electronically monitored, climate controlled and non-climate controlled spaces, locker storage services, warehouse storage services, and delivery and pick up by truck, and storage of containers for the storage of personal, household and commercial property; locating and arranging for reservations for storage space for others; advisory and consultancy services relating to transportation of goods and storage of goods; provision of services relating to land freight forwarding services; logistics services for transport, packaging and storage of goods; rental of warehouse storage solutions; provision of services of transportation and delivery of goods by motor vehicles; provision of car parking facilities, rental of parking places, advisory services relating to provision of car parking facilities and rental of parking places; providing information on the internet relating to all the aforesaid services; all included in Class 39”.

As at the Latest Practicable Date, barring any unforeseen circumstances, our Directors are not aware of any reason which would cause or lead to the non-registration of any of the abovementioned trademarks.

The revenue derived by our Group from the leasing and management of GreenHub suited offices in Singapore is approximately nil, S\$0.4 million and S\$1.4 million in FY2012, FY2013 and FY2014 respectively, or approximately nil, 0.5% and 1.6% of the Group’s total revenue for the respective financial years. In addition, our Group only commenced operations in Indonesia in 2013, and the revenue derived by our Group from our operations in Indonesia was not significant in FY2013 and FY2014.

Accordingly, in the event that the abovementioned trademarks are not duly registered, our Directors believe that there will not be a material adverse impact on our Group’s financial performance because the revenue contribution from the leasing and management of GreenHub suited offices in Singapore and from our Group’s operations in Indonesia is currently not material.

Save as disclosed above, we do not own or use any other patents, trademarks or intellectual property on which our business or profitability is materially dependent.

LICENCES, PERMITS, APPROVALS, CERTIFICATIONS AND GOVERNMENT REGULATIONS

We are subject to all relevant laws and regulations of the countries where our business operations are located and may be affected by policies which may be introduced by the relevant governments from time to time.

GENERAL INFORMATION ON OUR GROUP

Singapore

Regulations Governing Real Estate

In relation to our Space Optimisation Business, as the URA regulates land use in Singapore, we are required to apply to the URA for permission in a case where we require changes in the designated use of a development site for the purpose of our projects. In the event that the development site is owned by the JTC, we are also required to obtain approval in respect of the development from the JTC.

We must also comply with the Fire Safety Act (Chapter 109A) (“**FSA**”) in relation to any proposed fire safety works to be commenced or carried out. An application must be made to the Commissioner of Civil Defence in accordance with the regulations made under the FSA for the approval of the plans of the fire safety works. Before making such an application, we must appoint (a) where the plans or any part thereof contain any alternative solution (i) an appropriate qualified person who is a fire safety engineer to prepare those plans or that part thereof containing the alternative solution, or a fire safety engineer to supervise a qualified person to prepare those plans or that part thereof; and (ii) another fire safety engineer as a peer reviewer to review and assess whether the alternative solution therein satisfies the fire performance requirements in the Fire Code; or (b) in any other case, an appropriate qualified person to prepare the plans of those fire safety works.

As the properties under our Group’s portfolio are mostly located in Singapore, we would be affected by any change in government regulations, policies or plans of Singapore by authorities such as the URA and the LTA. Such change could relate to compulsory land acquisition, urban redevelopment and planning, restriction on design and construction, or zoning and usage of properties. Moreover, the Singapore government may review its policies on leased properties or impose higher charge on such properties.

Regulations Governing Facilities Management Services

Licensing of Builders

The construction industry in Singapore is regulated by the BCA, whose primary role is to develop and regulate Singapore’s building and construction industry. The Building Control Act (Chapter 29) and the Building Control (Licensing of Builders) Regulations 2008 set out the requirements for the licensing of builders. Builders who undertake all building works where plans are required to be approved by the BCA and those who undertake works in specialist areas which have a high impact on public safety and require specific expertise, skill or resources for their proper execution have to be licensed by the BCA. The aim of licensing builders is to raise professionalism among builders by requiring them to meet minimum standards of management, safety record and financial solvency and to ensure that building works are carried out only by builders with experienced key personnel to manage the business and properly qualified technical personnel to supervise the execution of the works.

Builders may be licensed under two (2) registers, each of which are renewable on a three (3) yearly basis. The two (2) registers are the General Builder Register and the Specialist Builder Register. Under the General Builder Register, there are two (2) categories. General Builder Class 1 allows the builder to undertake general building works of unlimited value and General Builder Class 2 allows the builder to undertake general building works of contract value S\$6.0 million or less. As at the Latest Practicable Date, our subsidiary, ICFM, is licensed under the General Builder Class 1 until 3 June 2017.

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Pursuant to Section 29I(5) of the Building Control Act (Chapter 29), one (1) of the conditions of every builder's licence granted to a corporation is that the management of the business of the corporation in so far as it relates to general building works, as in our case, shall at all times be under the charge and direction of, in the case of a corporation, a director or a member of the board of management of the corporation or an employee of the corporation who is employed in such a manner and with such similar duties and responsibilities as a director or member of its board of management, who satisfies the Commissioner of Building Control ("**Commissioner**") that he has the prescribed qualifications and prescribed practical experience; or although not having the prescribed qualifications and prescribed practical experience, satisfies the Commissioner that he has nevertheless had such practical experience as to render him, in the opinion of the Commissioner, competent to manage the business of a general builder in Singapore ("**Approved Person**") ("**Approved Person Requirement**").

The Commissioner may by order revoke any general builder's licence if he is satisfied that the licensed builder fails to comply with any of the relevant requirements of Section 29I(5) of the Building Control Act (Chapter 29). The Commissioner may also, in any case in which he considers that no cause of sufficient gravity for revoking any general builder's licence exists, by order (a) suspend the licence for a period not exceeding six (6) months; (b) impose on the builder concerned a financial penalty not exceeding S\$20,000; (c) censure the builder concerned; or (d) impose such other direction or restriction as the Commissioner considers appropriate on the builder's business as a general builder. The Commissioner shall not exercise his powers under the foregoing unless an opportunity of being heard by a representative in writing or by counsel had been given to the licensed builder against which the Commissioner intends to exercise its powers, being a period of not more than 14 days.

Our subsidiary, Competent Builders had on 14 November 2012 obtained the General Builder Class 1 Licence ("**GB Licence**"). As part of our internal restructuring exercise, it was intended that Competent Builders would no longer carry out renovation services. As at the Latest Practicable Date, Competent Builders has no on-going operations. In addition, the Approved Person under the GB Licence issued to Competent Builders had also resigned. As the GB Licence was no longer required by Competent Builders, it was decided that there would be no replacement Approved Person sought for Competent Builders thereby resulting in a failure by Competent Builders to comply with the Approved Person Requirement. Thereafter, Competent Builders received a notice from the Commissioner that its GB Licence may be revoked on 14 October 2014 if it does not submit an appeal. No appeal was submitted by Competent Builders as it no longer requires the GB Licence and Competent Builders believes that the GB Licence has since been revoked.

Contractors' Registry

Registration in the contractors' registry maintained by the BCA is a pre-requisite to tendering for projects in the public sector and the validity for a first time registration is for a period of three (3) years. Registration will thereafter lapse automatically unless a renewal (for a period of three (3) years) is filed and approved by the BCA. Presently, there are seven (7) major categories of registration, some of which are further sub-classified into six (6) to seven (7) grades, depending on the sub-category of registration. Registration of a contractor with the BCA is dependent on the contractor fulfilling certain requirements relating to, *inter alia*, the value of previously completed projects, sufficient financial resources and the necessary full-time personnel resources stationed in Singapore to undertake the work corresponding to the registration head applied for. The grade assigned to each contractor is also dependent on the contractor's minimum net worth and paid-up capital.

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As at the Latest Practicable Date, our following subsidiaries are registered with the contractors' registry of the BCA for the following registration workheads:

Entity concerned	Category of registration	Title	Type of supply	Tender capacity	Expiry date
ICFM	L3 for MW02 ⁽¹⁾	Housekeeping, Cleansing, Desilting and Conservancy Services	Includes cleaning and housekeeping services for offices, buildings, compounds, industrial and commercial complexes, desilting and cleansing of drains and grasscutting	S\$4.2 million	1 June 2015
ICFM	L1 for MW03 ⁽²⁾	Landscaping	Provision of landscaping services including tree planting and turfing	S\$0.7 million	1 June 2015
Nopest	L1 for MW04 ⁽³⁾	Pest Control	Extermination and control of pests in installations, buildings and complexes	(i) S\$0.7 million up till 30 June 2015; and (ii) up to the BCA specified tendering limit after 30 June 2015	1 September 2015
ICS	L1 for ME04 ⁽⁴⁾	Communication & Security Systems	(a) Installation and maintenance of communications systems (e.g. intercom & wireless radio) and security systems (e.g. security alarm, car park security control and car access system) (b) Installation and maintenance of Central Antenna Television (CATV) systems	(i) S\$0.7 million up till 30 June 2015; and (ii) up to the BCA specified tendering limit after 30 June 2015	1 July 2015

Notes:

- (1) To maintain ICFM's existing L3 grading under the MW02 category upon renewal, there are certain requirements to be complied with, including but not limited to the following:
- (a) maintaining a minimum paid-up capital and net worth of S\$150,000;
 - (b) to have, in the past three (3) years, completed projects relevant to the particular workhead of an aggregate project value of S\$3.0 million;
 - (c) to employ one (1) personnel with a Certificate in Facilities Maintenance Supervision or equivalent who is also qualified with a Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by BCA Academy; and
 - (d) obtaining the Safety Management Certificate issued by the BCA or the OHSAS 18000 certificate by 1 July 2015.

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- (2) To maintain ICFM's existing L1 grading under the MW03 category upon renewal, there are certain requirements to be complied with, including but not limited to the following:
 - (a) maintaining a minimum paid-up capital and net worth of S\$10,000. All firms with L1 grading are also required to submit the latest management accounts of not more than 12 months old;
 - (b) to have, in the past three (3) years, completed projects relevant to the particular workhead of an aggregate project value of S\$100,000; and
 - (c) to employ one (1) personnel with a Certificate in Facilities Maintenance Supervision or equivalent who is also qualified with a Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by BCA Academy.
- (3) To maintain Nopest's L1 grading under the MW04 category upon renewal, there are certain requirements to be complied with, including but not limited to the following:
 - (a) maintaining a minimum paid-up capital and net worth of S\$10,000. All firms with L1 grading are also required to submit the latest management accounts of not more than 12 months old;
 - (b) to have, in the past three (3) years, completed projects relevant to the particular workhead of an aggregate project value of S\$100,000; and
 - (c) to obtain a valid vector control operator certificate issued by NEA.
- (4) To maintain ICS's existing L1 grading under the ME04 category upon renewal, there are certain requirements to be complied with, including but not limited to the following:
 - (a) maintaining a minimum paid-up capital and net worth of S\$10,000. All firms with L1 grading are also required to submit the latest management accounts of not more than 12 months old;
 - (b) to have, in the past three (3) years, completed projects relevant to the particular workhead of an aggregate project value of S\$100,000. Ongoing projects are acceptable for renewal for firms with L1 grading; and
 - (c) to employ one (1) personnel with a minimum technical qualification as specified by the BCA and at least one (1) personnel with (i) minimum professional qualification with a degree in mechanical or electrical/electronics engineering recognised by the Professional Engineers Board or equivalent qualifications as approved by the BCA; (ii) a professional qualification with a recognised degree in mechanical or electrical/electronic engineering or equivalent; or (iii) minimum technical qualification as specified by the BCA, who is also qualified with a Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by BCA Academy.

All of the abovementioned registration workheads have a current validity period of less than 12 months. We intend to apply for the renewal of the abovementioned registration workheads as and when they expire.

The abovementioned registration workheads are pre-requisites for ICFM and Nopest to tender for public sector projects in relation to the specified scope of work under the respective workheads. Save for an existing term contract for management and maintenance services at 110 Pasir Ris Road and 48 Pasir Ris Avenue entered into between HDB and ICFM ("**Term Contract**") which requires ICFM to have a valid MW02 Workhead and MW03 Workhead, none of the existing contracts entered into by ICFM and Nopest requires the abovementioned workheads. The total contract value of the Term Contract is approximately S\$50,000.

Notwithstanding that at present most of the cleaning, landscaping and pest control services are provided to our properties and our tenants, we intend to tender for more public sector projects in the future. In the event that we participate in such tenders our Directors believe that the non-renewal of any of the abovementioned registration workheads may have a material adverse impact on the results of operations and financial position of our Group because such registration workheads are typically required in relation to the tender for public sector projects.

As at the Latest Practicable Date, barring any unforeseen circumstances, our Directors are not aware of any reasons which would cause or lead to the non-renewal of any of the abovementioned registration workheads, and believe that the Group will be able to fulfil the relevant conditions required to renew the abovementioned registration workheads when they expire.

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Licensing of Cleaning Business

With the Environmental Public Health (Amendment) Act 2014 coming into operation on 1 April 2014, all businesses offering general cleaning services (to either public or private sectors or both) at premises or any public places in Singapore will have to be licensed, even if these services form only part of their overall business. The licensing regime introduced by NEA requires licensees to have written employment contracts, provide training and have a progressive wage plan. This ensures that cleaners receive wages that are commensurate with their skills, training and productivity. The new licensing scheme aims to raise the productivity, professionalism and the service standards of the cleaning industry. As at the Latest Practicable Date, our subsidiary, ICFM, is licensed to operate a cleaning business until 23 June 2015. Cleaning businesses found operating without a valid licence will be liable to a maximum fine of S\$10,000 or up to 12 months imprisonment or both and S\$1,000 every day for continuing offences.

Licence to operate a heavy vehicle parking place

Pursuant to the Parking Places Act (Chapter 214) (“**PPA**”) and the Parking Places (Licensing and Control of Private Parking Places for Heavy Vehicles) Rules (“**PPR**”) which are regulated by the LTA, no person shall maintain or operate any private parking place unless he is in possession of a valid licence granted under the PPR. Application for a licence to maintain or operate a private parking place shall be made to the Superintendent or a Deputy or an Assistant Superintendent of Car Parks (“**Superintendent**”) in such form and manner as the Superintendent may specify and shall be supported by information including (a) a plan approved by the competent authority; or (b) such plan as the Superintendent may require, showing the location, dimension and capacity of such parking place together with details as to the level thereof, the entrances thereto and exits therefrom. The Superintendent may grant a licence subject to such conditions as he thinks fit to impose or refuse to grant a licence without assigning any reason. Every licensee shall comply with the conditions set out in the Second Schedule to the PPR, which include, *inter alia*, not using or permitting to be used any part of the private parking place for any purpose other than for the parking or housing of vehicles, ensuring that the private parking place is structurally sound and fit for the purpose of parking of vehicles, and complying with all directions that may be given by the Superintendent from time to time.

Provision of security services

The Private Security Industry Act (Chapter 250A) (“**PSIA**”) as regulated by the Singapore Police Force, provides, *inter alia*, that no person shall, *inter alia*, engage in the business of supplying, for reward, the services of security officers to other persons, except under and in accordance with a security agency’s licence granted under the PSIA. A “security officer” means any individual who, for reward, carries out certain specified functions which include, *inter alia*, patrolling or guarding another person’s property (including cash in transit) by physical means (which may involve the use of patrol dogs) or by electronic means. Any person who contravenes the above prohibition shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$50,000 or to imprisonment for a term not exceeding two (2) years or to both.

In addition, the PSIA also provides, *inter alia*, that no person shall, *inter alia*, engage in the business of providing, for reward, any security service to other persons, except under and in accordance with a security service provider’s licence granted under PSIA. A person is said to provide a security service if he carries on any one (1) or more of the specified activities which include, installing, maintaining, repairing or servicing, by physical or electronic means (i) any security equipment in any premises or any vehicle, vessel, aircraft or other means of conveyance; or (ii) any mechanical, electronic, acoustic or other equipment that the person installing,

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maintaining, repairing or servicing the equipment purports to be equipment that is designed or adapted to provide or enhance security or for the protection or watching of any property. Any person who contravenes the above prohibition shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding two (2) years or to both.

The PSIA also provides that a person (whether or not a licensed security agency) who employs, or is about to employ, as a security officer any person who is a licensed security officer shall before employing the licensed security officer; and not later than 14 days after terminating the employment of the licensed security officer, inform the licensing officer in the prescribed form and manner of the proposed employment or termination of employment, as the case may be. Where an employer or a former employer of a licensed security officer contravenes the above requirement, the employer or former employer, as the case may be, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding two (2) years or to both.

Pest control services

The Control of Vectors and Pesticides Act (Chapter 59) (“**CVPA**”) as regulated by the NEA provides, *inter alia*, that no person shall, *inter alia*, in the course of any trade or business, undertake or engage in vector control work, unless he is registered as a vector control operator (that is, a person who, in the course of any trade or business, undertakes or engages in vector control work) under the CVPA. Vector control work means any work carried out for the purpose of the destruction, or the prevention of the propagation or harbouring of any insect, including its egg, larva and pupa, and any rodent, including its young, carrying or causing, or capable of carrying or causing any disease to human beings. Any person who contravenes the above prohibition shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$20,000 or to imprisonment for a term not exceeding three (3) months or to both and, in the case of a second or subsequent conviction, to a fine not exceeding S\$50,000 or to imprisonment for a term not exceeding six (6) months or to both.

The Environmental Protection and Management Act (Chapter 94A) (“**EPMA**”) as regulated by the NEA, provides, *inter alia*, that every person storing, using or otherwise dealing with any hazardous substance and every agent, servant or employee of such person shall do so in such a manner as not to threaten the health or safety of any person, or to cause pollution of the environment. Any person who contravenes the above requirement shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$50,000 or to imprisonment for a term not exceeding two (2) years or to both and, in the case of a continuing offence, to a further fine not exceeding S\$2,000 for every day or part thereof during which the offence continues after conviction. In addition, the Environmental Protection and Management (Hazardous Substances) Regulations (“**EPM(HS)R**”), provides, *inter alia*, that a person shall not use, keep or have in his possession or under his control any hazardous substance specified in the Schedule of the EPM(HS)R unless he is authorised to store such hazardous substance (“**EPM(HS)R Prohibition**”). Any person who contravenes the EPM(HS)R Prohibition shall be liable on conviction to a fine not exceeding S\$30,000 or to imprisonment for a term not exceeding two (2) years or to both and, in the case of a continuing offence, to a further fine not exceeding S\$1,000 for every day or part thereof during which the offence continues after conviction. A person shall be authorised to store hazardous substances where, *inter alia*, he is issued with a permit to store and use such hazardous substances. It shall not be lawful for any person to store or use any hazardous substance specified in the Schedule of the EPM(HS)R unless the storage or use of the hazardous substance is effected in accordance with the provisions of the permit and with any condition specified therein.

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Regulations Governing Logistics Services

In relation to our Logistics Services Business, we are required to comply with the specific laws pertaining to the transport of hazardous substances under the EPMA, when transporting hazardous chemicals. We must also comply with the FSA in relation to the transport of petroleum, and flammable materials and substances. Pursuant to the FSA, no person shall transport any class of petroleum or any flammable material (other than as a driver of a road vehicle) if (a) the regulations require the person transporting such petroleum or flammable material to hold a licence from the commissioner to transport such petroleum or flammable material; and (b) the person does not hold such a valid licence. The FSA further provides that no person shall transport any class of petroleum or any flammable material (other than as a driver of a road vehicle) unless the transportation (a) is in accordance with the provisions of his licence and with every condition specified therein; and (b) is in such quantities and in such manner and in accordance with requirements prescribed in relation to such petroleum or flammable material. The Fire Safety (Petroleum and Flammable Materials) Regulations (“**FS(PFM)R**”) provides that the transport of any class of petroleum or any flammable material in excess of the respective quantities specified in the Second Schedule of the FS(PFM)R shall require a licence to transport.

In addition, our transportation operations are subject to the laws and regulations under the Motor Vehicles (Third-Party Risks and Compensation) Act (Chapter 189) which stipulates the laws regarding third-party risks and compensation for bodily injury or death arising from the use of motor vehicles. The Ministry of Transport is the agency primarily responsible for ensuring compliance.

Other Regulations

In addition to regulations governing real estate, facilities management services and logistics services, we are also subject to other regulations, particularly those affecting environmental, health and safety compliance. We have identified the main laws and regulations (apart from those pertaining to general business requirements) that materially affect our business, the relevant regulatory bodies and the licences, permits and approvals typically required for the conduct of our business:

(a) Workplace Safety and Health

The Workplace Safety and Health Act (Chapter 354A) (“**WSHA**”) provides that every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for those persons a work environment which is safe, without risk to health, and adequate with regards to facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by those persons, ensuring that those persons are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that those persons at work have adequate instruction, information, training and supervision as is necessary for them to perform their work. The relevant regulatory body is MOM.

Under the WSHA, inspectors appointed by the Commissioner for Workplace Safety and Health (“**CWSH**”) may, *inter alia*, enter, inspect and examine any workplace and any machinery, equipment, plant, installation or article at any workplace, to make such

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examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with. Under the WSHA, the CWSH may serve a remedial order or a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any work or process carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The remedial order shall direct the person served with the order to take such measures, to the satisfaction of the CWSH, to, *inter alia*, remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work, whilst the stop-work order shall direct the person served with the order to immediately cease to carry on any work or process indefinitely or until such measures as are required by the CWSH have been taken, to the satisfaction of the CWSH, to remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

(b) Work Injury Compensation

The Work Injury Compensation Act (Chapter 354) (“**WICA**”), which is regulated by MOM, applies to all employees (with the exception of those set out in the Fourth Schedule of the WICA) who have entered into or work under a contract of service or apprenticeship with an employer, in respect of injury suffered by them arising out of and in the course of their employment and sets out, *inter alia*, the amount of compensation that they are entitled to and the method(s) of calculating such compensation. The WICA provides that if in any employment, personal injury by accident arising out of and in the course of the employment is caused to an employee, the employer shall be liable to pay compensation in accordance with the provisions of the WICA. The amount of compensation shall be computed in accordance with the Third Schedule of the WICA, subject to a maximum and minimum limit.

The WICA provides, *inter alia*, that, where any person (referred to as the principal) in the course of his business or for the purpose of his trade or business contracts with any other person (referred to as the contractor) for the execution by the employer of the whole or any part of any work, or for the supply of labour to carry out any work, undertaken by the principal, the principal shall be liable to pay to any employee employed in the execution of the work any compensation which he would have been liable to pay if that employee had been immediately employed by the principal.

(c) Environmental Laws and Regulations

The Environmental Public Health Act (Chapter 95) (“**EPHA**”) as regulated by the National Environment Agency (“**NEA**”) requires, *inter alia*, a person who, during the erection, alteration, construction or demolition of any building or at any time, to take reasonable precautions to prevent danger to the life, health or well-being of persons using any public places from flying dust or falling fragments or from any other material, thing or substance. The EPHA also regulates, *inter alia*, the disposal and treatment of industrial waste and public nuisances. Under the EPHA, the Ministry of Environment and Water Resources has empowered the Director-General of Public Health to serve a nuisance order on the owner or occupier of the premises on which the nuisance arises. Some of the nuisances which are liable to be dealt with summarily under the EPHA include any premises or part thereof of such a construction or in such a state as to be a nuisance or injurious or dangerous to health, any

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factory or workplace which is not kept in a clean state and any place where there exists or is likely to exist any condition giving rise, or capable of giving rise to the breeding of flies or mosquitoes, any place where there occurs, or from which there emanates noise or vibration as to amount to a nuisance and any machinery, plant or any method or process used in any premises which causes a nuisance or is dangerous to public health and safety. The EPMA also requires the occupier of any construction site to employ a competent person to act as an environmental control officer in the construction site for the purpose of exercising general supervision within the construction site of the observance of the provisions of, *inter alia*, the EPMA and any regulations made thereunder.

The EPMA seeks to provide for the protection and management of the environment and resource conservation by regulating, *inter alia*, air pollution, water pollution, land pollution and noise control. The EPMA provides that no principal contractor of a construction site who has control of the construction site shall permit any person from, *inter alia*, (i) using any or any class of combustible material or fuel burning equipment within such area or premises as may be designated and at such times as may be specified in the order; (ii) discharging any trade effluent, oil, chemical, sewage or other polluting matters into any drain or land without a written permission from the Director-General of Environmental Protection; and (iii) discharging or causing or permitting to be discharged any toxic substance or hazardous substance into any inland water so as to be likely to cause pollution of the environment.

In addition, the Environmental Protection and Management (Control of Noise at Construction Sites) Regulations (“**EPM(CNCS)R**”) provides that the owner or occupier of any construction site shall ensure that the level of noise emitted from his construction site shall not exceed the maximum permissible noise levels set out in the EPM(CNCS)R.

(d) **Registration with GeBIZ and the Government Supplier Registration**

GeBIZ is the Singapore government’s one-stop e-procurement portal where all of the public sector’s invitations for quotations and tenders are posted. Registration with GeBiz as a GeBIZ Trading Partner (“**GTP**”) is a pre-requisite for suppliers who wish to do business with Singapore government agencies. Suppliers may search for government procurement opportunities, download tender documents, and submit their bids online. Successful quotations and tenders will be notified through the portal and suppliers can use the framework to manage their ongoing contracts and letters of acceptance. Registration is free for the first account and each additional account requires the payment of an annual fee.

Certain tenders for the supply of goods and/or services to the public sector may require business entities which wish to participate in such tender to have a valid Government Supplier registration. Suppliers must be a GTP first before they are able to apply for the Government Supplier Registration. Suppliers should ensure that the products/services which they are supplying fall within the supply head (“**Supply Head**”) which they wish to register. Registration under each Supply Head may be for a certain financial grade. The financial grade that an applicant may be eligible to register for is dependent on the supplier’s net tangible asset and turnover/sales/revenue. A supplier’s financial grade will, in turn, determine the tendering capacity of the supplier. The validity period of any approved registration is between one and a half (1.5) to three (3) years, and will automatically lapse unless an application to renew is approved before the expiry date.

As at the Latest Practicable Date, our subsidiaries, HNL, ICFM, ICS, LHN Group and LHN Vehicle Parking Management, are registered with GeBIZ as GTPs, and are also registered under the Government Supplier Registration. Please refer to the sections entitled “Licences,

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Permits, Approvals, Certifications and Government Regulations – Licences, permits, approvals and certifications” of this Offer Document for more details on the respective Supply Heads and financial grade/financial limit which HNL, ICFM, ICS, LHN Group and LHN Vehicle Parking Management are registered for.

Fines imposed by regulatory and statutory bodies

We have, in the course of our business, been fined by regulatory and statutory bodies such as BCA, PUB, URA, NEA and the Singapore Police Force for infringement of certain rules and regulations in relation to outdoor advertising, environmental, land planning and development, mosquito breeding, security agencies and security service providers from time to time such as the display of signage without a valid licence, permitting the unauthorised discharge of used water into the sewerage system, carrying out of unauthorised works and change of use of premises without permission, carrying out the development of land without planning permission, mosquito breeding at certain of our properties, carrying out of construction works within 150 metres from a residential building during the prohibited period and failure to inform the relevant licensing officer before the employment of a licenced security officer. The aggregate amount of fines paid during the Period Under Review and for the period subsequent to FY2014 and up to the Latest Practicable Date is not material in respect of our Group’s operations.

We have put in place measures to mitigate and wherever possible eliminate such contravention of rules and regulations. We educate our staff on compliance with rules and regulations and we have also put in place mechanisms where any potential breaches or breaches of rules and regulations are immediately reported and attended to by our management personnel. Our management personnel will periodically review the adequacy of our Group’s operational and compliance controls, including reviewing the list of fines imposed by the regulatory authorities on our Group for each financial year, and provide directions for the implementation of preventive measures as appropriate.

Licences, permits, approvals and certifications

The following are the main licences, permits, approvals and certifications for our business operations in Singapore as at the Latest Practicable Date:

Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Fire safety certificate issued on 17 July 2008	SCDF	Certificate to certify that the fire safety works in the proposed submission of plan for the fuel oil storage system at 43 Keppel Road, Singapore 099418 for m/s LHN Warehouse Pte. Ltd. have been satisfactorily completed in accordance with the requirements of FSA (Approved plan nos.: RBP/N00825/07 and RBP/N00825/0701)	LHN Warehouse Pte. Ltd. (now known as 2IN1 Space)	Not applicable

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Fire safety certificate issued on 2 September 2010	SCDF	Certificate to certify that the fire safety works in the proposed transfer room at 43 Keppel Road, Singapore 099418 for m/s LHN Warehouse Pte. Ltd. have been satisfactorily completed in accordance with the requirements of FSA (Approved plan nos.: DBP/A00606/10 and DBP/A00606/1001)	LHN Warehouse Pte. Ltd. (now known as 2IN1 Space)	Not applicable
Petroleum and flammable materials storage licence issued on 21 July 2014 (licence no. FS12742014)	SCDF	Licence to store petroleum of 20,000 litres at 43 Keppel Road Singapore 099418 pursuant to the FSA	LHN Warehouse Pte. Ltd. (now known as 2IN1 Space)	31 July 2016
Grant of written permission (Temporary) (Decision no.: P290311-09G5-E021) dated 28 November 2014	URA	Permission for the continued use of the 1st storey units #01-01 to #01-03 as showroom of an existing single-user warehouse building at TS23 on lot 01064P 43 Keppel Road (Bukit Merah Planning Area) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	2IN1 Space	22 August 2015
Electrical installation licence (Licence no. E/108737)	EMA	Licence to use or operate electrical installation at 260 Upper Bukit Timah Road Singapore 588190 under the provisions of the Electricity Act (Cap. 89A) and the Electricity (Electrical Installations) Regulations 2002	CEC Holdings	26 January 2016
Electrical installation licence (Licence no. E/121842)	EMA	Licence to use or operate electrical installation at 215 Upper Bukit Timah Road Singapore 588184 under the provisions of the Electricity Act (Cap. 89A) and the Electricity (Electrical Installations) Regulations 2002	CEC Holdings	15 July 2015
Electrical installation licence (Licence no. E/113215)	EMA	Licence to use or operate electrical installation at 27 West Coast Highway Singapore 117867 under the provisions of the Electricity Act (Cap. 89A) and the Electricity (Electrical Installations) Regulations 2002	CEC Holdings	25 November 2015

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Outdoor advertising Category A licence (Licence no. 2012/03089)	BCA	Licence to exhibit 1 UA of "Tenant Directory Sign" within compound at 260-276 Upper Bukit Timah Road under the Building Control (Outdoor Advertising) Regulations 2002	CEC Holdings	31 August 2015
Outdoor advertising Category A licence (Licence no. 2012/03090)	BCA	Licence to exhibit 3 SA of "Map/Tenant Directory Sign" within compound at 260-276 Upper Bukit Timah Road under the Building Control (Outdoor Advertising) Regulations 2002	CEC Holdings	31 August 2015
Outdoor advertising Category A licence (Licence no. 2013/02345)	BCA	Licence to exhibit 1 UA (sticker) of "Westway/For Rent/Etc" on façade at 27 West Coast Highway under the Building Control (Outdoor Advertising) Regulations 2002	CEC Holdings	30 June 2015
Fire safety certificate issued on 19 August 2013	SCDF	Certificate to certify that the fire safety works in the proposed additions and alterations and change of use to school/enrichment centre with ancillary F&B for the existing two (2)-storey building block 260 (former fire station) and change of use to enrichment center and addition of new linkway/awning at block 262, 264, 266, 268, 270, 272, 274, 276 with drop off porch on lot 99507T PT MK 16 at Upper Bukit Timah Road (Bukit Panjang) have been satisfactorily completed in accordance with the requirements of FSA (Approved plan no/s: CBP/A04039/1209)	CEC Holdings	Not applicable

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Fire safety certificate issued on 10 January 2014	SCDF	Certificate to certify that the fire safety works in the proposed additions and alterations to the existing 1 block of two (2)-storey building with F&B and offices and 1 block of single storey ancillary building on lot 1600T(PT), 3576(PT), 3575V(PT), 2149C(PT) MK 03 at 27 West Coast Highway (Queenstown Planning Area) have been satisfactorily completed in accordance with the requirements of FSA (Approved plan no/s: CFO/A06140/13, CBP/A06140/1301, CMV/A06140/13, CBP/A06140/13)	CEC Holdings	Not applicable
Grant of written permission (Temporary) (Decision no.: P020113-14C3-A012) dated 3 July 2013	URA	Permission for the proposed amendment to approved additions & alterations to the existing 1 block of two (2)-storey building with restaurants and offices and 1 block of single storey ancillary building on lot 1600T(PT), 3576(PT), 3575V(PT), 2149C(PT) MK 03 at 27 West Coast Highway (Queenstown Planning Area) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	CEC Holdings	30 November 2015
Grant of written permission (Temporary) (Decision no.: P100212-04H3-E011) dated 22 April 2014	URA	Permission for the approved additions and alterations and change of use to school/enrichment center with ancillary F&B for the existing two (2)-storey building block 260 (former fire station) and change of use to enrichment center and addition of new linkway/awning at block 262, 264, 266, 268, 270, 272, 274, 276 with drop off porch on lot 99507T PT MK 16 at Upper Bukit Timah Road (Bukit Panjang) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	CEC Holdings	26 January 2016

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Grant of written permission (Temporary) (Decision no.: P150514-35F1-Z000) dated 31 October 2014	URA	Permission for the proposed change of use of showroom use on the 1st, 2nd, 3rd, 4th and attic storey to child care centre use on lot 00738C, 03519X, 03520K MK10 215 Upper Bukit Timah Road (Bukit Timah Planning Area) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	CEC Holdings ⁽²⁾	31 October 2017
Electrical installation licence (Licence no. E/86921)	EMA	Licence to use or operate electrical installation at 10 Raeburn Park Singapore 088702 under the provisions of the Electricity Act (Cap. 89A) and the Electricity (Electrical Installations) Regulations 2002	GreenHub Serviced Offices Pte Ltd (now known as GreenHub)	22 September 2015
Outdoor advertising Category A licence (Licence no. 2011/04087)	BCA	Licence to exhibit 1IS of "10 Raeburn Park" on façade (sign 1) at 10 Raeburn Park under the Building Control (Outdoor Advertising) Regulations 2002	Hean Nerng Investments Pte. Ltd. (now known as GreenHub)	31 October 2015
Outdoor advertising Category A licence (Licence no. 2011/04088)	BCA	Licence to exhibit 1IS of "LHN Group" on façade (sign 2) at 10 Raeburn Park under the Building Control (Outdoor Advertising) Regulations 2002	Hean Nerng Investments Pte. Ltd. (now known as GreenHub)	31 October 2015
Outdoor advertising Category A licence (Licence no. 2011/04090)	BCA	Licence to exhibit 1IS of "Logo/Li & Fung" on façade (sign 4) at 10 Raeburn Park under the Building Control (Outdoor Advertising) Regulations 2002	Hean Nerng Investments Pte. Ltd. (now known as Greenhub)	31 October 2015
Outdoor advertising Category A licence (Licence no. 2013/00544)	BCA	Licence to exhibit 1 S/S IA of free standing tenant directory within compound at 10 Raeburn Park under the Building Control (Outdoor Advertising) Regulations 2002	GreenHub Serviced Offices Pte. Ltd. (now known as GreenHub)	31 January 2016
Outdoor advertising Category A licence (Licence no. 2013/03339)	BCA	Licence to exhibit 1 IA of "Greenhub Suited Offices for born global firms" on façade at 10 Raeburn Park under the Building Control (Outdoor Advertising) Regulations 2002	GreenHub Serviced Offices Pte. Ltd. (now known as GreenHub)	31 August 2015

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Grant of written permission (Temporary) (Decision no.: P250208-29B1-E041) dated 22 August 2013	URA	Permission for the continued use of the 2-storey electrical substation and Blk A (except #03-01/02/03 and #04-01/02/03) as offices at 10 Raeburn Park, TS23 on lot 00745T pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	GreenHub Serviced Offices Pte. Ltd. (now known as GreenHub)	24 September 2016, or until such time as may be required by SLA whichever is earlier
Fire safety certificate issued on 13 January 2010	SCDF	Certificate to certify that the fire safety works in the proposed extension, A/A and addition of a two (2)-storey electrical substation to extg school with change of use to offices and upgrading of Blk A and Blk B, C, Podium Blk, bin centre and electrical substation to be retained on lot 00745T TS23 at 10 Raeburn Park have been satisfactorily completed in accordance with the requirements of FSA (Approved plan no/s: CBP/A01627/09)	Hean Nerng Investments Pte. Ltd. (now known as GreenHub)	Not applicable
Fire safety certificate issued on 14 March 2012	SCDF	Certificate to certify that the fire safety works in the proposed addition of an internal staircase to the existing four (4)-storey building (Blk A) on lot 00745T TS23 at 10 Raeburn Park have been satisfactorily completed in accordance with the requirements of FSA (Approved plan no/s: CBP/A01597/12)	GreenHub Serviced Offices Pte. Ltd. (now known as GreenHub)	Not applicable
Electrical installation licence (Licence no. E/109966)	EMA	Licence to use or operate electrical installation at 110 Depot Road Singapore 109677 under the provisions of the Electricity Act (Cap. 89A) and the Electricity (Electrical Installations) Regulations 2002	HNC	19 April 2015 ⁽¹⁾
Grant of written permission (Temporary) (Decision no.: P190612-04H1-E011) dated 16 April 2014	URA	Permission for the proposed additions and alterations to existing Block 20, 21, 23, 23A, 24, 24A, 25, 25A, Former Canteen Block and Annex Building on lot 02807W MK01 20-25 Depot Lane pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	HNC	31 March 2016 or until such time as may be required by SLA, whichever is earlier.

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Heavy Vehicle park licence (Licence no. 61949500000001) for 17 HV Lots and 4 Trailer Lots at 51 Jalan Buruh (Licence type: New HV Park Application)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	HNC	30 April 2015 ⁽¹⁾
Electrical installation licence (Licence no. E/101376)	EMA	Licence to use or operate electrical installation at 45 Burghley Drive Singapore 559022 under the provisions of the Electricity Act (Cap. 89A) and the Electricity (Electrical Installations) Regulations 2002	HNFM	5 September 2015
Grant of written permission (Temporary) (Decision no.: P230211-2611-E021) dated 15 July 2014	URA	Permission for the continued use of the former Serangoon Garden Technical School to Arts, Dance & Drama School at unit #01-01, #01-02, #01-03 (Block A), Art School at unit #01-13 (Block B), Café cum Art Studio at unit #01-04 and Gymnastics School at unit #01-05, #01-06 (Block C) on lot 07295P MK18 45 Burghley Drive (Serangoon Planning Area) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	HNFM ⁽³⁾	5 July 2017 or until such time as may be required by SLA, whichever is earlier
Grant of written permission (Temporary) (Decision no.: P260610-02C2-E021) dated 15 July 2014	URA	Permission for the continued use of part of former Serangoon Garden School as studio/school for arts, dance, drama and cultural activities on lot 07295P MK18 45 Burghley Drive (Serangoon Planning Area) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	HNFM ⁽⁴⁾	5 July 2017 or until such time as may be required by SLA, whichever is earlier

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Grant of written permission (Temporary) (Decision no.: P260115-03H1-Z000) dated 14 February 2015	URA	Permission for the change of use of state property (former Serangoon Garden Technical School) at 1st storey unit #01-05/06 to sports and recreation use (for gymtrampoline activities) at MK18 on lot 07295P at 45 Burghley Drive (Serangoon Planning Area) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	HNFM ⁽⁵⁾	5 July 2017 or until such time as may be required by SLA, whichever is earlier
Grant of written permission (Temporary) (Decision no.: P020215-11G1-Z000) dated 14 February 2015	URA	Permission for change of use of state property (former Serangoon Garden Technical School) at 1st storey unit #01-12/13 to commercial school (enrichment class) at MK18 on lot 07295P at 45 Burghley Drive (Serangoon Planning Area) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	HNFM ⁽⁶⁾	5 July 2017 or until such time as may be required by SLA, whichever is earlier
Grant of written permission (Temporary) (Decision no.: P020215-44G1-Z000) dated 14 February 2015	URA	Permission for change of use of state property (former Serangoon Garden Technical School) at 1st storey unit #01-09 to commercial school (enrichment class) at MK18 on lot 07295P at 45 Burghley Drive (Serangoon Planning Area) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	HNFM ⁽⁷⁾	5 July 2017 or until such time as may be required by SLA, whichever is earlier
Grant of written permission (Temporary) (Decision no.: P260115-12C1-Z000) dated 14 February 2015	URA	Permission for change of use of state property (former Serangoon Garden Technical School) at 1st storey unit #01-04 to enrichment centre with ancillary café at MK18 on lot 07295P at 45 Burghley Drive (Serangoon Planning Area) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	HNFM ⁽⁸⁾	5 July 2017 or until such time as may be required by SLA, whichever is earlier

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Outdoor advertising Category A licence (Licence no. 2011/00909)	BCA	Licence to exhibit 1 UA of "45 Burghley Drive Lifestyle Hub/Etc/Tenants's Directory) on Boundary Fence art 45 Burghley Drive under the Building Control (Outdoor Advertising) Regulations 2002	HNFM	31 May 2015
Outdoor advertising Category A licence (Licence no. 2012/02918)	BCA	Licence to exhibit 1 UA free-standing of "45 Burghley Drive/Tenant's Directory/ETC" within compound at 45 Burghley Drive under the Building Control (Outdoor Advertising) Regulations 2002	HNFM	31 August 2015
Fire safety certificate issued on 11 October 2010	SCDF	Certificate to certify that the fire safety works in the proposed Additions/Alterations and Change of use from part of Former Sec school (Serangoon Garden Technical School) to Studio/School for Arts, Dance, Drama & Cultural Activities & Sports Centre (Temp use) on lot 7295P (PT) Mukim 18 No. 45 Burghley Drive Singapore 559022 (Serangoon Planning Area) have been satisfactorily completed in accordance with the requirements of FSA (Approved plan no/s: RBP/A00762/10, RBP/A00762/1001)	HNFM	Not applicable
Grant of written permission (Temporary) (Decision no.: P050208-06C1-E021) dated 11 September 2013	URA	Permission for the continued use of the former Kranji police office as warehouse on Lot 00092V MK11 at 253 Kranji Road (Sungei Kadut Planning Area) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	HNL ⁽⁹⁾	20 September 2015 or until such time as may be required by SLA, whichever is earlier
Petroleum and flammable materials transportation licence (Licence no. FT15552014) Vehicle No. XB6160L	SCDF	Licence to transport petroleum and flammable materials not exceeding 24,000 kg (bulk)	HNL	31 August 2015

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Petroleum and flammable materials transportation licence (Licence no. FT16722014) Vehicle No. XB6346T	SCDF	Licence to transport petroleum not exceeding 24,000 kg (bulk)	HNL	30 November 2015
Petroleum and flammable materials transportation licence (Licence no. FT13352013) Vehicle No. XB6972K	SCDF	Licence to transport petroleum not exceeding 24,000 kg (bulk)	HNL	30 September 2015
Petroleum and flammable materials transportation licence (Licence no. FT00722015) Vehicle No. XB9488Y	SCDF	Licence to transport petroleum not exceeding 24,000 kg (bulk)	HNL	31 December 2015
Petroleum and flammable materials transportation licence (Licence no. FT09522014) Vehicle No. XB9781A	SCDF	Licence to transport petroleum & flammable material not exceeding 24,000 kg (bulk)	HNL	30 June 2015
Petroleum and flammable materials transportation licence (Licence no. FT00172015) Vehicle No. XD119L	SCDF	Licence to transport petroleum not exceeding 24,000 kg (bulk)	HNL	31 December 2015
Petroleum and flammable materials transportation licence (Licence no. FT03672015) Vehicle No. XD686R	SCDF	Licence to transport petroleum not exceeding 20,000 kg (bulk)	HNL	31 March 2016 ⁽¹⁹⁾

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Petroleum and flammable materials transportation licence (Licence no. FT01842015) Vehicle No. XD1769D	SCDF	Licence to transport petroleum not exceeding 20,000 kg (bulk)	HNL	29 February 2016
Petroleum and flammable materials transportation licence (Licence no. FT03912015) Vehicle No. XD2238M	SCDF	Licence to transport petroleum not exceeding 20,000 kg (bulk)	HNL	31 March 2016 ⁽¹⁹⁾
Petroleum and flammable materials transportation licence (Licence no. FT01732015) Vehicle No. XD2276C	SCDF	Licence to transport petroleum not exceeding 20,000 kg (bulk)	HNL	29 February 2016
Petroleum and flammable materials transportation licence (Licence no. FT02272013) Vehicle No. XD2491Y	SCDF	Licence to transport petroleum not exceeding 24,000 kg (bulk)	HNL	31 March 2015 ⁽¹⁾
Petroleum and flammable materials transportation licence (Licence no. FT11672013) Vehicle No. XD4391P	SCDF	Licence to transport petroleum not exceeding 20,000 kg (bulk)	HNL	31 October 2015
Petroleum and flammable materials transportation licence (Licence no. FT13392013) Vehicle No. XD4565E	SCDF	Licence to transport petroleum not exceeding 24,000 kg (bulk)	HNL	30 November 2015

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Petroleum and flammable materials transportation licence (Licence no. FT12692013) Vehicle No. XD6457X	SCDF	Licence to transport petroleum not exceeding 24,000 kg (bulk)	HNL	30 November 2015
Petroleum and flammable materials transportation licence (Licence no. FT05562014) Vehicle No. XD6682L	SCDF	Licence to transport petroleum not exceeding 24,000 kg (bulk)	HNL	30 April 2015 ⁽¹⁾
Petroleum and flammable materials transportation licence (Licence no. FT04552013) Vehicle No. XD6779S	SCDF	Licence to transport petroleum not exceeding 20,000 kg (bulk)	HNL	30 April 2015 ⁽¹⁾
Petroleum and flammable materials transportation licence (Licence no. FT07362014) Vehicle No. XD6832X	SCDF	Licence to transport petroleum not exceeding 24,000 kg (bulk)	HNL	31 May 2016
Petroleum and flammable materials transportation licence (Licence no. FT04562013) Vehicle No. XD6834R	SCDF	Licence to transport petroleum not exceeding 20,000 kg (bulk)	HNL	30 April 2015 ⁽¹⁾
Petroleum and flammable materials transportation licence (Licence no. FT02102015) Vehicle No. XD7787L	SCDF	Licence to transport petroleum, FM – gas not exceeding 20,000 kg (bulk)	HNL	29 February 2016

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Petroleum and flammable materials transportation licence (Licence no. FT07032014) Vehicle No. XD8741L	SCDF	Licence to transport petroleum not exceeding 20,000 kg (bulk)	HNL	31 May 2015
Petroleum and flammable materials transportation licence (Licence no. FT08602014) Vehicle No. XD8815H	SCDF	Licence to transport petroleum not exceeding 28,400 kg (bulk)	HNL	30 June 2015
Petroleum and flammable materials transportation licence (Licence no. FT10252014) Vehicle No. XD8862X	SCDF	Licence to transport petroleum not exceeding 20,000 kg (bulk)	HNL	31 July 2015
Petroleum and flammable materials transportation licence (Licence no. FT05962014) Vehicle No. XD8939J	SCDF	Licence to transport petroleum not exceeding 20,000 kg (bulk)	HNL	30 April 2015 ⁽¹⁾
Petroleum and flammable materials transportation licence (Licence no. FT01862015) Vehicle No. XE188G	SCDF	Licence to transport FM – gas, petroleum not exceeding 20,000 kg (bulk)	HNL	31 January 2016
Petroleum and flammable materials transportation licence (Licence no. FT01052015) Vehicle No. XE210A	SCDF	Licence to transport FM – gas, petroleum not exceeding 20,000 kg (bulk)	HNL	30 November 2015

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Licence, permit, approval or certification	Issuing entity/ administrative body	Description	Entity concerned	Expiry date
Petroleum and flammable materials transportation licence (Licence no. FT02242015) Vehicle No. XE169L	SCDF	Licence to transport FM – gas, petroleum not exceeding 20,000 kg (bulk)	HNL	31 January 2016
GeBiz EPU/SER/11 Service (Transportation, Towing) with Financial Limit of S7	GeBiz, Singapore Government	Certification to allow HNL to tender for public sector projects in respect of the provision of transportation and towing services up to a limit of S\$5,000,000	HNL	7 August 2016
GeBiz EPU/SER/30 Service (Management) with Financial Limit of S7	GeBiz, Singapore Government	Certification to allow HNL to tender for public sector projects in respect of the provision of management services up to a limit of S\$5,000,000	HNL	7 August 2016
GeBiz EPU/SER/34 Service (Consultant) with Financial Limit of S7	GeBiz, Singapore Government	Certification to allow HNL to tender for public sector projects in respect of the provision of consultancy services up to a limit of S\$5,000,000	HNL	7 August 2016
GeBiz EPU/SER/38 Service (Hiring of Miscellaneous Items) with Financial Limit of S7	GeBiz, Singapore Government	Certification to allow HNL to tender for public sector projects in respect of the provision of hiring of miscellaneous item services up to a limit of S\$5,000,000	HNL	7 August 2016
GeBiz EPU/SER/42 Service (Storage) with Financial Limit of S7	GeBiz, Singapore Government	Certification to allow HNL to tender for public sector projects in respect of the provision of storage services up to a limit of S\$5,000,000	HNL	7 August 2016
GeBiz EPU/SER/43 Service (Security) with Financial Limit of S7	GeBiz, Singapore Government	Certification to allow HNL to tender for public sector projects in respect of the provision of security services up to a limit of S\$5,000,000	HNL	7 August 2016
GeBiz EPU/SER/46 Service (Cleaning) with Financial Limit of S7	GeBiz, Singapore Government	Certification to allow HNL to tender for public sector projects in respect of the provision of cleaning services up to a limit of S\$5,000,000	HNL	7 August 2016

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Licence, permit, approval or certification	Issuing entity/ administrative body	Description	Entity concerned	Expiry date
Factory notification (Confirmation of Factory Notification: C130754106 HLA Container Services Pte. Ltd.)	MOM	Pursuant to the Workplace Safety and Health (Registration of Factories) Regulations 2008, there is a duty to notify the Commissioner of occupation or use of factory not falling within classes of factories described in the First Schedule	HLA	Not applicable
Cleaning business licence (Licence no.: NEA140245/8617W/N0) dated 23 June 2015	NEA	Licence to operate a cleaning business under the Environmental Public Health Act	ICFM	23 June 2015
General Builder Class 1 Certificate dated 4 June 2014	BCA	Certification to certify that ICFM is licensed as a General Builder Class 1 under the Building Control (Amendment) Act 2007 and Building Control (Licensing of Builders) Regulations 2008 and is allowed to undertake project of any value relating to general building works excluding works that have been designated as specialist works to be carried out by Specialist Builder	ICFM	3 June 2017
MW02 Housekeeping, Cleansing, Desilting & Conservancy Service (Grade L3)	BCA	Certification to certify that ICFM may tender for public sector projects in respect of including cleaning and housekeeping services for offices, buildings, compounds, industrial and commercial complexes, desilting and cleansing of drains and grasscutting up to a limit of S\$4,200,000	ICFM	1 June 2015
MW03 Landscaping (Grade L1)	BCA	Certification to certify that ICFM may tender for public sector projects in respect of the provision of landscaping services including tree planting and turfing up to a limit of S\$700,000	ICFM	1 June 2015
GeBiz EPU/SER/19 Service (Data Entry, Supply of Manpower) with Financial Limit of S7	GeBiz, Singapore Government	Certification to allow ICFM to tender for public sector projects in respect of the provision of data entry, supply of manpower services up to a limit of S\$5,000,000	ICFM	22 June 2015

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
GeBiz EPU/SER/30 Service (Management) with Financial Limit of S7	GeBiz, Singapore Government	Certification to allow ICFM to tender for public sector projects in respect of the provision of management services up to a limit of S\$5,000,000	ICFM	22 June 2015
GeBiz EPU/SER/34 Service (Consultant) with Financial Limit of S7	GeBiz, Singapore Government	Certification to allow ICFM to tender for public sector projects in respect of the provision of consultancy services up to a limit of S\$5,000,000	ICFM	22 June 2015
GeBiz EPU/SER/46 Service (Cleaning) with Financial Limit of S7	GeBiz, Singapore Government	Certification to allow ICFM to tender for public sector projects in respect of the provision of cleaning services up to a limit of S\$5,000,000	ICFM	22 June 2015
Security service provider operating licence (Licence No.: L/PS/000834/2014P) dated 13 March 2014	Singapore Police Force	Licence to operate a security service provider under Private Security Industry Act (Cap 250A) and Private Security Industry (Security Service Providers) Regulations	ICS	28 April 2015 ⁽¹⁾
Security agency operating licence (Licence No.: L/PS/001812/2014) dated 24 May 2014	Singapore Police Force	Licence to operate a security agency under Private Security Industry Act (Cap 250A) and Private Security Industry (Private Investigation and Security Agencies) Regulations	ICS	1 July 2015
ME04 (Grade L1)	BCA	Certification to certify that ICFM may tender for public sector projects in respect of the (a) installation and maintenance of communications systems (e.g. intercom & wireless radio) and security systems (e.g. CCTV security alarm, car park security control and card access system); and (b) installation and maintenance of Central Antenna Television (CATV) systems to a limit of S\$700,000	ICS	1 July 2015
GeBiz EPU/SER/30 Service (Management) with Financial Limit of S6	GeBiz, Singapore Government	Certification to allow ICS to tender for public sector projects in respect of the provision of management services up to a limit of S\$3,000,000	ICS	3 November 2015

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
GeBiz EPU/SER/43 Service (Security) with Financial Limit of S6	GeBiz, Singapore Government	Certification to allow ICS to tender for public sector projects in respect of the provision of management services up to a limit of S\$3,000,000	ICS	3 November 2015
Outdoor advertising Category A licence (Licence no. 2011/01180)	BCA	Licence to exhibit 1 UA of "LHN Group/Directory Map/Etc" near side gate 3 within compound (Display A) at 300 Tanglin Road under the Building Control (Outdoor Advertising) Regulations 2002	LHN Facilities Management	31 May 2015
Outdoor advertising Category A licence (Licence no. 2011/01183)	BCA	Licence to exhibit 1 UA of "LHN Group/Directory Map/Etc" near guardhouse within compound (Display A) at 300 Tanglin Road under the Building Control (Outdoor Advertising) Regulations 2002	LHN Facilities Management	31 May 2015
Outdoor advertising Category A licence (Licence no. 2011/01185)	BCA	Licence to exhibit 2 US of "Phoenix Park/Office campus/Etc" on the left and right main entrance wall (Display B) at 300 Tanglin Road under the Building Control (Outdoor Advertising) Regulations 2002	LHN Facilities Management	31 May 2015
Electrical installation licence (Licence no. E/91816)	EMA	Licence to use or operate electrical installation at former MHA Complex Tanglin Road Singapore 247904 under the provisions of the Electricity Act (Cap. 89A) and the Electricity (Electrical Installations) Regulations 2002	LHN Facilities Management	24 August 2015
Fire safety certificate issued on 27 April 2010	SCDF	Certification to certify that the fire safety works in the proposed alterations and additions and change of use of existing blocks A to E, G to Q, R1, R2, R3, S1 & S2 of the former ministry of Home Affairs (Phoenix Park Complex) to office have been satisfactorily completed in accordance with the requirements of FSA (Approved plan no/s: CBP/A00074/09)	LHN Facilities Management	Not applicable

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Grant of written permission (Temporary) (Decision no.: P191114-23G1-Z000) dated 25 November 2014	URA	Permission for the continued use of the existing two (2)-storey office building as office with showroom and wellness centre (including canteen and training rooms) on MK02 on lot 00272V 308 Tanglin Road (Tanglin Planning Area) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	LHN Facilities Management ⁽¹⁰⁾	6 August 2017 or until such time as may be required by SLA, whichever is earlier
Grant of written permission (Temporary) (Decision no.: P191114-25E1-Z000) dated 26 November 2014	URA	Permission for the continued use of existing Block H of the former Ministry of Home Affairs (Phoenix Park Complex) from office to in-house canteen on MK on lot 00272V 320 Tanglin Road (Tanglin Planning Area) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	LHN Facilities Management ⁽¹¹⁾	6 August 2017 or until such time as may be required by SLA, whichever is earlier
Grant of written permission (Temporary) (Decision no.: P191114-26B1-Z000) dated 26 November 2014	URA	Permission for the continued use of the existing two (2)-storey office (former Block A #01-01 to #01-26 and #02-01 to #02-13) as foreign system school at the former Ministry of Home Affairs (Phoenix Park Complex) MK02 on lot 00272V 318 Tanglin Road (Tanglin Planning Area) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	LHN Facilities Management ⁽¹²⁾	6 August 2017 or until such time as may be required by SLA, whichever is earlier
Grant of written permission (Temporary) (Decision no.: P191114-27A1-Z000) dated 26 November 2014	URA	Permission for the continued use of the existing office as child care centre/pre-school (at Block C) and foreign system school (at Block D) at the former Ministry of Home Affairs (Phoenix Park Complex) MK02 on lot 00272V 318 Tanglin Road (Tanglin Planning Area) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	LHN Facilities Management ⁽¹³⁾	6 August 2017 or until such time as may be required by SLA, whichever is earlier

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Grant of written permission (Temporary) (Decision no.: P191114-29Z1-Z000) dated 24 November 2014	URA	Permission for the continued use of the existing two (2)-storey building (Blk M) as foreign system school for Avondale Grammar School Pte. Ltd. at the former Ministry of Home Affairs (Phoenix Park Complex) MK02 on lot 00272V 304 Tanglin Road (Tanglin Planning Area) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	LHN Facilities Management ⁽¹⁴⁾	7 August 2016 or until such time as may be required by SLA, whichever is earlier
Grant of written permission (Temporary) (Decision no.: P270614-31A1-Z000) dated 17 July 2014	URA	Permission for the continued use of former Block D unit no. #01-57/58/59 as enrichment centre and former Block X08 unit no. #01-01 as food kiosk for former Ministry of Home Affairs (Phoenix Park Complex) on lot 00272V MK02 314A 318 Tanglin Road (Tanglin Planning Area) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	LHN Facilities Management ⁽¹⁵⁾	6 August 2017 or until such time as may be required by SLA, whichever is earlier
Grant of written permission (Temporary) (Decision no.: P170908-20E1-E031) dated 6 March 2015	URA	Permission for the approved additions and alterations and change of use of existing Blocks A to E, G to Q, R1, R2, R3, S1 & S2 of the former Ministry of Home Affairs (Phoenix Park Complex) to office pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	LHN Facilities Management	6 August 2017 or until such time as may be required by SLA, whichever is earlier
Grant of written permission (Temporary) (Decision no.: P040610-07C1-E011) dated 6 March 2015	URA	Permission for the approved additions and alterations to the existing single-storey office Block L (Former Block S) with addition of a mezzanine floor and outdoor pantry, at the former Ministry of Home Affairs (Phoenix Park Complex) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	LHN Facilities Management	6 August 2017 or until such time as may be required by SLA, whichever is earlier

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Grant of written permission (Temporary) (Decision no.: P271211-04H1-E011) dated 6 March 2015	URA	Permission for the approved additions and alterations and change of use of the existing two (2)-storey state building (Block M) as foreign system school for Avondale Grammar School Pte. Ltd. at the former Ministry of Home Affairs (Phoenix Park Complex)	LHN Facilities Management	6 August 2017 or until such time as may be required by SLA, whichever is earlier
Electrical installation licence (Licence no. E/113179)	EMA	Licence to use or operate an electrical installation at 15 Robin Road Singapore 258196 under the provisions of the Electricity Act (Chapter 89A) and the Electricity (Electrical Installations) Regulations 2002	LHN Group	21 November 2015
Electrical installation licence (Licence no. E/108362)	EMA	Licence to use or operate an electrical installation at 34 Boon Leat Terrace Singapore 119866 under the provisions of the Electricity Act (Chapter 89A) and the Electricity (Electrical Installations) Regulations 2002	LHN Group	28 December 2015
Fire Certificate issued on 29 July 2014	SCDF	Certification to authorise 34 Boon Leat Terrace comprising B1 to B2, 1st to 5th storey with roof access at 34 Boon Leat Terrace Singapore 119866 to be occupied or used as factory pursuant to Regulation 26 of The Fire Safety (Building Fire Safety) Regulations 1994	LHN Group	28 July 2015
Heavy vehicle park licence no. 11986600000074 for 7 Trailer Lots at 34 Boon Leat Terrace (Licence type: New HV Park Application)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Group	30 September 2017

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Grant of written permission (Temporary) (Decision No. P101110-3811-E011) dated 7 August 2013	URA	Permission for the continued use of the State Property (former Gan Eng Seng Secondary School) as follows: Block C (Units #01-33 and #02-33) as commercial school, Block B (units #01-13/21) and Block A (#03-01/02/03 and #04-01/02/03) as office, Block B as office with ancillary café and ice cream parlour and Block C & podium block as office, Block B (units #01-24 to #01-27) from ice cream parlour and management office as restroom and common area with ancillary office, Block B (unit #01-16) from office to shop (convenience store) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	LHN Group	24 September 2016, or until such a time as may be required by SLA, whichever is earlier
Outdoor advertising Category A licence (Licence no. 2012/00383)	BCA	Licence to exhibit 1 US of "LHN GROUP" on facade at 34 Boon Leat Terrace under the Building Control (Outdoor Advertising) Regulations 2002	LHN Group	31 January 2016
GeBiz EPU/SER/11 Service (Transportation, Towing) with Financial Grade of S10	GeBiz, Singapore Government	Certification to allow LHN Group to tender for public sector projects in respect of the provision of transportation and towing services of more than S\$30,000,000	LHN Group	14 May 2015
GeBiz EPU/SER/17 Service (Exhibition/Event Management) with Financial Grade of S10	GeBiz, Singapore Government	Certification to allow LHN Group to tender for public sector projects in respect of the provision of exhibition and event management services of more than S\$30,000,000	LHN Group	14 May 2015
GeBiz EPU/SER/30 Service (Management) with Financial Grade of S10	GeBiz, Singapore Government	Certification to allow LHN Group to tender for public sector projects in respect of the provision of management services of more than S\$30,000,000	LHN Group	14 May 2015
GeBiz EPU/SER/34 Service (Consultant) with Financial Grade of S10	GeBiz, Singapore Government	Certification to allow LHN Group to tender for public sector projects in respect of the provision of consultant services of more than S\$30,000,000	LHN Group	14 May 2015

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Licence, permit, approval or certification	Issuing entity/ administrative body	Description	Entity concerned	Expiry date
GeBiz EPU/SER/38 Service (Hiring of Miscellaneous items) with Financial Grade of S10	GeBiz, Singapore Government	Certification to allow LHN Group to tender for public sector projects in respect of the provision of hiring of miscellaneous items of more than S\$30,000,000	LHN Group	14 May 2015
GeBiz EPU/SER/42 Service (Storage) with Financial Grade of S10	GeBiz, Singapore Government	Certification to allow LHN Group to tender for public sector projects in respect of the provision of storage services of more than S\$30,000,000	LHN Group	14 May 2015
GeBiz EPU/SER/43 Service (Security) with Financial Grade of S10	GeBiz, Singapore Government	Certification to allow LHN Group to tender for public sector projects in respect of the provision of security services of more than S\$30,000,000	LHN Group	14 May 2015
GeBiz EPU/SER/46 Service (Cleaning) with Financial Grade of S10	GeBiz, Singapore Government	Certification to allow LHN Group to tender for public sector projects in respect of the provision of cleaning services of more than S\$30,000,000	LHN Group	14 May 2015
Fire safety certificate issued on 29 March 2010	SCDF	Certification to certify that the fire safety works in respect of the proposed alterations and additions and change of use of the existing two (2) and three (3)-storey convalescent home to a two (2) and three (3)-storey temporary foreign domestic worker dormitory on lots 946W, 947V and 5409P(PT) MK 13 at 420 and 324A Keramat Road (Woodlands planning area) have been satisfactorily completed in accordance with the requirements of the FSA (Chapter 109A), Section 29(3)(a), including its regulations	LHN Management Services	Not applicable
Grant of written permission (Temporary) (Decision No. P290508-39G2-E021) dated 10 April 2014	URA	Permission for the continued use of the existing two (2) and three (3)-storey convalescent home as a two (2) and three (3)-storey temporary foreign workers' dormitory pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	LHN Management Services	27 March 2017, or until such a time as may be required by SLA, whichever is earlier

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Clearance Certificate (Project ref no. E2501-00117-2010 BP002) dated 6 May 2011	NEA	Clearance Certificate is issued pursuant to Section 33(5) of the Sewerage and Drainage Act Chapter 294 and the Sewerage and Drainage (Sanitary Works) Regulations in respect of the proposed minor sewer for proposed alterations and addition and change of use of the existing two (2)-storey and three (3)-storey foreign domestic worker dormitory	LHN Management Services	Not applicable
Outdoor advertising Category A licence (Licence no. 2011/03841)	BCA	Licence to exhibit 1 SB of "LHN GROUP/OFFICE/STORAGE SPACE FOR LEASE/ETC" on facade at 1557 Keppel Road under the Building Control (Outdoor Advertising) Regulations 2002	LHN Properties Investments	31 October 2015
Outdoor advertising Category A licence (Licence no. 2014/01475)	BCA	Licence to exhibit 1 US of "SPORTS STAGE" on facade at 200 Pandan Gardens under the Building Control (Outdoor Advertising) Regulations 2002	LHN Properties Investments	30 April 2015 ⁽¹⁾
Electrical installation licence (Licence no. E/111923)	EMA	Licence to use or operate an electrical installation at 200 Pandan Gardens Singapore 609336 under the provisions of the Electricity Act (Chapter 89A) and the Electricity (Electrical Installations) Regulations 2002	LHN Properties Investments	27 August 2015
Electrical installation licence (Licence no. E/107516)	EMA	Licence to use or operate an electrical installation at 1557 Keppel Road Singapore 089066 under the provisions of the Electricity Act (Chapter 89A) and the Electricity (Electrical Installations) Regulations 2002	LHN Properties Investments	26 October 2015

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Fire safety certificate issued on 2 September 2014	SCDF	Certification to certify that the fire safety works in respect of the proposed additions and alterations to existing Block 1 of two (2)-storey building, two (2) blocks of single storey buildings with change of use from swimming complex (Pandan Garden Swimming Complex) to ancillary retails, ancillary F&B use, sports facility, fitness centre and futsal court (temporary use) on Lot 06845W MK 05 at 200 Pandan Gardens Singapore 609336 (Jurong East Planning Area) have been satisfactorily completed in accordance with the requirements of FSA (Approved plan no/s: CBP/A03413/1303, CBP/A03413/13, CBP/A03413/1302, CBP/A03413/1301)	LHN Properties Investments	Not applicable
Grant of written permission (Temporary) (Decision No. P041012-10H3-Z000) dated 6 June 2013	URA	Permission for the proposed amendment to approved additions and alterations to existing one (1) block of two (2)-storey building, two (2) blocks of single storey buildings with change of use from swimming complex (Pandan Garden Swimming Complex) to ancillary retail, ancillary F&B use, sports facility, fitness center and futsal court (temporary use), pursuant to Section 14(4) of the Planning Act (Cap. 232, 1998 Ed)	LHN Properties Investments	27 August 2015, or until such a time as may be required by the SLA, whichever is earlier
Grant of written permission (Temporary) (Decision No. P030513-32F1-Z000) dated 16 May 2013	URA	Permission for the proposed use of state property at 34 Pulau Ubin for shop (sale of tour packages, sports equipment and eco-planting workshop) with ancillary resting area, pursuant to Section 14(4) of the Planning Act (Cap. 232, 1998 Ed)	LHN Properties Investments ⁽¹⁶⁾	24 October 2015, or until such a time as may be required by the SLA, whichever is earlier

GENERAL INFORMATION ON OUR GROUP

Licence, permit, approval or certification	Issuing entity/ administrative body	Description	Entity concerned	Expiry date
Grant of written permission (Temporary) (Decision No. P170608-11F1-E021) dated 16 December 2013	URA	Permission for the proposed continued use of the single storey building on MK31 on Lot 04199T 23A, 23B Turnhouse Road (Changi Planning Area) as restaurant, pursuant to Section 14(4) of the Planning Act (Cap. 232, 1998 Ed)	LHN Properties Investments	1 January 2017, or until such a time as may be required by the SLA, whichever is earlier
Grant of written permission (Temporary) (Decision No. P010314-06G2-Z000) dated 16 May 2014	URA	Permission for the proposed retention of guard house to existing office building development on MK23 on Lots 98650T PT, 98651A PT at 1557 Keppel Road pursuant to Section 14(4) of the Planning Act (Cap. 232, 1998 Ed)	LHN Properties Investments	On the lapsing of the tenancy agreement with SLA, or until such a time as may be required by the SLA, whichever is earlier
Grant of written permission (Decision No. P110215-10B1-Z000) dated 28 February 2015	URA	Permission for the proposed change of use of 42 Pulau Ubin to take-away food shop with sale of souvenirs	LHN Properties Investments ⁽¹⁷⁾	31 January 2016, or until such a time as may be required by the SLA, whichever is earlier
Heavy vehicle park licence (Licence no. 31926300000085) for 6 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017
Heavy vehicle park licence (Licence no. 31926300000084) for 3 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Heavy vehicle park licence (Licence no. 31926300000083) for 5 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017
Heavy vehicle park licence (Licence no. 31926300000082) for 3 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017
Heavy vehicle park licence (Licence no. 31926300000070) for 25 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017
Heavy vehicle park licence (Licence no. 31926300000063) for 30 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017
Heavy vehicle park licence (Licence no. 31926300000075) for 5 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Heavy vehicle park licence (Licence no. 31926300000068) for 20 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017
Heavy vehicle park licence (Licence no. 31926300000081) for 3 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017
Heavy vehicle park licence (Licence no. 31926300000080) for 2 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017
Heavy vehicle park licence (Licence no. 31926300000074) for 1 HV Lot at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017
Heavy vehicle park licence (Licence no. 31926300000079) for 2 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Heavy vehicle park licence (Licence no. 31926300000073) for 1 HV Lot at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017
Heavy vehicle park licence (Licence no. 31926300000078) for 3 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017
Heavy vehicle park licence (Licence no. 31926300000067) for 30 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017
Heavy vehicle park licence (Licence no. 31926300000072) for 10 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017
Heavy vehicle park licence (Licence no. 31926300000066) for 10 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Heavy vehicle park licence (Licence no. 31926300000061) for 30 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Renew heavy vehicle park with lease extension)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017
Heavy vehicle park licence (Licence no. 31926300000077) for 2 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017
Heavy vehicle park licence (Licence no. 31926300000071) for 10 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017
Heavy vehicle park licence (Licence no. 31926300000076) for 8 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017
Heavy vehicle park licence (Licence no. 31926300000069) for 5 HV Lots at 25 Lorong 8 Toa Payoh (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	30 June 2017

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Heavy vehicle park licence (Licence no. 76844100000240) for 5 HV Lots at 1 Yishun Street 23 (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	31 October 2015
Heavy vehicle park licence (Licence no. 76844100000233) for 9 HV Lots at 1 Yishun Street 23 (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	31 October 2015
Heavy vehicle park licence (Licence no. 76844100000232) for 1 HV Lot at 1 Yishun Street 23 (Licence type: Renewal of Licence within the lease period)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	31 October 2015
Heavy vehicle park licence (Licence no. 76844100000231) for 15 HV Lots at 1 Yishun Street 23 (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	31 March 2015 ⁽¹⁾
Heavy vehicle park licence (Licence no. 76844100000226) for 5 HV Lot at 1 Yishun Street 23 (Licence type: Renewal of Licence within the lease period)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	31 March 2015 ⁽¹⁾

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Heavy vehicle park licence (Licence no. 76844100000239) for 5 HV Lots at 1 Yishun Street 23 (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	31 March 2015 ⁽¹⁾
Heavy vehicle park licence (Licence no. 76844100000244) for 20 HV Lots at 1 Yishun Street 23 (Licence type: Add Lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	31 October 2015
Heavy vehicle park licence (Licence no. 76844100000242) for 10 HV Lots at 1 Yishun Street 23 (Licence type: Add lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	31 March 2015 ⁽¹⁾
Heavy vehicle park licence (Licence no. 76844100000245) for 15 HV Lots at 1 Yishun Street 23 (Licence type: Add lots within maximum allowed)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Vehicle Parking Management	31 March 2015 ⁽¹⁾
GeBiz EPU/SER/11 Service (Transportation, Towing) with Financial Limit of S7	GeBiz, Singapore Government	Certification to allow LHN Vehicle Parking Management to tender for public sector projects in respect of the provision of transportation and towing services up to a limit of S\$5,000,000	LHN Vehicle Parking Management	18 May 2016
GeBiz EPU/SER/19 Service (Data Entry, Supply of Manpower Services) with Financial Limit of S7	GeBiz, Singapore Government	Certification to allow LHN Vehicle Parking Management to tender for public sector projects in respect of the provision of data entry, supply of manpower services up to a limit of S\$5,000,000	LHN Vehicle Parking Management	18 May 2016

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
GeBiz EPU/SER/30 Service (Management) with Financial Limit of S7	GeBiz, Singapore Government	Certification to allow LHN Vehicle Parking Management to tender for public sector projects in respect of the management services up to a limit of S\$5,000,000	LHN Vehicle Parking Management	18 May 2016
GeBiz EPU/SER/42 Service (Storage) with Financial Limit of S7	GeBiz, Singapore Government	Certification to allow LHN Vehicle Parking Management to tender for public sector projects in respect of storage services up to a limit of S\$5,000,000	LHN Vehicle Parking Management	18 May 2016
Heavy vehicle park licence (Licence no. 61941800000005) for 4 HV Lots at 8 Jalan Papan (Licence type: Add Additional Licence with Site Plan)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Space Resources	31 October 2015
Heavy vehicle park licence (Licence no. 61941800000004) for 2 HV Lots at 8 Jalan Papan (Licence type: Add Additional Licence with Site Plan)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Space Resources	31 October 2015
Heavy vehicle park licence (Licence no. 61941800000003) for 5 HV Lots at 8 Jalan Papan (Licence type: Add Additional Licence with Site Plan)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Space Resources	31 October 2015
Heavy vehicle park licence (Licence no. 61941800000002 for 18 HV Lots and 20 Trailer Lots at 8 Jalan Papan (Licence type: Convert HV Park Application)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Space Resources	31 October 2015

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Heavy vehicle park licence (Licence no. 09941800000024) for 24 HV Lots at 43 Keppel Road (Licence type: New HV Park Application)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicle	LHN Space Resources	31 January 2018
Heavy vehicle park licence (Licence no. 60912200000009) for 40 HV Lots, 51 Trailer Lots and 31 20-foot Trailer Lots at 4 Penjuru Road (Licence type: Renew HV Park with Lease Extension)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Space Resources	30 June 2016
Heavy vehicle park licence (Licence no. 60912600000001) for 38 HV Lots, 35 Trailer Lots and 5 20-foot Trailer Lots at 18 Penjuru Road (Licence type: New HV Park Application)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	LHN Space Resources	31 May 2015
Electrical installation licence (Licence no. E/122161)	EMA	Licence to use or operate electrical installation at 43 Keppel Road Singapore 099418 under the provisions of the Electricity Act (Cap. 89A) and the Electricity (Electrical Installations) Regulations 2002	LHN Space Resources	5 August 2015
Electrical installation licence (Licence no. E/108362)	EMA	Licence to use or operate an electrical installation at 34 Boon Leat Terrace Singapore 119866 under the provisions of the Electricity Act (Chapter 89A) and the Electricity (Electrical Installations) Regulations 2002	LHN Space Resources	28 December 2015

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Electrical installation licence (Licence no. E/100015)	EMA	Licence to use or operate an electrical installation at Lot 449 Jalan Papan Storage Space Singapore 610000 under the provisions of the Electricity Act (Chapter 89A) and the Electricity (Electrical Installations) Regulations 2002	LHN Space Resources	31 May 2015
Electrical installation licence (Licence no. E/103415)	EMA	Licence to use or operate an electrical installation at 15 Jalan Terusan (Lot 505 Mukim 6) Singapore 619294 under the provisions of the Electricity Act (Chapter 89A) and the Electricity (Electrical Installations) Regulations 2002	LHN Space Resources	19 January 2016
Electrical installation licence (Licence no. E/99248)	EMA	Licence to use or operate an electrical installation at 4 Penjuru Road (Lot 2996 Mukim 5) Singapore 609122 under the provisions of the Electricity Act (Chapter 89A) and the Electricity (Electrical Installations) Regulations 2002	LHN Space Resources	15 April 2015 ⁽¹⁾
Electrical installation licence (Licence no. E/100033)	EMA	Licence to use or operate an electrical installation at 18 Penjuru Road (Lot 2339C Pt Mukim 5) Singapore 609126 under the provisions of the Electricity Act (Chapter 89A) and the Electricity (Electrical Installations) Regulations 2002	LHN Space Resources	1 June 2015
Fire Safety Certificate issued on 3 July 2012	SCDF	Certification to certify that the fire safety works in respect of the proposed additions and alterations to existing five (5) storey ancillary office building involving a new erection of staircase at 5th and lower roof storey on Lot 01434V MK03 at 34 Boon Leat Terrace Singapore 119866 have been satisfactorily completed in accordance with the requirements of the FSA, Section 29(3)(a), including its regulations	LHN Space Resources	Not applicable

GENERAL INFORMATION ON OUR GROUP

Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Fire safety certificate issued on 25 June 2012	SCDF	Certification to certify that the fire safety works in respect of the proposed additions and alterations to existing offices at 4th, 5th and lower roof storey on lot 01434V MK 03 at 34 Boon Leat Terrace Singapore 119866 have been satisfactorily completed in accordance with the requirements of the FSA, Section 29(3)(a), including its regulations	LHN Space Resources	Not applicable
Petroleum & flammable materials storage licence (Licence no.: FS12382014)	SCDF	Licence to store 27,000 litres of petroleum at 4 Penjuru Road Singapore 609122 pursuant to the FSA	LHN Space Resources	30 June 2016
Certificate of statutory completion (CSC 201232103) dated 1 August 2012	BCA	Certification to certify that the building works in respect of the proposed additions and alterations to existing five (5)-storey ancillary office building involving a new erection of staircase at 5th and lower roof storey on Lot 01434V MK03 at 34 Boon Leat Terrace Singapore 119866 (Queenstown Planning Area) have been satisfactorily completed in accordance with the provisions of the Building Control Act and the Regulations made thereunder and that occupation thereof is permitted	LHN Space Resources	Not applicable
MW04 Pest Control (Grade: L1)	BCA	Certification to certify that Nopest may tender for public sector projects in respect of the extermination and control of pests in installations, buildings and complexes up to the specified tendering limit	Nopest	1 September 2015

GENERAL INFORMATION ON OUR GROUP

Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Permit to store and use hazardous substances (Permit no.: N0323P140474)	NEA	Permission for the use (use only, no storage) the specified hazardous substances in the quantity/quantities specified and for the purposes specified, pursuant to the Environmental Protection and Management Act and Regulation 17 of the Environmental Protection and Management (Hazardous Substances) Regulations	Nopest ⁽¹⁸⁾	5 August 2016
Certificate of Registration as Vector Control Operator (Registration no. NEA200915626H)	NEA	Certificate of registration issued under the Control of Vectors and Pesticides Act (Chapter 59) to certify that Nopest is registered as a Vector Control Operator	Nopest	26 August 2015
Electrical installation licence (Licence no. E/08449)	EMA	Licence to use or operate an electrical installation at 72 Eunos Avenue 7 Singapore 409570 under the provisions of the Electricity Act (Chapter 89A) and the Electricity (Electrical Installations) Regulations 2002	Singapore Handicrafts	9 April 2016 ⁽¹⁹⁾
Grant of written permission (Temporary) (Decision no.: P151112-22C2-Z000) dated 26 December 2012	URA	Permission for the proposed additions and alterations to existing six (6)-storey single user light industrial factory on lot 02517P MK23 at 72 Eunos Avenue 7 (Geylang Planning Area) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	Singapore Handicrafts	1 January 2041 or whichever date as may be required by HDB, whichever is earlier
Clearance Certificate (Project Ref. No: A1900-00330-2012 BP001) dated 2 May 2014	NEA	Clearance Certificate is issued pursuant to Section 33(5) of the Sewerage and Drainage Act Chapter 294 in respect of the proposed additions and alterations to existing six (6)-storey single user light industrial factory on lot 02517P MK23 at 72 Eunos Avenue 7 (Geylang Planning Area)	Singapore Handicrafts	Not applicable

GENERAL INFORMATION ON OUR GROUP

Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
NEA Approval on change of use of industrial premises at 72 Eunos Avenue 7 dated 25 August 2014	NEA	<p>Approval for the proposed use of industrial premises at 72 Eunos Avenue 7 Singapore Handicrafts Building by Singapore Handicrafts Pte Ltd for warehousing, storage, packing and unpacking, and assembly of industrial and household products</p> <p>The proposed use shall comply with the Singapore Standard on the Code of Practice for Pollution Control (i.e. SS593:2013), the Code of Practice on Environmental Health, the Code of Practice on Sewerage and Sanitary Works, the Code of Practice on Surface Water Drainage, the Environmental Protection and Management Act, the Environmental Public Health Act, the Energy Conservation Act, the Sewerage and Drainage Act, and their Regulations</p>	Singapore Handicrafts	Not applicable
Outdoor advertising Category A licence (Licence no. 2014/02585)	BCA	Licence to exhibit the sign "Singapore Handicrafts Building/LHN Group" on building wall (Signs A, B, C) at 72 Eunos Avenue 7 in accordance with the Building Control (Outdoor Advertising) Regulations 2002	Singapore Handicrafts	30 June 2015
Advertising Permit (Permit No. 2014/02586)	BCA	Permission to erect/retain the sign "Singapore Handicrafts Building/LHN Group" on building wall (Sign A only) at 72 Eunos Avenue 7 in accordance with the Building Control (Temporary Building) Regulations	Singapore Handicrafts	30 June 2015

GENERAL INFORMATION ON OUR GROUP

Licence, permit, approval or certification	Issuing entity/ administrative body	Description	Entity concerned	Expiry date
In-principle approval to the proposed use of industrial premises at 72 Eunos Avenue 7 #01-01 by m/s Singapore Handicrafts (2012) for manufacture of high quality rosewood furniture dated 2 September 2013	NEA	Permission for the use of industrial premises at 72 Eunos Avenue 7 #01-01 by m/s Singapore Handicrafts (2012) Pte. Ltd. for manufacture of high quality rosewood furniture	Singapore Handicrafts (2012)	Not applicable
Approval for Registration of Traders, Common Carriers and Others dated 20 September 2012	Singapore Customs	Approval for Registration of Traders, Common Carriers and Others under Regulation 37(1) of the Regulation of Imports and Exports Regulation	Singapore Handicrafts (2012)	Not applicable
Electrical installation licence (Licence no. E/116677)	EMA	Licence to use or operate an electrical installation at 2 Tuas South Avenue 2 Singapore 637601 under the provisions of the Electricity Act (Chapter 89A) and the Electricity (Electrical Installations) Regulations 2002	Soon Wing Investments	22 July 2015
Electrical installation licence (Licence no. E/91820)	EMA	Licence to use or operate an electrical installation at 2 Soon Wing Road Singapore 347893 under the provisions of the Electricity Act (Chapter 89A) and the Electricity (Electrical Installations) Regulations 2002	Soon Wing Investments	24 August 2015
Electrical installation licence (Licence no. E/124525)	EMA	Licence to use or operate an electrical installation at 18 New Industrial Road Singapore 536205 under the provisions of the Electricity Act (Chapter 89A) and the Electricity (Electrical Installations) Regulations 2002	Soon Wing Investments	14 January 2016

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Fire certificate issued on 23 April 2014	SCDF	Certification to authorise the premises known as 2 Tuas South Avenue 2 comprising six (6) storey single-user industrial development with ancillary facilities and basement car park at 2 Tuas South Avenue 2 Singapore 637601 to be occupied or used as industrial, warehouse and office pursuant to Regulation 26 of The Fire Safety (Building Fire Safety) Regulations 1994	Soon Wing Investments	22 April 2015 ⁽¹⁾
Notice of Approval (Ref No. DFP/A00015/10) dated 9 June 2010	SCDF	Approval pursuant to Section 23(4) of the FSA for the proposed automatic fire sprinkler and automatic fire alarm systems for proposed additions and alterations to existing eight (8) storey with basement multiple-user clean and light industrial building on Lot 03146M Mukim 24 at 2 Soon Wing Road Singapore 347893	Soon Wing Investments	Not applicable
Notice of Approval (Ref No. DBP/A00015/10) dated 18 January 2010	SCDF	Approval pursuant to Section 23(4) of the FSA for the proposed additions and alterations to existing eight (8) storey with basement multiple-user clean and light industrial building on Lot 03146M Mukim 24 at No. 2 Soon Wing Road Singapore	Soon Wing Investments	Not applicable
Grant of written permission (Temporary) (Decision No. P170413-05I3-Z000) dated 14 August 2013	URA	Permission for the proposed additions and alterations to existing part four (4)/part six (6) storey single-user industrial development with ancillary facilities and basement carpark on Lot 02865P MK07 2 Tuas South Avenue 2 (Tuas Planning Area) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	Soon Wing Investments	14 August 2015

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Heavy vehicle park licence (Licence no. 63746600000002) for 13 Trailer Lots at 10 Tuas South Street 1 (Licence type: New HV Park Application)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	Work Plus Store	31 August 2016
Heavy vehicle park licence (Licence no. 63746500000002) for 9 HV Lots at 20 Tuas South Street 1 (Licence type: New HV Park Application)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	Work Plus Store	31 August 2016
Heavy Vehicle Park Licence No. 63746400000002 for 12 HV Lots and 13 20-foot Trailer Lots at 30 Tuas South Street 1 (Licence type: New HV Park Application)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	Work Plus Store	31 August 2016
Heavy vehicle park licence (Licence no. 63746300000002) for 11 HV Lots, 18 Trailer Lots and 13 20-foot Trailer Lots at 40 Tuas South Street 1 (Licence type: New HV Park Application)	LTA	Licence to maintain or operate a private parking place for the parking or housing of one (1) or more heavy vehicles	Work Plus Store	31 August 2016
Electrical installation licence (Licence no. E/85833)	EMA	Licence to use or operate an electrical installation at 10 Tuas South Street 1 Singapore 637466 under the provisions of the Electricity Act (Chapter 89A) and the Electricity (Electrical Installations) Regulations 2002	Work Plus Store	17 July 2015

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Electrical installation licence (Licence no. E/85228)	EMA	Licence to use or operate an electrical installation at 20 Tuas South Street 1 Singapore 637465 under the provisions of the Electricity Act (Chapter 89A) and the Electricity (Electrical Installations) Regulations 2002	Work Plus Store	10 June 2015
Electrical installation licence (Licence no. E/84645)	EMA	Licence to use or operate an electrical installation at 30 Tuas South Street 1 Singapore 637464 under the provisions of the Electricity Act (Chapter 89A) and the Electricity (Electrical Installations) Regulations 2002	Work Plus Store	2 May 2015
Electrical installation licence (Licence no. E/83834)	EMA	Licence to use or operate an electrical installation at 40 Tuas South Street 1 Singapore 637463 under the provisions of the Electricity Act (Chapter 89A) and the Electricity (Electrical Installations) Regulations 2002	Work Plus Store	11 March 2016 ⁽¹⁹⁾
Electrical installation licence (Licence no. E/110675)	EMA	Licence to use or operate an electrical installation at 16 Tuas South Street 2 Singapore 637786 under the provisions of the Electricity Act (Chapter 89A) and the Electricity (Electrical Installations) Regulations 2002	Work Plus Store	4 June 2015
Fire safety certificate issued on 17 December 2013	SCDF	Certification to certify that the fire safety works in respect of the proposed additions and alterations to existing factory at 2nd storey on Lot No. 2209 MK 7 at 16 Tuas South Street (Tuas Planning Area) have been satisfactorily completed in accordance with the requirements of the FSA, Section 29(3)(a), including its regulations	Work Plus Store	Not applicable

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Licence, permit, approval or certification	Issuing entity/ administrative body	Description	Entity concerned	Expiry date
Grant of written permission (Temporary) (Decision No. P210512-18H2-Z000) dated 11 October 2012	URA	Permission for the proposed retention of open storage area to the existing warehouse development on Lot 02584P MK07 Tuas South Street 1 (Tuas Planning Area) pursuant to Section 14(4) of the Planning Act (Cap 232, 1998 Ed)	Work Plus Store	Not applicable

Notes:

- (1) These licences, permits, approvals and certifications (as the case may be) have expired in March 2015 or will expire in April 2015. For licences, permits, approvals and certificates which have expired in March 2015, we are in the process of renewing or replacing them. We constantly monitor the expiry and renewal of our licences, permits, approvals and certifications and will apply for the renewal of these licences, permits, approvals and certifications which are expiring as and when they are due for renewal.

Save for the petroleum and flammable materials transportation licence (which we require in order to transport classes of petroleum or any flammable material in excess of the respective quantities specified in the Second Schedule of the FS(PFM)R) and the heavy vehicle park licence (which we require for our car park management services), our Directors are of the view that the non-renewal of any of these licences, permits, approvals and certifications when they expire will not have a material adverse impact on our business. As at the Latest Practicable Date, barring any unforeseen circumstances, our Directors are not aware of any reason which would cause or lead to non-renewal of any of these licences, permits, approvals and certifications for our business and operations.

- (2) The written permission (Decision no.: P150514-35F1-Z000) is granted to a specific individual who is an employee of CEC Holdings and has applied for the permission on behalf of CEC Holdings.
- (3) The written permission (Decision no.: P230211-26I1-E021) is granted to a specific individual who is an employee of HNFМ and has applied for the permission on behalf of HNFМ.
- (4) The written permission (Decision no.: P260610-02C2-E021) is granted to a specific individual who is an employee of HNFМ and has applied for the permission on behalf of HNFМ.
- (5) The written permission (Decision no.: P260115-03H1-Z000) is granted to a specific individual who is an employee of HNFМ and has applied for the permission on behalf of HNFМ.
- (6) The written permission (Decision no.: P020215-11G1-Z000) is granted to a specific individual who is an employee of HNFМ and has applied for the permission on behalf of HNFМ.
- (7) The written permission (Decision no.: P020215-44G1-Z000) is granted to a specific individual who is an employee of HNFМ and has applied for the permission on behalf of HNFМ.
- (8) The written permission (Decision no.: P260115-12C1-Z000) is granted to a specific individual who is an employee of HNFМ and has applied for the permission on behalf of HNFМ.
- (9) The written permission (Decision no.: P050208-06C1-E021) is granted to a specific individual who is an employee of LHN Group and has applied for the permission on behalf of HNL.
- (10) The written permission (Decision no.: P191114-23G1-Z000) is granted to a specific individual who is an employee of LHN Facilities Management and has applied for the permission on behalf of LHN Facilities Management.
- (11) The written permission (Decision no.: P191114-25E1-Z000) is granted to a specific individual who is an employee of LHN Facilities Management and has applied for the permission on behalf of LHN Facilities Management.
- (12) The written permission (Decision no.: P191114-26B1-Z000) is granted to a specific individual who is an employee of LHN Facilities Management and has applied for the permission on behalf of LHN Facilities Management.
- (13) The written permission (Decision no.: P191114-27A1-Z000) is granted to a specific individual who is an employee of LHN Facilities Management and has applied for the permission on behalf of LHN Facilities Management.

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- (14) The written permission (Decision no.: P191114-29Z1-Z000) is granted to a specific individual who is an employee of LHN Facilities Management and has applied for the permission on behalf of LHN Facilities Management.
- (15) The written permission (Decision no.: P270614-31A1-Z000) is granted to a specific individual who is an employee of LHN Facilities Management and has applied for the permission on behalf of LHN Facilities Management.
- (16) The written permission (Decision no.: P030513-32F1-Z000) is granted to a specific individual who is an employee of LHN Properties Investments and has applied for the permission on behalf of LHN Properties Investments.
- (17) The written permission (Decision no.: P110215-10B1-Z000) is granted to a specific individual who is an employee of LHN Properties Investments and has applied for the permission on behalf of LHN Properties Investments.
- (18) The permit to store and use hazardous substances (Permit No.: N0323P140474) is issued to a specific individual who is an employee of ICFM, which applied for the permit on behalf of its associated company, Nopest.
- (19) These licences were renewed after the Latest Practicable Date.

During our Group's routine fire safety inspections conducted in March 2014, we discovered that the Keppel Road Property and the Depot Lane Property, which LHN Properties Investments and HNC took over from previous master lessees, required upgrades to their fire safety measures. In March 2014, the Group engaged a qualified professional, AGA Architects Pte Ltd, to advise on the matter. Thereafter, fire safety upgrade plans were submitted to the SCDF for approval. However, as the Keppel Road Property and the Depot Lane Property were built in the 1950s, certain architectural designs of the buildings could not meet the standards set out in the Fire Code 2013. In this connection, LHN Properties Investments (in respect of the Keppel Road Property) and HNC (in respect of the Depot Lane Property) submitted waiver applications for the waiver of certain requirements relating to fire safety in respect of the Keppel Road Property and the Depot Lane Property on 6 June 2014 and 1 July 2014 respectively.

The Commissioner of SCDF subsequently granted waivers which are subject to certain terms and conditions in respect of the Keppel Road Property and the Depot Land Property on 16 July 2014 and 24 July 2014 respectively ("**Waivers**"). In order to fulfill the terms and conditions as set out in the respective Waivers, a specialist contractor has been engaged to carry out the relevant fire safety works. The relevant fire safety works have commenced on 1 February 2015 and are expected to be completed by the end of May 2015. After the required fire safety works are completed, LHN Properties Investments and HNC will proceed to apply for Fire Safety Certificates in respect of the Keppel Road Property and the Depot Lane Property.

Save for the respective Fire Safety Certificates for the Keppel Road Property and the Depot Lane Property as disclosed above which our Group will apply for once they have satisfied the conditions stipulated in the Waivers, to the best of our Directors' knowledge and belief, our Group has obtained all material licences, permits, approvals and certifications for our business operations.

As at the Latest Practicable Date, none of the abovementioned licences, permits and approvals have been suspended, revoked or cancelled and to the best of our knowledge and belief, we are not aware of any facts or circumstances which would cause such licences, permits and approvals to be suspended, revoked or cancelled as the case may be, or for any applications for, or renewal of, any of these licences, permits and approvals to be rejected

GENERAL INFORMATION ON OUR GROUP

by the relevant authorities. Save as disclosed above, our business operations are not subject to any special legislations or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Singapore.

Indonesia

Regulations Governing Operating and Managing Serviced Offices

PT HNG and PT Hub Hijau are both limited liability companies duly incorporated under the laws of Indonesia (collectively referred to as the “**Indonesian Companies**”). As the Indonesian Companies are foreign investment (PMA) companies, a business licence (“**izin usaha**”) from the Indonesia Investment Coordinating Board (*Badan Koordinasi Pananaman Modal*) (“**BKPM**”) must be obtained to operate and manage serviced offices.

The Indonesian Companies and their respective business operations are governed by Law No. 25 of Year 2007, Head of BKPM Regulation No. 5 of Year 2013, as amended by Head of BKPM Regulation No. 12 of Year 2013, and Presidential Regulation No. 39 of Year 2014 (Indonesian Negative Investment List).

The Indonesian Companies have obtained the izin usaha from BKPM to operate and manage four (4) serviced office units located at EightyEight@Kasablanka Office Tower, Lantai 38, Jl. Casablanca Raya Kav. 88, Kelurahan Menteng Dalam, Kecamatan Tebet, Kota Administrasi Jakarta Selatan, Indonesia (“**Indonesia Property**”). The building owner of the Indonesia Property is generally responsible for the logistics services, fire safety, workplace safety and healthy, work injury compensation, environmental management. The Indonesian Companies are only responsible for complying with the following in relation to carrying on the business of operating and managing serviced office units at the Indonesia Property:

(a) Workplace Safety and Health

Employers in Indonesia are required to register their employees (including foreigners) in two (2) programs of the Social Security Agency (“**BPJS**”) according to Law No. 40 of Year 2004 and Law No. 24 of Year 2011, namely *BPJS Kesehatan* and *BPJS Ketenagakerjaan*. Since 1 January 2014, health security is managed under *BPJS Kesehatan*, whereas work accident security, old age security, pension security and death security is managed under *BPJS Ketenagakerjaan*. The Indonesian Companies have registered their respective employees in both programs.

(b) Environmental Laws and Regulations

As the Indonesian Companies are domiciled in Jakarta, provisions of the Governor of DKI Jakarta Decree No. 2333/2002 and Minister of Environment Regulation No. 13/2010 and No. 16/2012 (“**Regulations**”) must be observed. The Regulations, in general, require the Indonesian Companies to, among other things, carry out public order, maintain a good relationship with their neighbours, maintain hygiene and cleanliness levels, and be responsible for any damage to the environment and for the preservation of natural resources. In particular, the Indonesian Companies must comply with the following:

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Regulations concerning the supervision and management of environment

The Indonesian Companies have confirmed their readiness to comply with applicable environmental management regulations in accordance with their respective Promissory Notes of Environmental Management and Supervisions (“**SPPL**”) which have been approved by the Head of Regional Environment Agency of South Jakarta. The SPPL approval is valid for a term of one (1) year and may be renewed for a successive term of another year upon expiry. Both of the SPPL approvals issued to PT HNG and PT Hub Hijau will expire in March 2016. As at the Latest Practicable Date, barring any unforeseen circumstances, our Directors are not aware of any reasons which would cause or lead to the non-renewal of the SPPL approvals.

Environmental Impact Assessment

An Environmental Impact Assessment (“**AMDAL**”) report is an assessment of any significant impact of a business and/or planned activities on the environment in Indonesia. An AMDAL report is made when a project is expected to affect the surrounding environment.

The building owner of the Indonesia Property is required to submit an AMDAL report on the Indonesia Property to the relevant authorities for approval. The Indonesian Companies are not required to prepare an AMDAL report but will need to perform the following:

- ensure liquid waste is processed through wastewater treatment plants of the Indonesia Property; and
- conduct a separation between organic and non-organic waste (solid waste).

As at the Latest Practicable Date, none of the aforesaid laws and regulations has been revoked and they are still applicable in Indonesia. Save as disclosed above, our business operations in Indonesia are not subject to any special legislations or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Indonesia.

Licences, permits, approvals and certifications

The following are the main licences, permits, approvals and certifications for our business operations in Indonesia as at the Latest Practicable Date:

Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Principle Licence No. 1156/1/PPM/1/PMA/2013 dated 7 May 2013	Indonesia Investment Coordinating Board (<i>Badan Koordinasi Penanaman Modal</i>) (“ BKPM ”)	Under the Head of BKPM Regulation No. 5 of Year 2013 (as amended by Head of BKPM Regulation No. 12 of Year 2013), PT Hub Hijau requires a principle licence from BKPM to approve the establishment of PT Hub Hijau as a foreign investment company. The validity of the principle licence is indefinite.	PT Hub Hijau	Not applicable

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Business Licence No. 1164/1/IU/PMA/2013 dated 8 November 2013	BKPM	Under Head of BKPM Regulation No. 5 of Year 2013 (as amended by Head of BKPM Regulation No. 12 of Year 2013), PT Hub Hijau requires a business licence from BKPM to approve the business activity of the renting and operation of four (4) office units at EightyEight@Kasablanka Office Tower, Lantai 38, Jl. Casablanca Raya Kav. 88 Kel. Menteng Dalam, Kec. Tebet, Kota Administrasi Jakarta Selatan, Indonesia. The validity of the business licence is indefinite.	PT Hub Hijau	Not applicable
MLHR Approval No. AHU-26859.AH.01.01. Tahun 2013 dated 20 May 2013	Ministry of Law and Human Rights ("MLHR")	To approve the establishment of PT Hub Hijau and granting of legal entity status of PT Hub Hijau under Articles 7, 9 and 10 of Law No. 40 of Year 2007	PT Hub Hijau	Not applicable
Company Registration Certificate ("TDP") No. 09.03.1.68.84193 dated 28 May 2013	Provincial Government of DKI Jakarta Cooperatives, Micro, Small and Medium Scale Business and Trade Office	PT Hub Hijau requires a TDP to confirm the company registration number of PT Hub Hijau under Law No. 3 of Year 1982	PT Hub Hijau	28 May 2018
Foreign Worker Placement Plan No. 19310/PPTK/PTA/2014 dated 25 September 2014	Ministry of Manpower and Transmigration of the Republic of Indonesia	Licence for employing foreign employees/ approving foreign officers	PT Hub Hijau	31 October 2015
Principle Licence No. 794/1/PPM/I/PMA/2013 dated 28 March 2013	BKPM	Under the Head of BKPM Regulation No. 5 of Year 2013 (as amended by Head of BKPM Regulation No. 12 of Year 2013), PT HNG requires a principle licence from BKPM to approve the establishment of PT HNG as a foreign investment company. The validity of the principle licence is indefinite.	PT HNG	Not applicable

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Licence, permit, approval or certification	Issuing entity/administrative body	Description	Entity concerned	Expiry date
Business Licence No. 926/1/IU/PMA/2013 dated 23 September 2013	BKPM	Under Head of BKPM Regulation No. 5 of Year 2013 (as amended by Head of BKPM Regulation No. 12 of Year 2013), PT HNG requires a business licence from BKPM to approve the business activity of the purchase and renting of four (4) office units at EightyEight@Kasablanka Office Tower, Lantai 38, Jl. Casablanca Raya Kav. 88 Kel. Menteng Dalam, Kec. Tebet, Kota Administrasi Jakarta Selatan, Indonesia. The validity of the business licence is indefinite.	PT HNG	Not applicable
MLHR Approval No. AHU-18205.AH.01.01. Tahun 2013 dated 9 April 2013	MLHR	To approve the establishment of PT HNG and granting of legal entity status of PT HNG under Articles 7, 9 and 10 of Law No. 40 of Year 2007	PT HNG	Not applicable
TDP No. 09.03.1.68.83113 dated 11 April 2013	Provincial Government of DKI Jakarta Cooperatives, Micro, Small and Medium Scale Business and Trade Office	PT HNG requires a TDP to confirm the company registration number of PT HNG under Law No. 3 of Year 1982	PT HNG	11 April 2018
Foreign Worker Placement Plan No. 19227/PPTK/PTA/2014 dated 24 September 2014	Ministry of Manpower and Transmigration of the Republic of Indonesia	Licence for employing foreign employees/ approving foreign officers	PT HNG	30 November 2016

As at the Latest Practicable Date, none of the aforesaid licences, permits and approvals has been suspended, revoked or cancelled and to the best of our knowledge and belief, we are not aware of any facts or circumstances which would cause such licences, permits and approvals to be suspended, revoked or cancelled as the case may be, or for any applications for, or renewal of, any of these licences, permits and approvals to be rejected by the relevant authorities. Save as disclosed above, our business operations are not subject to any special legislations or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Indonesia.

Thailand

In relation to the container depot services to be provided by HLA Container Services (Thailand), HLA Container Services (Thailand) is not required to apply for any specific permits or licences to operate the container depot services. HLA Container Services

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(Thailand) is however required to comply and observe local ordinance and regulations in relation to fire and safety in the work place and business premises including work safety and work environment as required under the Labor Protection Act, for example, the work place should have airflow and should have limited flammable gas as required under the Labor Protection Act B.E. 2541 (1998) (as amended).

The ministerial regulation issued under Article 103 of the Labor Protection Act requires HLA Container Services (Thailand) to keep a record of the result of measurement and assessment of the air condition and any actions taken to make the air condition in a confined space free from hazardous atmosphere available for inspection by the labour inspector. There is, however, no requirement for HLA Container Services (Thailand) to obtain any specific licence in this respect.

Myanmar

Regulations Governing the Management of Serviced Offices and Serviced Apartments

Greenhub Yangon is a limited liability company duly incorporated under the laws of the Republic of the Union of Myanmar. More specifically, it is an ordinary services company set up under the Myanmar Companies Act and is not an investment company falling under the scope of the Foreign Investment Law (Law No. 21/2012) dated 2 November 2012.

Greenhub Yangon shall be required to comply with the following main laws and regulations in the management of serviced offices and serviced apartments in Myanmar:

(a) Transfer of Immoveable Property Restriction Act

Greenhub Yangon would be deemed to be a “foreigner owned company” under the Transfer of Immoveable Property Restriction Act 1987, by virtue of all the shares of the company being held by non-Myanmar citizens. “Foreigner owned companies” such as Greenhub Yangon are neither allowed to acquire nor lease immovable property for a term exceeding one (1) year pursuant to the Transfer of Immoveable Property Restriction Act 1987.

(b) Workplace Health and Safety

Companies carrying on business in Myanmar with five (5) or more employees are subject to compulsory social security registration (at the relevant township social security office) under the Social Security Law 2012, which became effective from 1 April 2012 pursuant to Notification No. 15/2014 issued by the President’s Office of the Republic of the Union of Myanmar. The social security scheme is financed by contribution from employees, employers and the State and comprises generally two (2) main funds at the moment, being the health and social care and the employment injury benefit funds.

Currently, the amount of contribution in respect of the health and social security and the employment injury benefit funds is collectively 5.0% of the amount of gross monthly salary of the employee (up to a maximum gross monthly salary of MYK 300,000). The employer – employee contribution ratio is approximately 3.0%: 2.0%. Employees insured under the said health and social security fund will (in accordance with the stipulations of the Social Security Law, the Social Security Board and the Union Government) be entitled to enjoy various health and social care benefits such as health

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care medical treatment and cash benefits due to sickness, maternity benefits (for female insured) and paternity benefits (for male insured), both during the period of confinement of the insured wife. Companies registered for and which have paid contribution towards the employment injury fund shall not be subject to the provisions of the Workmen's Compensation Act 1923 in respect of the employment injury benefit.

Under the Workmen's Compensation Act 1923, if personal injury or death is caused to a workman by an accident arising out of and in the course of employment, the employer shall be liable to pay compensation in accordance with the provisions of the said Act. The employer shall not be so liable in respect of any injury not resulting in death, caused by an accident which is directly attributable to the workman having been at the time thereof under the influence of drink or drugs; or willful disobedience to an order expressly given or to a rule expressly framed, for the purpose of securing the safety of workmen; or the willful removal or disregard by the workman of any safety guard or other device which he knew to have been provided for the purpose of securing the safety of workmen.

(c) Environmental Conservation

The Environmental Conservation Law (Law No. 9/2012) dated 30 March 2012 and Environmental Conservation Rules (Notification No. 50 of 2014) dated 5 June 2014, oblige not only the owners of buildings but also the operators and managers of the same to monitor, control, manage, reduce or eliminate environmental pollution and to conserve the environment which is defined broadly under the Environmental Conservation Law to mean, "physical factors in the human environment including land, water, atmosphere, climate, sound, odour, taste, the biological factors of various animals and plants and historical, cultural, social and aesthetic factors."

(d) Municipal Laws and Regulations

The Boyar Nyunt Street Property leased by Greenhub Yangon is located within the limits of the City of Yangon Municipality and thus subject to relevant provisions of the City of Rangoon Municipal Act 1922 (as amended), Yangon City Development Law (Law No. 6/2013) dated 8 October 2013 and Yangon Region Development Law (Law No. 5/2013) dated 30 September 2013 and the rules, regulations and notifications issued pursuant thereto including in connection with minor or major repairs or renovation works to be conducted at the Boyar Nyunt Street Property; erection of signboards or advertising on the walls of the Boyar Nyunt Street Property; collection and removal of debris and/or sewage and rubbish; general abatement of nuisance; water supply and sanitation works; regulation of all markets (including private markets such as departmental stores, shopping malls, etc.); public health and safety and environmental conservation matters; and other development works for the benefit of the community, all within the City of Yangon Municipality.

GENERAL INFORMATION ON OUR GROUP

Licences, permits, approvals and certifications

The following are the main licences, permits, approvals and certifications for our business operations in Myanmar as at the Latest Practicable Date:

Licence, permit, approval or certification	Issuing entity/ administrative body	Description	Entity concerned	Expiry date
Certificate of incorporation No. 45FC of 2013-2014 dated 23 April 2013	Directorate of Investment and Company Administration, Ministry of National Planning and Economic Development	To enable use of the company name, as registered with the Directorate of Investment and Company Administration.	Greenhub Yangon	22 April 2018
Permit no. 252/2013 dated 23 April 2013 issued pursuant to section 27A of the Myanmar Companies Act	Directorate of Investment and Company Administration, Ministry of National Planning and Economic Development	To enable use of the company name and to carry on its business within Myanmar (namely the management of serviced offices and serviced apartments by sub-leasing method) as registered with the Directorate of Investment and Company Administration, subject to the provisions of the Myanmar Companies Act and all other applicable laws and regulations of Myanmar. The grant and renewal ⁽¹⁾ of this permit is subject to conditions attached to the permit (in particular, the amount of minimum issued and paid-up capital of the company shall be US\$50,000) and such other conditions as may, from time to time, be prescribed by the Directorate of Investment and Company Administration.	Greenhub Yangon	22 April 2018

Note:

- (1) Given that the current issued and paid-up capital of Greenhub Yangon is US\$25,000 only, Greenhub Yangon shall ensure that the minimum issued and paid-up capital requirement of US\$50,000 shall be achieved prior to renewal of Permit no. 252/2013. In this regard, the balance of fifty percent (50.0%) of the minimum issued and paid-up capital requirement being US\$25,000 shall be required to be remitted into the Myanmar bank account of the company for this purpose and the original bank credit letter for such remittance shall be required to be presented to Directorate of Investment and Company Administration, both before renewal of the said permit will be allowed by Directorate of Investment and Company Administration.

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As at the Latest Practicable Date, none of the aforesaid licences, permits and approvals has been suspended, revoked or cancelled and to the best of our knowledge and belief, we are not aware of any facts or circumstances which would cause such licences, permits and approvals to be suspended, revoked or cancelled as the case may be, or for any applications for, or renewal of, any of these licences, permits and approvals to be rejected by the relevant authorities. Save as disclosed above, our business operations are not subject to any special legislations or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Myanmar.

RESEARCH AND DEVELOPMENT

The nature of our business does not require us to carry out any significant research and development activities.

However, our staff will continually update themselves on any new developments in the industry. For more information, please refer to the section entitled “General Information on our Group – Staff Training” of this Offer Document.

SEASONALITY

Due to the nature of our business, we have not observed any significant seasonal trends within each of the financial periods. Our Directors believe that there is no apparent seasonality factor affecting our property leasing operations in the regions where we operate.

STAFF TRAINING

We view our employees as one of our key assets which is crucial to the success of our business. We believe staff training will enable us to maintain a competent and progressive workforce. Our training policies are therefore geared towards ensuring that the knowledge and skills of our workforce remain relevant in a continuously changing environment.

We have an informal in-house orientation program for new employees to familiarise themselves with our Group’s culture, policies and procedures. We also provide them with on-the-job training so that they are equipped with the working knowledge and ability to perform their duties according to our required standards. Since our training is usually conducted in-house, we did not incur any significant expenditure on staff training in FY2012, FY2013 and FY2014.

In 2014, the Group undertook a major human capital development project with global human resource consulting company, Aon Hewitt, to:

- identify key areas of improvements in human resource development;
- develop a structured performance management system;
- develop a comprehensive training and development programme for all staff;
- benchmark to market our Group’s compensation and benefits programme; and
- develop a succession planning programme to ensure business continuity.

Our Group believes that over time the competency of our people will improve as we execute the recommendations set out in this programme.

GENERAL INFORMATION ON OUR GROUP

COMPETITION

We operate in a highly competitive environment and we expect to face more intense competition from existing competitors and new market entrants in the future.

To the best of our knowledge, we consider our competitors to be other property leasing companies, facilities management and local logistics companies. In relation to our Space Optimisation Business, we generally compete on, amongst others, maintaining a diversified property portfolio, quality of services, competitive bidding and pricing, track record and reputation. We believe that we have a distinctive competency in space optimisation which has set our Group apart from our competitors.

We consider the following companies to be our competitors in each of our business segment:

Space Optimisation Business

- Vita Holdings Limited
- Asoindo Corporation (Pte) Ltd
- Bessino Corporation Pte Ltd
- Tanglin Warehouse Pte Ltd
- Hongco Realty Pte Ltd
- Premas International Limited
- Jurong Island Dormitories
- Bestway Properties Pte Ltd

Facilities Management Business

- Somerset Cleaning Services Pte Ltd
- Absolute Maintenance Services Pte Ltd

Logistics Services Business

- Winspec Logistics Services Pte Ltd
- LTH Logistics (S) Pte Ltd
- Eng Kong Container Services Limited
- SH Cogent Logistics Limited

As at the Latest Practicable Date, save for their interests in quoted or listed equity securities which do not exceed 5.0% of the total amount of the issued securities in that class for the time being, none of our Directors, Controlling Shareholders, Substantial Shareholders or their Associates is related to or has any interest in any of our competitors above.

GENERAL INFORMATION ON OUR GROUP

COMPETITIVE STRENGTHS

Our Directors believe that the following competitive strengths have enabled and will continue to enable us to harness the growth potential of our Group and to compete effectively in the industries in which we operate:

We have an established track record and reputation

We believe that we have a strong track record and market reputation for offering quality properties for rent in accessible locations and at competitive rates. We achieve this by consistently identifying properties with good rental potential, designing and refurbishing them to maximise their potential and to meet our tenants' needs, as well as providing efficient and reliable facilities management services to our tenants for the duration of their sub-lease with us.

We believe that our strong track record and market reputation serve as a competitive advantage for us in the securing of new tenants as they can be assured of the quality of the space rented from us, as well as our ability to respond promptly to their needs for any facilities management services. We also believe that the positive experiences that our tenants have had with us will encourage them to renew their leases with us. The above factors will enable us to progressively grow our customer base and broaden our revenue streams. Based on our historical records, our average tenancy renewal rate is approximately 72.0%.

We have a committed, qualified and experienced management team and support staff

Our Group is led by an experienced management team, with our Executive Directors, Kelvin Lim and Jess Lim, and our Executive Officers, Yeo Swee Cheng and Danny Wong, who have collectively over 45 years of experience in this industry. They spearhead the formulation of our Group's business strategies and expansion plans, and are closely supported by a pool of committed and qualified staff. They include architectural, interior and concept designers who form our space optimisation team. Our quantity surveyors, project managers, M&E engineers, facilities and property managers ensure that our projects are well refurbished and managed efficiently. Our marketing managers, leasing managers and information technology managers contribute towards the expansion and management of our customer base.

We believe that the knowledge and experience of our people will continue to help our Group to expand our business and portfolio in the coming years.

We have a diversified portfolio of properties in strategic locations, and a diverse tenant base

Our Group is the master lessee and manager of a wide variety of properties, particularly industrial and commercial properties, in various strategic locations. Our industrial properties include warehouses, light to heavy industrial buildings and open storage spaces. Our commercial properties include offices, food and beverage outlets, retail outlets, sports and recreation facilities and children's enrichment centres.

We believe that our diversified portfolio of properties provides a unique competitive advantage to our Group, as it allows us to address the needs of many segments in the business community, thereby providing us with a stable source of rental income derived from our broad and diverse tenant base. It also allows us to offer tailored leasing solutions based on our tenants' business needs, taking into account their growth and consolidation patterns such as smaller units for start-ups and born-global companies and larger commercial and industrial spaces for fast-growing

GENERAL INFORMATION ON OUR GROUP

medium-sized enterprises. The diversity of the properties within our portfolio allows us to serve a wide variety of companies in industries such as business services, education, food & beverage, construction, engineering, logistics and trading. In Indonesia, through the provision of suited offices under our “GreenHub” brand, we are also able to address the needs of companies that do cross-border business activities between Singapore and Indonesia.

As at the Latest Practicable Date, we have a diverse mix of over 600 local and international tenants operating in a range of industries comprising engineering, construction, waste management and remediation, wholesale and retail trading, transportation and storage, accommodation and food services, information and communication, financial and insurance, real estate, education, health and social services and arts, entertainment and recreation. Our ability to leverage on technology allows us to lease out our unoccupied properties quickly, thus minimising any potential losses to us from such properties.

We are able to provide value-added integrated solutions

As a full-fledged real estate management services company, our Space Optimisation Business, our Facilities Management Business and our Logistics Services Business are fully integrated and complement one another. With such integration, we are able to position ourselves as an efficient one-stop solutions provider with the ability to add value to our customers’ space and space management needs.

We have close working relationships with our tenants

We foster close and strong working relationships with our tenants by holding regular feedback meetings, cross tenancy networking events and annual tenants’ satisfaction surveys. Such efforts give us the opportunity to allow our tenants to build business relationships among themselves while at the same time allowing us to understand their individual business needs and refine our internal operating procedures and customer service procedures in order to meet their needs.

As a result of our close working relationships with our tenants, we are highly cognisant of the various changing needs of the leasing market. This helps us to pinpoint the types of properties and the locations which have high leasing potential both in terms of demand for space and rental pricing in order to acquire the main leases for such properties in these locations so that we can refurbish, sub-lease and manage these properties in a manner that will fulfil the strategic needs of our tenants and potential tenants. We believe that our culture of providing proactive customer service has been the bedrock to our historical average tenancy renewal rate of approximately 72.0%, which is an achievement mutually shared with our tenants.

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ROPERTIES AND FIXED ASSETS

Properties owned by our Group

The following table sets out the properties owned by our Group as at the Latest Practicable Date.

Owner	Location	Approximate GFA (sq ft)	Description of use	Encumbrance
Singapore Handicrafts	72 Eunos Avenue 7 Singapore 409570 ⁽¹⁾	68,000	Manufacture of high quality rosewood, general warehousing and storage	Mortgaged in favour of Maybank as mortgagee
LHN Group	23 Woodlands Industrial Park E1 #04-02, Admiralty Industrial Park, Singapore 757741	2,000	Office/warehouse	Nil
PT HNG	Units A to D, EightyEight@Kasablanka Office Tower Lantai 38, Jl. Kasablanka Raya Kav. 88 Kelurahan Menteng Dalam, Kecamatan Tebet, Kota Administrasi Jakarta Selatan, Indonesia ⁽²⁾⁽³⁾	19,000	Office	Nil

Notes:

- (1) Singapore Handicrafts has leased certain units of 72 Eunos Avenue 7 Singapore 409570 to Singapore Handicrafts (2012).
- (2) Our subsidiary, PT HNG, has on 1 July 2013 entered into four (4) conditional sale and purchase agreements including their addendums (*Perjanjian Pengikatan Jual Beli*) (“**PPJBs**”) for the purchase of each of Units A to D, EightyEight@Kasablanka Office Tower, Lantai 38, Jl. Kasablanka Raya Kav. 88 Kelurahan Menteng Dalam, Kecamatan Tebet, Kota Administrasi Jakarta Selatan, Indonesia (collectively, the “**Units**” and each, a “**Unit**”) for an aggregate purchase consideration of IDR 55,887,975,000 (inclusive of value added tax of 10.0%). As at the Latest Practicable Date, PT HNG has yet to receive the legal title to the Units. The legal title will only be transferred to PT HNG following the execution of the Notarised Deed of Sale and Purchase for each Unit (*Akta Jual Beli*) (“**AJB**”) by PT HNG (as the purchaser) and PT Elite Prima Utama (as the seller) and the delivery of the Land Title Certificate for each Unit (“**LTC**”) to PT HNG which shall take place no later than 15 May 2018 pursuant to the PPJBs. Once PT HNG receives the LTC for each Unit, PT HNG will have to go to the relevant land office in Indonesia to have its name registered as the legal and registered owner of each Unit (“**Balik Nama process**”). Until such time, PT HNG may rely on its contractual right under the PPJBs to use and occupy the Units, whereby PT HNG is allowed to physically possess the Units and conduct its business of leasing the Units.

However, until the legal title to the Unit is completely transferred to the Company, the Company does not enjoy full rights to freely sell, assign, transfer or otherwise dispose of the Unit without certain restrictions imposed by PT Elite Prima Utama under the PPJB. For example, the Company may only assign and transfer its rights and obligations in the PPJB with the consent of PT Elite Prima Utama and, if such assignment or transfer takes place before 15 May 2015 (i.e. during the two (2) year period commencing from 15 May 2013), upon payment of an administration fee to PT Elite Prima Utama, as well as any taxes and other fees payable as described in the PPJB. Further, certain benefits accruing to the Company in having purchased all four (4) Units would not pass to any subsequent purchaser unless that subsequent purchaser also purchased all four (4) Units.

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Pursuant to the PPJBs, if PT Elite Prima Hutama fails to deliver the LTCs to PT HNG by 15 May 2018 or six (6) months after the LTCs are issued, PT HNG may terminate the PPJBs in accordance with the provisions therein. In this case, PT Elite Prima Hutama will refund without any set-off, counterclaim or deduction to PT HNG within seven (7) business days in full one hundred percent (100.0%) of the selling price of the Units under the PPJBs or the aggregate of all amounts paid by PT HNG to PT Elite Prima Hutama at the time of the said termination (as the case may be) (“**Refund**”), inclusive of the value-added tax (“**VAT**”) component, and excluding only any VAT due and payable to the relevant tax authorities, without prejudice to PT HNG’s rights to claim any damages suffered as a result of PT Elite Prima Hutama’s breach.

However, notwithstanding that PT HNG is allowed to terminate the PPJBs and obtain a Refund in the event that the developer fails to deliver the LTCs to PT HNG by 15 May 2018 or six (6) months after the LTCs are issued (“**Default**”), depending on the market valuation of the Units at the time of Default, there may be a Valuation Deficit based on the financial statements of our Group for FY2014. The Valuation Deficit will be recorded as a separate line item on the Consolidated Income Statements under “Fair value gain/(loss) on investment properties”. Please refer to the risk factor entitled “We may be subject to limitations of property valuations” in the section entitled “Risk Factors” of this Offer Document for more details.

- (3) PT HNG has leased Units A to D EightyEight@Kasablanka Office Tower Lantai 38, Jl. Casablanca Raya Kav. 88, Kelurahan Menteng Dalam, Kecamatan Tebet, Kota Administrasi Jakarta Selatan, Indonesia, to PT Hub Hijau.

Properties leased/sub-leased by our Group

The following table sets out the properties which are leased/sub-leased by our Group in the ordinary course of business as at the Latest Practicable Date:

Master lessee	Location	Approximate GFA (sq ft)	Description of use
CEC Holdings	215 Upper Bukit Timah Singapore 588184	30,000	Kindergarten, Childcare Centres, Enrichment Centres, Retail, Food & Beverages
CEC Holdings	260 Upper Bukit Timah Road Singapore 588190 262 Upper Bukit Timah Road Singapore 588207 264 Upper Bukit Timah Road Singapore 588208 266 Upper Bukit Timah Road Singapore 588209 268 Upper Bukit Timah Road Singapore 588210 270 Upper Bukit Timah Road Singapore 588211 272 Upper Bukit Timah Road Singapore 588212 274 Upper Bukit Timah Road Singapore 588213 276 Upper Bukit Timah Road Singapore 588214	33,000	School/enrichment centre with ancillary food and beverages and enrichment centre
CEC Holdings	27 West Coast Highway Singapore 117867 ⁽¹⁾	68,000	Office, Restaurant/ Café/Food & Beverage

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Master lessee	Location	Approximate GFA (sq ft)	Description of use
HNC	20 Depot Lane Singapore 109763 21 Depot Lane Singapore 109766 23 & 23A Depot Lane Singapore 109753 24 & 24A Depot Lane Singapore 109767 25 & 25A Depot Lane Singapore 109764 110 Depot Road Canteen Block Singapore 109677	122,000	Warehousing and ancillary office
HNFM	45 Burghley Drive Singapore 559022 ⁽²⁾	21,000	Tuition centre (including enrichment classes), sports facility (including GFA for food and beverage use capped at 50 sq m)
HNFM	Lot 228, 342, 346 MK XIV Woodlands Mandai Estate	59,000	Warehouse
GreenHub	10 Raeburn Park Singapore 088702 ⁽³⁾	163,000	Office/ancillary café/commercial school/office cum clubhouse
Greenhub Yangon	No. 85 Boyar Nyunt Street Dagon Township Yangon Region ⁽⁴⁾	14,611	Serviced apartments, offices, commercial shops
HNL	253 Kranji Road Singapore 739500	5,000	Warehouse and storage

GENERAL INFORMATION ON OUR GROUP

Master lessee	Location	Approximate GFA (sq ft)	Description of use
LHN Facilities Management	300 Tanglin Road Singapore 247970 302 Tanglin Road Singapore 247971 304 Tanglin Road Singapore 247972 306 Tanglin Road Singapore 247973 308 Tanglin Road Singapore 247974 310 Tanglin Road Singapore 247975 312 Tanglin Road Singapore 247976 314 Tanglin Road Singapore 247977 316 Tanglin Road Singapore 247978 318 Tanglin Road Singapore 247979 320 Tanglin Road Singapore 247980	145,000	Office/foreign system school/enrichment centre/childcare centre/pre-school/in-house canteen/office with showroom and wellness centre (including canteen and training rooms)/food kiosk
LHN Group	5 Peck Hay Road #10-01/02 Singapore 228307	1,600	Residential
LHN Group	32 units at 15 Robin Road Singapore 258196	52,000	Residential
LHN Group	34 Boon Leat Terrace Singapore 119866 ⁽⁵⁾	273,000	Warehousing and ancillary office
LHN Management Services	324A Keramat Road Singapore 758858 and 420 Keramat Road Singapore 758859	24,000	Foreign domestic workers' dormitory
LHN Industrial Space	798 Upper Bukit Timah Singapore 678138 800 Upper Bukit Timah Singapore 678139	67,000	Commercial/Storage/ Office purpose
LHN Properties Investments	1557 Keppel Road Singapore 089066 ⁽⁶⁾	94,000	Office/Warehouse
LHN Properties Investments	200 Pandan Gardens Singapore 609336 ⁽⁷⁾	14,000	Sports facility and fitness centre/ancillary self-laundry service
LHN Properties Investments	34 Pulau Ubin Singapore 508287	1,600	Shop, Restaurant/ Café

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Master lessee	Location	Approximate GFA (sq ft)	Description of use
LHN Properties Investments	42 Pulau Ubin Singapore 508293	1,300	Shop, Restaurant/ Café
LHN Properties Investments	23A Turnhouse Road Singapore 507760 23B Turnhouse Road Singapore 507764	8,000	Restaurant
LHN Space Resources	8 Jalan Papan (Lot 449) Singapore 619418	413,000	Storage of building materials and containers
LHN Space Resources	15 Jalan Terusan Singapore 619294	79,000	Storage of construction equipment and building materials
LHN Space Resources	43 Keppel Road Singapore 099418 ⁽⁸⁾	84,000	B1 zone warehouse/ showroom
LHN Space Resources	4 Penjuru Road Singapore 609122	333,000	Storage & minor repair of container, storage of construction machineries/equipment and parking of vehicles
LHN Space Resources	18 Penjuru Road (Lot 2339C Pt Mukim 5) Singapore 609126	216,000	Storage of containers and heavy vehicles
LHN Space Resources	566 Woodlands Road Singapore 728697	50,000	Storage of construction materials, building materials, engineering works and ancillary workers' dormitory or any other uses as approved by the URA or any other relevant authorities
Soon Wing Investments	18 New Industrial Road Singapore 536205	75,000	B1 zone clean and light industry warehouse
Soon Wing Investments	2 Soon Wing Road Singapore 347893	105,000	Clean industry, light industry, warehouse (1st storey only) and ancillary office
Soon Wing Investments	2 Tuas South Avenue 2 Singapore 637601 ⁽⁹⁾	221,000	Strictly for general industrial purpose only

GENERAL INFORMATION ON OUR GROUP

Master lessee	Location	Approximate GFA (sq ft)	Description of use
Work Plus Store	No. 10 Tuas South Street 1 Singapore 637466 No. 20 Tuas South Street 1 Singapore 637465 No. 30 Tuas South Street 1 Singapore 637464 No. 40 Tuas South Street 1 Singapore 637463	819,000	General warehouse and/or such other uses which shall not contravene the URA's usage B2 zone for the premises or any authorities' regulations
Work Plus Store	16 Tuas South Street 2 Singapore 637786	54,000	Clean, light, general industry, warehouse, public utilities, telecommunication uses, other public installations. B2 Zone

Notes:

- (1) CEC Holdings has licensed the management of the carpark (which comprises approximately 94 equivalent parking lots) at 27 West Coast Highway Singapore 117867 to LHN Vehicle Parking Management.
- (2) HNFM has licensed the management of the car park (which comprises approximately 51 equivalent parking lots) at 45 Burghley Drive Singapore 559022 to LHN Vehicle Parking Management.
- (3) Greenhub has licensed the management of the car park (which comprises approximately 98 equivalent parking lots) at 10 Raeburn Park Singapore 088702 to LHN Vehicle Parking Management.
- (4) Notwithstanding that the 17 March 2015 Lease Agreement has yet to be registered with the Office of Registration of Deeds, the rights which Greenhub Yangon has under the 17 March 2015 Lease Agreement are protected and the provisions therein are legally valid, binding and enforceable against/by Greenhub Yangon.
- (5) LHN Space Resources is the managing company of LHN Group in respect of 34 Boon Leat Terrace Singapore 119866. LHN Space Resources has also licensed the management of the car park (which comprises approximately 185 equivalent parking lots) at 34 Boon Leat Terrace Singapore 119866 to LHN Vehicle Parking Management.
- (6) LHN Properties Investments has licensed the management of the car park (which comprises approximately 52 equivalent parking lots) at 1557 Keppel Road Singapore 089066 to LHN Vehicle Parking Management.
- (7) LHN Properties Investments has licensed the management of the car park (which comprises approximately 19 equivalent parking lots) at 200 Pandan Gardens Singapore 609336 to LHN Vehicle Parking Management.
- (8) LHN Space Resources has licensed the management of the car park (which comprises approximately 81 equivalent parking lots) at 43 Keppel Road Singapore 099418 to LHN Vehicle Parking Management.
- (9) Soon Wing Investments has licensed the management of the car park (which comprises approximately 79 equivalent parking lots) at 2 Tuas South Avenue 2 Singapore 637601 to LHN Vehicle Parking Management.

The tenancy agreements in respect of the abovementioned properties remain valid until terminated in accordance with the terms of the respective tenancy agreements.

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Properties which we provide management agent services for

As at the Latest Practicable Date, our Group provides management agent services for the following properties in the ordinary course of business:

Name of entity	Location	Approximate GFA (sq ft)	Description of use
HNC	245 Jalan Ahmad Ibrahim Singapore 629144	36,000	Warehouse
HNC	51 Jalan Buroh Singapore 619495	12,000	Warehouse
LHN Space Resources	7A Jalan Papan Singapore 619408	60,000	Storage of construction equipment and goods, parking of vehicles and Inspection services
LHN Space Resources	30 Jalan Terusan Singapore 619305	150,000	Storage of general cargoes (but not limited to) pipings

Properties leased by our Group

Currently, our Group leases the following properties and manages the parking lots in these premises in the ordinary course of business:

Master lessee	Location	Approximate number of equivalent parking lots	Description of use
LHN Vehicle Parking Management	25 Lorong 8 Toa Payoh Singapore 319263	328	Heavy vehicle carpark
LHN Vehicle Parking Management	3 Second Hospital Avenue Singapore 168937	368	Carpark

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Sites which our Group has licences to occupy

As at the Latest Practicable Date, our Group has, in the ordinary course of business, been granted licences to occupy the following sites for the purpose of operating and managing the car parks on the sites:

Licensee	Location	Approximate number of equivalent parking lots
LHN Vehicle Parking Management	Car park at Gillman Barracks	275
LHN Vehicle Parking Management	Angullia Park off-street car park	285
	Penang Road off-street car park	19
	Neil Road off-street car park	17
	Kampong Kapor Road off-street car park	13
	Hindoo Road off-street car park	13
	Shrewsbury Road off-street car park	32
	Kampong Bugis off-street car park	32
	East Coast Park E1 off-street car park	560
	East Coast Park E2 off-street car park	362
	East Coast Park E3 off-street car park	43
	Grange Road/Somerset Road off-street car park	128
LHN Vehicle Parking Management	Car park at YS-One at Block 1 Yishun Street 23	1,588
LHN Vehicle Parking Management	Car park at Lorong 8 Toa Payoh	20
LHN Vehicle Parking Management	Car park at 794 Upper Bukit Timah Road Singapore 678133	24
LHN Vehicle Parking Management	Car park at 798/800 Upper Bukit Timah Road Singapore 678138	61
LHN Vehicle Parking Management	Car park at 2 Jalan Kilang Barat Singapore 159346	78
LHN Vehicle Parking Management	Car park at 11 Chang Charn Road Singapore 159640	53

Our fixed assets comprising furniture and fittings, office equipment and computers, motor vehicles and properties had a net book value of approximately S\$19.4 million as at the Latest Practicable Date.

GENERAL INFORMATION ON OUR GROUP

To the best of our Directors' knowledge and belief, there are no regulatory requirements that may materially affect our Group's utilisation of tangible fixed assets.

AWARDS AND CERTIFICATIONS

As a testament of our commitment to quality, our Group has received several awards and certifications, some of which are set out below:

Year awarded	Awarding organisation	Award/Certification
2015	Workplace Safety and Health Council	bizSAFE Certificate awarded to ICS
2014	Workplace Safety and Health Council	bizSAFE Certificate awarded to LHN Group
2014	Workplace Safety and Health Council	bizSAFE Certificate awarded to ICFM
2014	Workplace Safety and Health Council	bizSAFE Certificate awarded to Nopest
2014	Workplace Safety and Health Council	bizSAFE Certificate awarded to HLA
2014	Workplace Safety and Health Council	bizSAFE Certificate awarded to HNL
2014	Police Licensing & Regulatory Department	Security Agency Grading Award (Grade A in the Security Agency Grading Exercise for 2014) awarded to ICS
2014	Health Promotion Board	Gold Award for the Singapore Health Award 2014 (to recognise efforts in promoting workplace health) awarded to LHN Group
2013	NEA	Clean Mark Silver Award under the Clean Mark Accreditation Scheme (for cleaning services in the conservancy/public areas, commercial premises and food & beverage establishments sectors) awarded to ICFM
2010	Certification International (Singapore) Pte Ltd.	ISO 9001:2008 (Quality management system certificate for lease of land and property) awarded to LHN Group
2010	Certification International (Singapore) Pte Ltd.	ISO 9001:2008 (Quality management system certificate for facilities management services) awarded to ICFM
2010	Certification International (Singapore) Pte Ltd.	ISO 9001:2008 (Quality management system certificate for security management services) awarded to ICS
2005	Certification International (Singapore) Pte Ltd.	ISO 9001:2008 (Quality management system certificate for transportation of base oil, bitumen, chemicals and containers) awarded to HNL
2001	Certification International (UK) Ltd.	ISO 9001:2008 (Quality management system certificate for leasing of land and property) awarded to LHN Group

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PROSPECTS

Based on our Directors' knowledge and belief, we are optimistic about the growth of our Space Optimisation Business, Facilities Management Business and Logistics Services Business in Singapore and the ASEAN region.

According to the Industry Report, the ASEAN region is the seventh largest economy in the world and is projected to become the fourth largest economy by 2050. The ASEAN region remains strategically important and has drawn the attention of several major global players. Despite economic uncertainties, the ASEAN region is still expected to experience fast-paced growth over the next few years.

Our Directors believe that the new measures introduced by JTC in its revised sub-letting policy which took effect from 1 October 2014, along with the Singapore government's focus on developing Singapore into a services economy and a business and logistics hub for the ASEAN region are likely to create new opportunities for our Group's business in Singapore.

In light of the above developments and barring any unforeseen circumstances, we are of the view that the future prospects for our Group's business will remain positive and continue to grow.

Singapore

(a) Office and Business Space Market

According to the Industry Report, Singapore attained the highest ranking for attracting foreign direct investment in the Asia Pacific region in 2014. This cemented Singapore's position and attractiveness as an important business hub in Asia amid improving business climate. Given the optimistic growth prospects in Southeast Asia, it is expected that companies will continue to embark on expansion plans in the region to capitalise on potential business opportunities.

According to the Industry Report, in light of the anticipated healthy demand from companies looking to set up business or expand in Singapore, the prospects for the office market are positive. For instance, Aurecon, a global engineering consulting firm, had in 2014, announced the expansion of its Asia regional headquarters in Singapore. Accordingly, we believe that this will lead to an increase in demand for office space.

In addition, according to the Industry Report, the limited availability of new prime office space in Singapore has led to low vacancy levels and increase in rental rates. With supply expected to remain tight over the next few years, the rental rates are expected to rise further in the short term, though downward pressure will start to emerge around 2017 with the completion of office projects. Such rising rental costs are also causing some tenants to consider lower-cost alternatives with better space utilisation.

According to the Industry Report, SMEs are the primary drivers of demand for optimised spaces. Optimised spaces are mainly catered to the needs of SMEs and start-ups looking for alternatives to high-cost prime office space. SMEs are reported to account for 99.0% of all enterprises in Singapore. The number of SMEs in Singapore has seen a steady Compound Annual Growth Rate ("CAGR") of 3.6%, from 158,880 in 2009 to 182,700 in 2013. These numbers are expected to grow, thus potentially raising the demand for optimised commercial and industrial spaces.

GENERAL INFORMATION ON OUR GROUP

According to the Industry Report, the URA plans to push for a decentralisation of the CBD in Singapore and plans to create new financial centres away from the main business district to the outlying areas. The push for decentralisation, coupled with better transport connectivity and reasonable rents, is expected to accelerate demand for commercial space in the outskirts. Various multinational corporations and back-end operations of financial institutions such as the SGX-ST, Procter & Gamble (P&G), Samsung Asia Pte Ltd and Credit Suisse AG have relocated to places such as The Metropolis, Mapletree Business City and One@Changi City. Given the limited supply of decentralised office premises in the market, our Directors expect continued strong levels of demand for such decentralised office premises in 2015 and 2016.

Our Directors believe that the positive momentum in the office and business market will continue as the global economy continues to strengthen and will sustain the demand for office and business space in Singapore.

(b) Industrial Space Market

Our Directors believe that the growth of companies in industries such as clean technology, oil and gas and info-communications, as well as the improvement in business sentiments among manufacturers will lead to an increase in demand for leasing of industrial space for storage and warehousing purposes.

According to the Industry Report, vacancy rates for single-tenant or multiple-tenant factories and warehouses (which are common sources of factory and warehouse space) have been rising. The supply of private and REIT-owned properties is dependent on the lease expiry of existing (anchor) tenants. Expired leases that are not renewed and remain unoccupied are therefore available for master-leasing. It is estimated that the leases on approximately 22.4 million sq ft of REIT industrial and commercial spaces will expire between 2014 and 2015, which will provide opportunities for space optimisation companies to acquire the master leases for these spaces. Most opportunities are expected to be from the industrial leasing segment, as heavy industries and manufacturing operations are moving to low-cost neighbouring countries. Our Directors believe that the increase in the vacancy rates of such buildings will create opportunities for us to acquire master leases.

(c) Facilities Management Market

Our Facilities Management Business complements our Space Optimisation Business. Given the positive outlook of Singapore's office, business and industrial space market, our Directors believe that the increase in demand for office and industrial space will lead to a corresponding increase in demand for our Facilities Management Business.

In addition, our Directors also believe that there is potential demand from third party property developers or property owners for facilities management services. The demand for facilities management services is expected to remain high to meet the constant changes in Singapore's city landscape and continued demand for space optimisation. Accordingly, our Directors believe that our Group's experience in facilities management will present viable expansion opportunities.

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(d) Logistics Services Market

Our Logistics Business comprises a transportation services business which provides trucking of ISO tanks for oil and gas companies and a container depot management services business which provides container storage, repair and maintenance services.

Despite concerns over the volatility of oil prices and its impact on the oil and gas industry in the short term, the industry outlook over the long term remains positive. This is predominately driven by strong economic fundamentals in the Asia Pacific region fuelled by rapid population growth and economic development. Such trends will continue to drive energy demand and thus expenditure on production activities. Our Directors believe that an increase in exploration and production activities in the region will lead to a corresponding increase in demand for our transportation services.

Singapore possesses a well-established marine and off-shore ecosystem with the presence of various major oil and gas companies. As global energy demand continues to escalate, it is anticipated that Singapore will increase its refining capacity to meet such demand. Singapore currently offers extensive oil storage facilities on Jurong Island, and Singapore's storage capacity is expected to increase further in light of the opening of Jurong Rock Cavern, a massive underground facility for the storage of liquid hydrocarbons, in September 2014.

In view of these developments, our Directors believe that given our experience in providing specialised logistics services for the petrochemical industry, we are in a position to secure more contracts for the provision of such specialised logistics services to oil refineries and tank operators.

Indonesia

According to the Industry Report, Indonesia has the largest economy in Southeast Asia. Some investors see Indonesia as a promising emerging market, with the recent election in 2014 potentially boosting investors' sentiments in Indonesia, which may accelerate demand for office space. According to the Industry Report, the Asian Development Bank expects Indonesia to have a gross domestic product ("GDP") growth rate of 5.8% in 2015.

The real estate market in Indonesia has exhibited strong rental and value appreciation in recent years. Despite the cooling measures on the property market introduced by the Indonesian government in 2013 and a slowdown in the Indonesian economy during the 2014 presidential election period, our Directors believe that Indonesia's real estate market is expected to remain stable and buoyant underpinned by its growing population, rising affluence and increasing foreign direct investments. The Indonesian government is expected to continue to focus on infrastructure developments which constitute an important factor in attracting property investors and foreign investments into the country. Our Directors believe that there are long-term prospects and positive demand for industrial and commercial property in tandem with Indonesia's economic growth and urbanisation.

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Thailand

The business environment in Thailand has improved considerably over the years. Thailand's economy is dependent on external trade and the global economic recovery has significantly strengthened its export trade volumes. Our Directors believe that the increase in export activities will lead to an increase in demand for container related services. Furthermore, with the ASEAN Economic Community (“AEC”) expected to be established in 2015, a single market and production base facilitating the free flow of, amongst others, goods, services, investment and capital among ASEAN member nations will be created. Hence, our Directors anticipate that the AEC will lower trade barriers and accelerate regional trade. The increase in import and export activities is expected to generate demand for container depot management services.

Myanmar

According to the Industry Report, Myanmar is a developing economy. Myanmar's real GDP was valued at approximately US\$50.9 billion in 2013, and its economy is expected to pick up its pace in 2014, with an expected real GDP growth rate of 7.9%. Myanmar's growth rate is projected at 6.1% in 2015. The growth in Myanmar is likely to be supported by institutional and policy reforms in Myanmar and international re-engagement. Improved business sentiments have also led to an increasing number of multinational investments in Myanmar. Increased foreign investments in Myanmar is expected to fuel demand for office space in the capital city of Yangon, with accelerating growth of rental rates for prime office spaces. In this connection, our Directors believe that the positive demand for office spaces will create more business opportunities for our Group to tap upon.

Please refer to the section entitled “General Information on Our Group – Business Strategies and Future Plans” of this Offer Document for more details.

TREND INFORMATION AND ORDER BOOK

Based on our Directors' knowledge and experience of the industry, our Directors have observed the following trends for the current financial year:

(a) *Space Optimisation Business*

There has been a new wave of leasing activity which picked up since the second half of 2013 spurred by improved business confidence, with all Grade A office micro-markets having exceeded their technical full occupancy rate of 95.0% at the end of June 2014. Office rental rates have also been bullish in 2014 due to tightening office vacancy mainly driven by the limited new supply of office spaces, in particular Grade A office space in the CBD. As a result of the rising office rental prices in the CBD, businesses which are currently located in the CBD may consider relocating their operations to decentralised office premises. This trend may drive up rental rates for the decentralised office premises over the longer term. As our Group's business in Singapore involves transforming unused or under-utilised buildings into commercial sites with unique appeal, we believe that such a relocation trend will provide strong opportunities for our Space Optimisation Business.

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(b) Facilities Management Business

Our Facilities Management Business complements our Space Optimisation Business. In light of an anticipated increase of opportunities in our Space Optimisation Business and our intention to grow our property portfolio and acquire our own properties, our Directors expect an increase in the demand for our Facilities Management Business.

(c) Logistics Services Business

In light of the current global economic recovery, our Directors have observed that there has been an increase, and believe that there may be further increases, in the demand for transportation management services. For instance in the export industry, our Directors have observed a slight peak in demand for container depot management services as exporters and container leasing operators seek to outsource their storage needs to minimise expenses and this trend is expected to continue in the short term.

There is no assurance that our financial performance for FY2015 and future years will match or exceed our historical financial performance as disclosed in Appendix A entitled “Report of the Independent Auditor on the Audited Combined Financial Statements of the Group for the financial years ended 30 September 2012, 2013 and 2014” of this Offer Document.

Due to the nature of our Space Optimisation Business and our Facilities Management Business, the concept of an order book is not meaningful to us.

Due to the nature of our Logistics Services Business, we do not have an order book. We provide our transportation services to our customers as and when they are required. Our contracts with our customers for transportation services do not specify committed volumes and job orders are typically received and fulfilled on a daily basis, hence the concept of an order book is not meaningful. Due to the nature of the services provided for our container depot management services, the concept of an order book in that business segment is also not meaningful to us.

Save as disclosed above and in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position”, “General Information on Our Group – Prospects” and “General Information on Our Group – Business Strategies and Future Plans” of this Offer Document and barring any unforeseen circumstances, our Directors are not aware of any significant recent trends in the costs and selling prices of our products and services as well as other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenue, profitability, liquidity or capital resources, or that would cause the financial information disclosed in the Offer Document not to be indicative of our future operating results or financial position.

GENERAL INFORMATION ON OUR GROUP

BUSINESS STRATEGIES AND FUTURE PLANS

Our strategies and future plans for the continued growth of our business are as follows:

To grow our property portfolio and acquire our own properties

We believe that our distinctive competency in optimising space and our ability to secure leases of promising properties at low rental costs will allow us to provide competitive rental rates to our tenants. Our ability to provide smartly planned spaces under our Space Optimisation Business allows us to charge a rental rate which is based on net usable space. We also believe that our current strategy of taking longer term leases at low rental costs and our future plan to own property will enable us to provide even more competitive rental rates.

Our Group will continue to seek out suitable properties in Singapore and in the Southeast Asian (“**ASEAN**”) region to lease on a long-term basis. In tandem with our leasing strategy, our Group also intends to acquire properties and eventually become a landlord rather than a master lessee. This is a natural progression that builds on our past experience as the master lessee and manager of the properties in our portfolio. This strategic move is also intended to strengthen the balance sheet of our Group over time as we strive to add value to our properties through space optimisation which incorporates efficient layouts and interior designs to transform our existing properties.

According to the Industry Report, ASEAN remains an important contributor to the global economic market. Singapore will also continue to be an attractive central financial and trade center for the region. We believe that demand in Singapore and ASEAN region for good quality industrial and commercial space will remain strong. We will continue to maintain a diversified portfolio of properties in the industrial, commercial and residential sectors to minimise our exposure to fluctuations in the levels of demand for space in any of these sectors.

We intend to utilise approximately S\$5.0 million, representing approximately 29.4% of the gross proceeds raised by our Company from the Placement for this purpose. In particular, we intend to utilise approximately S\$3.0 million to finance the purchase and renovation of an industrial property located at 100 Eunos Avenue 7 Singapore 409572 (“**100 Eunos**”) for the purpose of setting up a new self-storage facility. Our subsidiary, Work Plus Store had, on 17 December 2014, exercised the option to purchase (“**Option to Purchase**”) 100 Eunos for a total purchase consideration of S\$12.85 million. Pursuant to the Option to Purchase, the sale and purchase of 100 Eunos shall be completed on or before 29 May 2015.

Expansion of our Logistics Services Business and Facilities Management Business

Our Group’s Logistics Services Business has experienced growth in the last two (2) years. As Singapore continues to be a major player in the global oil and gas, and petrochemicals industry, we believe that our Logistics Services Business will continue to thrive in tandem with the growth of the above industries.

Our Group intends to acquire a transportation storage facility and further expand our existing fleet of prime movers. This will allow Our Group to enhance the productivity of our transport fleet and provide more value-added services to our customers, and thus boost the competitiveness of our transportation service.

GENERAL INFORMATION ON OUR GROUP

In addition, as part of our Group's strategy, we have identified our car park management services as a promising growth driver of our Facilities Management Business. We manage the car park lots in the compound of our properties and car park lots that are owned by government bodies and private enterprises. We currently manage a portfolio of 4,958 equivalent parking lots. We foresee steady growth in this area of our business as we continue to step up efforts to secure more contracts. Based on the foregoing, we intend to acquire car park equipment and related consumables.

We intend to utilise approximately S\$3.0 million, representing approximately 17.7% of the gross proceeds raised by our Company from the Placement for this purpose.

Expansion of our operations in existing markets and into new markets

The economic outlook in emerging Asia (which includes, amongst others, Southeast Asia) remains robust over the medium term anchored by the steady rise in domestic demand. In Southeast Asia, we believe that growth is anticipated to remain strong in the medium term, growing at a pace which is comparable to the pre-global financial crisis. According to the Industry Report, following a growth rate of 5.1% in 2013, the ASEAN region is expected to witness an average annual growth rate of 5.4% between 2014 and 2018, while the International Monetary Fund projects a 5.3% growth rate in the ASEAN economy in 2015.

As at the Latest Practicable Date, we operate mainly in Singapore, Indonesia, Thailand and Myanmar. While we currently only undertake commercial property management under our Space Optimisation Business in Indonesia, container depot management services in Thailand and leasing/sub-leasing of serviced apartments in Myanmar, we intend to expand all our Group's core businesses to other countries in the ASEAN region as and when opportunities arise. We also intend to expand our businesses, whether in Singapore or other countries in the ASEAN region, through the setting up of new subsidiaries, acquisitions, joint ventures and/or strategic alliances. We believe that these avenues of expansion will give us access to new markets and customers as well as new businesses.

We intend to utilise approximately S\$3.0 million, representing approximately 17.7% of the gross proceeds raised by our Company from the Placement for this purpose.

Development of technological capability

Our Group's mission is to be recognised as a renowned space optimisation company that generates value and is driven by technology. In order to execute our business strategies and expansion plans in a sustainable manner, our Group will continue to leverage on technology.

Our Group is constantly reviewing our customer database information flow to enhance and strengthen our customer relationships by utilising intelligent systems that provide meaningful information so that we leverage on our wide customer base. Such technology systems will facilitate information sharing and knowledge flow within the Group. Our efforts will define and set the context on how technology will be harnessed for sales and marketing purposes to enable sustainable growth for the Group. These efforts will comprise the acquisition of hardware alongside the deployment of appropriate and intelligent software.

We intend to utilise approximately S\$0.5 million, representing approximately 2.9% of the gross proceeds raised by our Company from the Placement for this purpose.

INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of its Interested Persons (namely, our Directors or Controlling Shareholders of our Company or the Associates of such Directors or Controlling Shareholders) would constitute Interested Person Transactions for the purposes of Chapter 9 of the Catalist Rules. As at the date of this Offer Document, our Controlling Shareholders are Trident Trust, LHN Capital, HN Capital, HNG, Kelvin Lim, Jess Lim and Lim Hean Nerng. Please refer to the section entitled “Shareholders – Shareholding and Ownership Structure” of this Offer Document for more details on our Directors and Controlling Shareholders.

This section sets out the Interested Person Transactions entered into by our Group for FY2012, FY2013 and FY2014 and up to the Latest Practicable Date (the “**Relevant Period**”) on the basis of each member of our Group (namely, our Company and our subsidiaries) being an Entity At Risk and with Interested Persons being construed accordingly.

Save as disclosed in this section and in the section entitled “Restructuring Exercise” of this Offer Document, there has been no Interested Person Transactions during the Relevant Period involving our Group which are material in the context of this Placement.

PAST INTERESTED PERSON TRANSACTIONS

Transactions with the Associates of Kelvin Lim and Jess Lim

Lim Hean Nerng is the father of our Executive Directors, Kelvin Lim and Jess Lim, and the spouse of Foo Siau Foon. Foo Siau Foon is the mother of Kelvin Lim and Jess Lim. Wang Jialu is the spouse of Kelvin Lim.

Lim Hean Nerng, Foo Siau Foon and Wang Jialu are or were each a director of and/or a shareholder in certain entities which the Group had entered into commercial transactions with during the Relevant Period. As Kelvin Lim and Jess Lim, together with their immediate family, have/had a shareholding interest of more than 30.0% in these entities, they are/were each an Associate of Kelvin Lim and Jess Lim (each, an “**Associated Entity**”, and collectively, the “**Associated Entities**”), and thus they are considered to be Interested Persons under Chapter 9 of the Catalist Rules.

(i) **Transactions with Shanghai Great Ocean Industrial Development (S) Pte. Ltd. (“Shanghai Great Ocean”)**

Lim Hean Nerng was a director of and held a 90.0% equity interest in the issued and paid-up share capital of Shanghai Great Ocean. Shanghai Great Ocean is involved in the provision of management and consultancy services and general wholesale trade. Our Group leased property and provided facilities management services to Shanghai Great Ocean during the Relevant Period.

The aggregate amounts, rounded to the nearest dollar, charged by our Group to Shanghai Great Ocean during the Relevant Period were as follows:

	FY2012 (S\$)	FY2013 (S\$)	FY2014 (S\$)	From 1 October 2014 to the Latest Practicable Date (S\$)
Aggregate amount charged by our Group to Shanghai Great Ocean	529,000	685,828	170,968	– ⁽¹⁾

INTERESTED PERSON TRANSACTIONS

Note:

- (1) On 1 October 2014, Lim Hean Nerng stepped down as a director of Shanghai Great Ocean and divested his entire equity interest in Shanghai Great Ocean to an unrelated third party. Accordingly, Shanghai Great Ocean is no longer an Interested Person and all transactions with Shanghai Great Ocean following such divestment are no longer deemed to be Interested Person Transactions. Notwithstanding, from 1 October 2014 to the Latest Practicable Date, our Group leased property to Shanghai Great Ocean. The terms in which the transaction were entered into were similar to the terms of the transactions entered into in FY2012, FY2013 and FY2014. Our Directors are of the view that such transactions were carried out on an arm's length basis and on normal commercial terms in the ordinary course of business as the terms were not more favourable than those extended to unrelated third parties. From 1 October 2014 to the Latest Practicable Date, the aggregate amount charged by our Group to Shanghai Great Ocean was approximately S\$14,000.

Our Directors are of the view that the above transactions were carried out on an arm's length basis and on normal commercial terms in the ordinary course of business as the terms were not more favourable than those extended to unrelated third parties.

On 1 October 2014, Lim Hean Nerng stepped down as a director of Shanghai Great Ocean and divested his entire equity interest in Shanghai Great Ocean to an unrelated third party. Accordingly, Shanghai Great Ocean is no longer an Interested Person and all transactions with Shanghai Great Ocean following such divestment are no longer deemed to be Interested Person Transactions.

(ii) Renovation and A&A works carried out by Sin Siong Huat Pte. Ltd. ("Sin Siong Huat")

Lim Hean Nerng, was a director of and held an equity interest in approximately 33.3% of the issued and paid-up share capital of Sin Siong Huat. Sin Siong Huat is involved in the business of providing general contracting services, and rendered renovation and A&A works to our Group during the Relevant Period.

The aggregate amounts, rounded to the nearest dollar, paid by our Group to Sin Siong Huat during the Relevant Period were as follows:

	FY2012 (S\$)	FY2013 (S\$)	FY2014 (S\$)	From 1 October 2014 to the Latest Practicable Date (S\$)
Aggregate amount paid by our Group to Sin Siong Huat	33,600	285,847	478,151 ⁽¹⁾	— ⁽²⁾

Notes:

- (1) On 17 September 2014, Lim Hean Nerng stepped down as a director of Sin Siong Huat and divested his entire equity interest in Sin Siong Huat to an unrelated third party. Accordingly, Sin Siong Huat is no longer an Interested Person and all transactions with Sin Siong Huat following such divestment are no longer deemed to be Interested Person Transactions. From 17 September 2014 to 30 September 2014, there were no transactions entered into between Sin Siong Huat and our Group.
- (2) From 1 October 2014 to the Latest Practicable Date, Sin Siong Huat rendered renovation and A&A works to our Group. The terms in which these transactions were entered into were similar to the terms of the transactions entered into in FY2012, FY2013 and FY2014. Our Directors are of the view that the fees paid to Sin Siong Huat commensurate with the renovation and A&A works carried out and that the above transactions were conducted on an arm's length basis and on normal commercial terms as the amounts are similar to those paid by our Group to unrelated third parties for similar services. From 1 October 2014 to the Latest Practicable Date, the aggregate amount paid by our Group to Sin Siong Huat was approximately S\$7,600.

INTERESTED PERSON TRANSACTIONS

Our Directors are of the view that the fees paid to Sin Siong Huat commensurate with the renovation and A&A works carried out and that the above transactions were conducted on an arm's length basis and on normal commercial terms as the amounts are similar to those paid by our Group to unrelated third parties for similar services.

On 17 September 2014, Lim Hean Nerng stepped down as a director of Sin Siong Huat and divested his entire equity interest in Sin Siong Huat to an unrelated third party. Accordingly, Sin Siong Huat is no longer an Interested Person and all transactions with Sin Siong Huat following such divestment are no longer deemed to be Interested Person Transactions.

(iii) Transactions with HN Management

Miscellaneous transactions between HN Management and our Group

Lim Hean Nerng is a director of and holds a 100.0% equity interest in the issued and paid-up share capital of HN Management. HN Management was involved in the provision of warehousing services. We do not expect to enter into any transactions with HN Management following the admission of our Company to Catalist.

Our Group entered into the following transactions with HN Management during the Relevant Period:

- (a) our Group provided services under our Facilities Management Business to HN Management;
- (b) our Group undertook renovation and maintenance works for HN Management;
- (c) our Group provided management services to HN Management, but the management agreement has been terminated on 1 July 2014;
- (d) HN Management transferred fixed assets comprising renovation works, plant and machinery, furniture and fittings, digital and visual equipment and one (1) set of electromagnetic lock system to our Group; and
- (e) pursuant to (i) a novation agreement dated 1 January 2014, HN Management novated the tenancy agreement for the industrial site at 16 Tuas South Street 2, Singapore 637786, to our subsidiary, Work Plus Store; and (ii) a novation agreement dated 1 February 2014, HN Management novated a logistics services agreement to our subsidiary, HNL. The terms of this logistics services agreement had lapsed on 1 September 2014. The tenancy agreement and the logistics services agreement were novated by HN Management to our Group by way of deeds at no consideration. Pursuant to the Restructuring Exercise, our Group intended to streamline and focus on our core business segments which include the leasing/sub-leasing of properties and the Logistics Services Business, while at the same time, HN Management intended to change its business to that of a trading company. The revenue derived from the tenancy agreement and the logistics services agreement for the remaining terms of the agreements was approximately S\$1.7 million and S\$1.0 million respectively.

INTERESTED PERSON TRANSACTIONS

The aggregate amounts, rounded to the nearest dollar, charged by our Group to HN Management and by HN Management to our Group during the Relevant Period were as follows:

	FY2012 (S\$)	FY2013 (S\$)	FY2014 (S\$)	From 1 October 2014 to the Latest Practicable Date (S\$)
Aggregate amount charged by our Group to HN Management	_(1)	_(2)	633,551	–
Aggregate amount charged by HN Management to our Group	_(1)	_(2)	51,643	–

Notes:

- (1) In FY2012, there were transactions between HN Management and our Group. Most of these transactions were similar in nature to transactions (a), (b), (c) and (d) as set out above. The terms in which these transactions were entered into were similar to the terms of the transactions entered into in FY2014. In addition, HN Management also leased property and rent trailers to HNL. Our Directors are of the view that the terms for leasing of property were carried out on an arm's length basis and on normal commercial terms in the ordinary course of business as the terms were not more favourable than those extended to unrelated third parties. Our Directors are of the view that the terms for rental of trailers were not conducted on an arm's length basis or on normal commercial terms as the terms were not referenced to any similar unrelated third party transactions. The aggregate amount charged by our Group to HN Management was S\$1,408,252 and the aggregate amount charged by HN Management to our Group was S\$716,357. However, as HN Management was part of our Group during the relevant period, HN Management was not considered an Interested Person and such transactions were not deemed to be Interested Person Transactions. HN Management was divested from our Group on 1 October 2013.
- (2) In FY2013, there were transactions between HN Management and our Group. Most of these transactions were similar in nature to transactions (a), (b), (c) and (d) as set out above. The terms in which these transactions were entered into were similar to the terms of the transactions entered into in FY2014. In addition, HN Management also leased property to HNL. Our Directors are of the view that the terms for leasing of property were carried out on an arm's length basis and on normal commercial terms in the ordinary course of business as the terms were not more favourable than those extended to unrelated third parties. The aggregate amount charged by our Group to HN Management was S\$1,938,848 and the aggregate amount charged by HN Management to our Group was S\$500,888. However, as HN Management was part of our Group during the relevant period, HN Management was not considered an Interested Person and such transactions were not deemed to be Interested Person Transactions. HN Management was divested from our Group on 1 October 2013.

Transactions (a), (b) and (c) as set out above were based on the costs incurred by our Group plus an agreed margin between the parties. Accordingly, our Directors are of the view that these transactions were not conducted on an arm's length basis or on normal commercial terms as the agreed margins were similar to those charged to other entities within our Group. Our Directors are of the view that these transactions are not prejudicial to the interests of our Group or our minority Shareholders.

The transaction (d) was carried out at the net book value of the assets transferred and the transaction (e) was carried out at no consideration. Accordingly, our Directors are of the view that these transactions were not conducted on an arm's length basis or on normal commercial terms but were to the benefit of our Group. Our Directors are of the view that these transactions are not prejudicial to the interests of our Group or our minority Shareholders.

INTERESTED PERSON TRANSACTIONS

Sale of shares in HN Management to Lim Hean Nerng by our Group

In October 2013, our subsidiary, LHN Group, sold 100,000 shares representing the entire issued and paid-up share capital of HN Management to Lim Hean Nerng, for a cash consideration of S\$100,000, as part of the Restructuring Exercise. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for more information.

The consideration was based on the NTA of HN Management of S\$100,000 at the time of disposal. Accordingly, our Directors are of the view that the above transaction was not carried out on an arm’s length basis or on normal commercial terms as there was no independent valuation of the shares of HN Management. Our Directors are of the view that the above transaction is not prejudicial to the interests of our Group or our minority Shareholders.

Following the disposal of HN Management, it is now a trading company.

Loans from HN Management

During the Relevant Period, prior to the divestment of HN Management on 1 October 2013, HN Management extended loans to our Group for working capital purposes. Following the divestment of HN Management, these loans were fully repaid and no further loans were extended to our Group. Please refer to the transaction above entitled “Sale of shares in HN Management to Lim Hean Nerng by our Group” and the section entitled “Restructuring Exercise” of this Offer Document for more information on the divestment.

The loans outstanding, rounded to the nearest dollar, as at the end of each of the last three (3) financial years ended 30 September 2014 and as at the Latest Practicable Date were as follows:

	As at 30 September			As at
	2012	2013	2014	the Latest
	(S\$)	(S\$)	(S\$)	Practicable Date
				(S\$)
Aggregate amount of outstanding loans due and owing to HN Management	_(1)	_(1)	–	–

Note:

- (1) In FY2012 and FY2013, prior to the divestment of HN Management on 1 October 2013, HN Management extended loans to our Group. The aggregate amount of outstanding loans due and owing to HN Management as at 30 September 2012 and 30 September 2013 were S\$1,610,000 and S\$560,000 respectively. As HN Management was part of our Group during the relevant periods, HN Management was not considered an Interested Person and such transactions were not deemed to be Interested Person Transactions.

These loans were unsecured, interest-free and had no fixed term of repayment. Accordingly, these transactions were not carried out on an arm’s length basis or on normal commercial terms. Our Directors are of the view that these transactions are not prejudicial to the interests of our Group or our minority Shareholders.

During the Relevant Period, the largest outstanding amount owed to HN Management by our Group was S\$2,260,000. As at the Latest Practicable Date, all loans owing to HN Management by our Group have been fully repaid. We do not intend to enter into similar transactions with HN Management following the admission of our Company to Catalist.

INTERESTED PERSON TRANSACTIONS

(iv) Transactions with HLA Holdings

Provision of facilities management services and logistics services to HLA Holdings

Prior to our Group's acquisition of 60.0% of the shareholding interest of HLA Holdings as part of the Restructuring Exercise, Lim Hean Nerng was a director of and held an interest of approximately 89.9% in the issued and paid-up share capital of HLA Holdings. The remaining equity interest in HLA Holdings was held by Wang Jialu, the spouse of our Executive Chairman and Group Managing Director, Kelvin Lim.

Our Group entered into the following transactions with HLA Holdings during the Relevant Period:

- (a) in FY2012, our Group provided services under our Facilities Management Business to HLA Holdings;
- (b) pursuant to a service agreement dated 1 July 2013 between Keppel Logistics Pte Ltd ("**Keppel Logistics**"), HLA Holdings and HLA, HLA, as the sub-contractor of Keppel Logistics, provides logistics services to HLA Holdings at 27 Benoi Sector, Singapore 629859 ("**Keppel Depot**"). HLA Holdings is the principal customer of Keppel Logistics; and
- (c) pursuant to an agency agreement dated 1 July 2013 between HLA Holdings and HLA, HLA, as an agent of HLA Holdings, handles, inspects, repairs and stores containers and other equipment controlled, managed or owned by HLA Holdings for a period of four (4) years and six (6) months commencing from 1 July 2013. As compensation for such services, HLA has the right to withhold from HLA Holdings a percentage of the net total service charges as remuneration for such services performed.

The aggregate amounts, rounded to the nearest dollar, charged by our Group to HLA Holdings during the Relevant Period were as follows:

	FY2012 (S\$)	FY2013 (S\$)	FY2014 (S\$)	From 1 October 2014 to the Latest Practicable Date (S\$)
Aggregate amount charged by our Group to HLA Holdings	23,844	438,466	2,347,971	— ⁽¹⁾

Note:

- (1) From 1 October 2014 to the Latest Practicable Date, our Group provided logistics services to HLA Holdings pursuant to the service agreement dated 1 July 2013 and agency agreement dated 1 July 2013 as set out in (b) and (c) above. The aggregate amount charged by our Group to HLA Holdings is S\$924,509. The terms in which these transactions were entered into were set out in the service agreement dated 1 July 2013 and agency agreement dated 1 July 2013 as set out in (b) and (c) above. Our Directors are of the view that transactions (b) and (c) were not carried out on an arm's length basis or on normal commercial terms in the ordinary course of business as the terms were not referenced to any similar unrelated third party transactions, but were to the benefit of our Group. Our Directors are of the view that the above transactions are not prejudicial to the interests of our Group or our minority Shareholders. On 1 October 2014, both Lim Hean Nerng and Wang Jialu divested their entire equity interest in HLA Holdings to our Group and Hew Chee Fatt. Accordingly, HLA Holdings became a subsidiary of our Company and is no longer an Interested Person and all transactions with HLA Holdings following such divestment are no longer deemed to be Interested Person Transactions.

INTERESTED PERSON TRANSACTIONS

Transaction (a) was based on the costs incurred by our Group plus an agreed margin between the parties. Accordingly, our Directors are of the view that these transactions were not conducted on an arm's length basis or on normal commercial terms as the agreed margins were similar to those charged to other entities within our Group.

Our Directors are of the view that transactions (b) and (c) were not carried out on an arm's length basis or on normal commercial terms in the ordinary course of business as the terms were not referenced to any similar unrelated third party transactions, but were to the benefit of our Group. Our Directors are of the view that the above transactions are not prejudicial to the interests of our Group or our minority Shareholders.

On 1 October 2014, both Lim Hean Nerng and Wang Jialu divested their entire equity interest in HLA Holdings to our Group and Hew Chee Fatt. On 1 December 2014, Lim Hean Nerng stepped down as a director of HLA Holdings. Please refer to the transaction below entitled "Sale of shares in HLA Holdings to our Group by Lim Hean Nerng and Wang Jialu" and the section entitled "Restructuring Exercise" of this Offer Document for more information on the acquisition of HLA Holdings by our Group. Accordingly, HLA Holdings is a subsidiary of our Company and is no longer an Interested Person and all transactions with HLA Holdings are no longer deemed to be Interested Person Transactions.

Sale of shares in HLA Holdings to our Group by Lim Hean Nerng and Wang Jialu

Pursuant to a sale and purchase agreement dated 1 October 2014 entered into between LHN Group, Hew Chee Fatt, Lim Hean Nerng and Wang Jialu, Lim Hean Nerng and Wang Jialu collectively sold 715,680 shares representing the entire issued and paid-up share capital of HLA Holdings to our subsidiary, LHN Group, and Hew Chee Fatt, who is a director and shareholder of HLA, for a consideration of S\$47,280 and S\$31,520 respectively, representing 60.0% and 40.0% of the equity interest of HLA Holdings respectively, as part of the Restructuring Exercise. Please refer to the section entitled "Restructuring Exercise" of this Offer Document for more information.

The consideration was based on the audited NTA of HLA Holdings of approximately S\$78,800 as at 30 September 2014. Accordingly, our Directors are of the view that the above transaction was not carried out on an arm's length basis or on normal commercial terms as there was no independent valuation of the shares of HLA Holdings. Our Directors are of the view that the above transaction is not prejudicial to the interests of our Group or our minority Shareholders.

(v) Sale of the property at 23 Woodlands Industrial Park E1 #04-02, Admiralty Industrial Park, Singapore 757741 to our Group by HNR

Lim Hean Nerng, Foo Siau Foon, and our Executive Chairman and Group Managing Director, Kelvin Lim, are directors of HNR and hold an interest in approximately 50.0%, 25.0% and 25.0% respectively, of the issued and paid-up share capital of HNR. HNR is an investment holding company.

Pursuant to a sale and purchase agreement dated 28 October 2014 entered into between HNR and LHN Group, HNR sold an industrial property at 23 Woodlands Industrial Park E1 #04-02, Admiralty Industrial Park, Singapore 757741 (the "**Woodlands Industrial Park Property**") to our subsidiary, LHN Group, for a total consideration of S\$500,000 ("**Consideration Price**"). This property was previously leased out by HNR to third parties and was sold to our Group to avoid any potential conflicts of interest.

INTERESTED PERSON TRANSACTIONS

The Consideration Price was agreed upon between HNR and LHN Group as a willing seller and a willing buyer respectively having regard to the open market value of the Woodlands Industrial Park Property as determined by an independent valuation conducted in September 2014. Accordingly, our Directors are of the view that the above transaction was carried out on an arm's length basis and on normal commercial terms.

(vi) Sale of shares in HN Holdings to Lim Hean Nerng by our Group

In September 2013, our subsidiary, LHN Group, sold 350,000 shares representing the entire issued and paid-up share capital of HN Holdings to Lim Hean Nerng, for a consideration of S\$1.00, as part of the Restructuring Exercise. Please refer to the section entitled "Restructuring Exercise" of this Offer Document for more information.

HN Holdings was disposed of at a nominal cash consideration on the basis that the NTA in HN Holdings is negative. Our Directors are of the view that the above transaction was not carried out on an arm's length basis or on normal commercial terms as there was no independent valuation of the shares of HN Holdings and the consideration was nominal. Our Directors are of the view that the above transaction is not prejudicial to the interests of our Group or our minority Shareholders.

Transactions with LHN Culinary Group

LHN Culinary is wholly owned by our Controlling Shareholder, HNG. Our Executive Directors and their immediate family are directly and indirectly interested in the entire issued and paid-up share capital of HNG through HN Capital and The LHN Capital Trust. Accordingly, LHN Culinary and its subsidiaries are each an Associate of our Executive Directors and Controlling Shareholders and is considered an Interested Person under Chapter 9 of the Catalist Rules. Our Executive Directors, Kelvin Lim and Jess Lim are also directors of LHN Culinary. LHN Culinary Group comprises LHN Culinary and its subsidiaries, namely, Alkaff Mansion Ristorante Pte. Ltd., Parco Caffe Holdings Pte. Ltd. and Australasian Wine Distributors Pte. Ltd., and is involved in the food and beverage business.

In October 2012, our subsidiary, LHN Group, sold 3,000,000 shares representing the entire issued and paid-up share capital of LHN Culinary to our Controlling Shareholder, HNG, for a nominal cash consideration of S\$1.00, as part of the Restructuring Exercise. Please refer to the section entitled "Restructuring Exercise" of this Offer Document for more information.

(i) Sales of assets to and purchases of assets from the LHN Culinary Group

During the Relevant Period, our Group entered into the following sales of assets to and purchases of assets from the LHN Culinary Group:

- (a) in FY2013, our Group sold an air-conditioning unit to the LHN Culinary Group;
- (b) in FY2013, the LHN Culinary Group sold fixed assets comprising the cost of renovation works, furniture and fittings, kitchen equipment, office equipment and digital and visual equipment to our Group; and
- (c) in FY2014, our Group sold a thumbprint access system to the LHN Culinary Group.

The aggregate amounts, rounded to the nearest dollar, of the above transactions between our Group and the LHN Culinary Group during the Relevant Period were as follows:

INTERESTED PERSON TRANSACTIONS

	FY2012 (S\$)	FY2013 (S\$)	FY2014 (S\$)	From 1 October 2014 to the Latest Practicable Date (S\$)
Aggregate sales by our Group to the LHN Culinary Group	–	4,500	584	–
Aggregate sales by the LHN Culinary Group to our Group	–	1,495,539	–	–

The above transactions were carried out at the net book value of the assets transferred. Accordingly, our Directors are of the view that the above transactions were not carried out on an arm's length basis or on normal commercial terms in the ordinary course of business. Our Directors are of the view that the above transactions are not prejudicial to the interests of our Group or our minority Shareholders.

(ii) Loans to the LHN Culinary Group

In FY2012, our Group extended 15 loans of an aggregate amount of S\$3,830,000 to LHN Culinary Group, for working capital purposes. These loans were unsecured, had no fixed term of repayment but were repayable on demand and at an interest of 5.5% per annum. These loans were intra-group loans extended prior to the disposal of LHN Culinary Group on 1 October 2012. Pursuant to a directors' resolution dated 1 October 2012, LHN Group agreed to waive the interests charged on the outstanding loans to LHN Culinary Group at the end of FY2012 with effect from 1 October 2012. Accordingly, the loans were not provided on an arm's length basis or on normal commercial terms because no interest was charged.

In FY2013, our Group extended eight (8) loans of an aggregate amount of S\$2,373,000 to LHN Culinary Group, for working capital purposes. These loans were unsecured, had no fixed term of repayment but were repayable on demand, and interest-free. Accordingly, the loans were not provided on arm's length basis or on normal commercial terms because no interest was charged.

The loans outstanding, rounded to the nearest dollar, as at the end of each of the last three (3) financial years ended 30 September 2014 and as at the Latest Practicable Date were as follows:

	As at 30 September			As at the Latest Practicable Date
	2012 (S\$)	2013 (S\$)	2014 (S\$)	(S\$)
Aggregate amount of loans due from the LHN Culinary Group	– ⁽¹⁾	2,827,502	–	–

Note:

- (1) In FY2012, prior to the divestment of LHN Culinary Group on 1 October 2012, our Group extended loans to LHN Culinary Group. The aggregate amount of loans due from LHN Culinary Group as at 30 September 2012 was S\$6,504,502. As LHN Culinary Group was part of our Group during the relevant period, LHN Culinary Group was not considered an Interested Person and such transactions were not deemed to be Interested Person Transactions.

INTERESTED PERSON TRANSACTIONS

During the Relevant Period, the largest outstanding amount owed by the LHN Culinary Group to our Group was S\$6,504,502. As at the Latest Practicable Date, all loans owing by the LHN Culinary Group to our Group have been fully repaid. We do not intend to enter into similar transactions with the LHN Culinary Group following the admission of our Company to Catalist.

Transactions with other Interested Persons

(i) Sale of shares in LHN Culinary to HNG by our Group

In October 2012, our subsidiary, LHN Group, sold 3,000,000 shares representing the entire issued and paid-up share capital of LHN Culinary to our Controlling Shareholder, HNG, for a nominal cash consideration of S\$1.00, as part of the Restructuring Exercise. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for more information.

LHN Culinary was disposed of at a nominal cash consideration on the basis that the NTA of LHN Culinary is negative. Our Directors are of the view that the above transaction was not carried out on an arm’s length basis or on normal commercial terms as there was no independent valuation of the shares of LHN Culinary and the consideration was nominal because the audited NTA of LHN Culinary as at 30 September 2012 was negative. Our Directors are of the view that the above transaction is not prejudicial to the interests of our Group or our minority Shareholders.

(ii) Rental and sale of vehicle from Kelvin Lim

In FY2014, PT Hub Hijau rented a car then-owned by our Executive Chairman and Group Managing Director, Kelvin Lim, in Jakarta, Indonesia for a period of six (6) months commencing from 1 October 2013 at a rental price of S\$1,070 per month, for staff use.

In April 2014, Kelvin Lim sold the car to PT Hub Hijau for a total consideration of S\$23,310 based on its cost price (including insurance paid on the car) less the rental amounts paid.

The aggregate amounts, rounded to the nearest dollar, paid by our Group to Kelvin Lim for the rental and sale of the vehicle during the Relevant Period were as follows:

	FY2012 (S\$)	FY2013 (S\$)	FY2014 (S\$)	From 1 October 2014 to the Latest Practicable Date (S\$)
Aggregate amount paid by our Group to Kelvin Lim	–	–	29,730	–

Our Directors are of the view that the above transactions were not carried out on an arm’s length basis or on normal commercial terms as the rental price and the consideration for the car paid by our Group to Kelvin Lim were not referenced to any similar unrelated third party transactions. Our Directors are of the view that the above transactions are not prejudicial to the interests of our Group or our minority Shareholders.

INTERESTED PERSON TRANSACTIONS

(iii) Loans to and from our Controlling Shareholder, HNG

During the Relevant Period, our Group extended loans to and from our Controlling Shareholder, HNG, for working capital purposes. These loans were unsecured, interest-free and had no fixed term of repayment. Accordingly, these transactions were not carried out on an arm's length basis or on normal commercial terms.

The loans outstanding, rounded to the nearest dollar, as at the end of each of the last three (3) financial years ended 30 September 2014 and as at the Latest Practicable Date were as follows:

	As at 30 September			As at
	2012	2013	2014	the Latest
	(S\$)	(S\$)	(S\$)	Practicable Date
				(S\$)
Aggregate amount of loans due from/(to) HNG	35,000	(2,914,999)	–	–

During the Relevant Period, the largest outstanding amount owed by HNG to our Group was S\$597,494 and the largest outstanding amount owed to HNG by our Group was S\$2,914,999. As at the Latest Practicable Date, all loans owing by and from HNG to our Group have been fully repaid. We do not intend to enter into similar transactions with the above interested persons following the admission of our Company to Catalist.

(iv) Incorporation of PT HNG

PT HNG, our subsidiary, was incorporated on 9 April 2013 in Indonesia, with an issued and paid-up share capital of US\$3.0 million, comprising 3,000 shares at US\$1,000 each. The shareholders of PT HNG are LHN Group, our subsidiary (which subscribed for 2,970 shares at US\$2,970,000, representing 99.0% of the issued and paid-up share capital of PT HNG) and HNG, our Controlling Shareholder (which subscribed for 30 shares at US\$30,000, representing 1.0% of the issued and paid-up share capital of PT HNG).

Our Directors are of the view that the above transaction was carried out on an arm's length basis and on normal commercial terms as the risks and rewards are in proportion to the equity of LHN Group and HNG.

(v) Sales of shares in LHN Group to our Company by HNG

In March 2015, our Controlling Shareholder, HNG, sold 2,000,000 shares representing the entire issued and paid-up share capital of LHN Group to our Company for a total consideration of S\$32,726,559 based on the audited NTA as at 30 September 2014 of LHN Group and its subsidiaries as part of the Restructuring Exercise. Please refer to the section entitled "Restructuring Exercise" of this Offer Document for more information.

The consideration was agreed upon between HNG and our Company as a willing seller and a willing buyer and based on the audited NTA of LHN Group and its subsidiaries as at 30 September 2014. Accordingly, our Directors are of the view that the above transaction was not carried out on an arm's length basis or on normal commercial terms as there was no

INTERESTED PERSON TRANSACTIONS

independent valuation of the shares of LHN Group. Our Directors are of the view that the above transaction is not prejudicial to the interests of our Group or our minority Shareholders.

ON-GOING INTERESTED PERSON TRANSACTIONS

Transactions with the LHN Culinary Group

During the Relevant Period, our Group entered into the following transactions with the LHN Culinary Group:

- (a) provision of facilities management services (including security services and rubbish disposal services), administrative services (including accounting and human resource services) and logistics services by our Group to the LHN Culinary Group;
- (b) undertaking of renovation and maintenance work by our Group for the LHN Culinary Group;
- (c) leasing out of property and provision of utilities services by our Group to the LHN Culinary Group;
- (d) sale of parking coupons by our Group to the LHN Culinary Group; and
- (e) provision of food and beverage services by the LHN Culinary Group to our Group.

The aggregate amounts, rounded to the nearest dollar, charged by our Group to the LHN Culinary Group and by the LHN Culinary Group to our Group, as the case may be, during the Relevant Period were as follows:

	FY2012 (S\$)	FY2013 (S\$)	FY2014 (S\$)	From 1 October 2014 to the Latest Practicable Date (S\$)
Aggregate amount charged by our Group to the LHN Culinary Group	– ⁽¹⁾	590,336	138,085	36,950
Aggregate amount charged by the LHN Culinary Group to our Group	– ⁽¹⁾	96,790	89,560	25,185

Note:

- (1) In FY2012, there were transactions between LHN Culinary Group and our Group. Most of these transactions were similar to transactions (a) to (e) as set out above. The aggregate amount charged by our Group to LHN Culinary Group was S\$2,711,641 and the aggregate amount charged by LHN Culinary Group to our Group was S\$203,707. In addition, the terms which these transactions were entered into were similar to the terms of the transactions entered into in FY2013 and FY2014. However, as LHN Culinary Group was part of the Group during the relevant period, LHN Culinary Group was not considered an Interested Person and such transactions were not deemed to be Interested Person Transactions. LHN Culinary Group was divested from our Group on 1 October 2012.

Our Directors are of the view that the above transactions were carried out on an arm's length basis and on normal commercial terms in the ordinary course of business as the terms charged by our Group to the LHN Culinary Group were not more favourable than those extended to unrelated third parties and the terms charged to us by the LHN Culinary Group were not more favourable than those extended to unrelated third parties for similar products or services.

INTERESTED PERSON TRANSACTIONS

It is envisaged that we may continue some of the above transactions with the LHN Culinary Group in the ordinary course of our business in the future. Accordingly, we have put in place a Shareholders' Mandate in respect of our Group's transactions with the LHN Culinary Group. Upon the admission of our Company to the Catalist, we will comply with the procedures set out under the section entitled "Interested Person Transactions – General Mandate For Interested Person Transactions" of this Offer Document.

Transactions with the PJS Companies

Cafe@Phoenix and DJ Culinary are each wholly owned by Pang Joo Siang, the sole director of each company, who is the spouse of our Executive Director and Deputy Group Managing Director, Jess Lim. Accordingly, each of the PJS Companies is an Associate of Jess Lim and thus defined as an Interested Person under Chapter 9 of the Catalist Rules. The PJS Companies are involved in the food and beverage business.

During the Relevant Period, our Group entered into the following transactions with the PJS Companies:

- (a) provision of facilities management services by our Group to each of the PJS Companies;
- (b) undertaking of renovation and maintenance work by our Group for the PJS Companies;
- (c) leasing out of properties⁽¹⁾ and provision of utilities services by our Group to each of the PJS Companies; and
- (d) provision of food and beverage services by each of the PJS Companies to our Group.

Note:

- (1) As at the Latest Practicable Date, our Group leased out the following properties to the PJS Companies, the details of which are set out in the table below:

Interested Person/tenant	Location of property	Duration of lease
DJ Culinary	10 Raeburn Park #01-25, Singapore 088702	Approximately 24 months
	200 Pandan Gardens #01-12/13, Singapore 609336	Approximately 24 months
Cafe@Phoenix	320 Tanglin Road, Singapore 247980	36 months
	260 Upper Bukit Timah Road #01-01, Singapore 588190	24 months
	266 Upper Bukit Timah Road #02-08, Singapore 588209	Approximately 21 months

The aggregate amounts, rounded to the nearest dollar, charged by our Group to the PJS Companies and by the PJS Companies to our Group, as the case may be, during the Relevant Period were as follows:

INTERESTED PERSON TRANSACTIONS

	FY2012 (S\$)	FY2013 (S\$)	FY2014 (S\$)	From 1 October 2014 to the Latest Practicable Date (S\$)
Aggregate amount charged by our Group to the PJS Companies	607,033	525,626	694,948	306,596
Aggregate amount charged by the PJS Companies to our Group	9,012	37,177	7,120	3,830

Our Directors are of the view that the above transactions which were provided by our Group to the PJS Companies were carried out on an arm's length basis and on normal commercial terms in the ordinary course of business as the terms charged by our Group to the PJS Companies were not more favourable than those extended to unrelated third parties.

Our Directors are of the view that the above transactions which were provided to our Group by the PJS Companies were not carried out on an arm's length basis or on normal commercial terms but were to the benefit of our Group because the terms in which our Group were charged by the PJS Companies were more favourable than those extended to unrelated third parties for similar products and services due to the discounts which were given to our Group.

It is envisaged that we may continue the above transactions with the PJS Companies in the ordinary course of our business in the future. Accordingly, we have put in place a Shareholders' Mandate in respect of our transactions with the PJS Companies. Upon the admission of our Company to the Catalist, we will comply with the procedures set out under the section entitled "Interested Person Transactions – General Mandate For Interested Person Transactions" of this Offer Document.

INTERESTED PERSON TRANSACTIONS

Transactions with our Executive Directors and their Associates

Personal guarantees and indemnities provided by our Executive Directors, Kelvin Lim and Jess Lim, and their Associates, Lim Hean Nerng and Foo Siau Foon, for various performance bonds and banking facilities

During the Relevant Period, our Executive Directors, Kelvin Lim and Jess Lim, and their Associates, Lim Hean Nerng and Foo Siau Foon, provided joint and several personal guarantees and indemnities for the following performance bonds and banking facilities:

Subsidiary that procured the facility	Institution	Type of security	Facility	Amount of facility secured ⁽¹⁾	Amount guaranteed ⁽¹⁾	Largest amount guaranteed during the Relevant Period ⁽¹⁾	Amount outstanding/ guaranteed as at the Latest Practicable Date ⁽¹⁾	Interested Person(s)
LHN Group	CIMB	Guarantee	Banker's guarantee	S\$700,000	All monies owing	S\$270,600	S\$270,600	Lim Hean Nerng, Jess Lim and Kelvin Lim
LHN Group	Maybank	Guarantee	Overdraft	S\$200,000	All monies owing	–	–	Lim Hean Nerng, Foo Siau Foon, Kelvin Lim and Jess Lim
Singapore Handicrafts	Maybank	Guarantee	Banker's guarantee	S\$3,000,000	All monies owing	S\$594,649	S\$1,715,488	Lim Hean Nerng, Kelvin Lim and Jess Lim
							S\$4,743,872	
							S\$2,170,743	
LHN Group	OCBC	Guarantee	Banker's guarantee	S\$2,000,000	All monies owing	–	S\$3,000,000	Lim Hean Nerng, Foo Siau Foon, Kelvin Lim and Jess Lim
							S\$3,000,000	
							S\$2,812,500	

INTERESTED PERSON TRANSACTIONS

Subsidiary that procured the facility	Institution	Type of security	Facility	Amount of facility secured ⁽¹⁾	Amount guaranteed ⁽¹⁾	Largest amount guaranteed during the Relevant Period ⁽¹⁾	Amount outstanding/ guaranteed as at the Latest Practicable Date ⁽¹⁾	Interested Person(s)
LHN Group	RHB	Guarantee	Revolving credit facility	S\$2,000,000	All monies owing	–	–	Lim Hean Nerng, Foo Siau Foon, Kelvin Lim and Jess Lim
			Banker's guarantee	S\$3,000,000		S\$749,086	S\$1,756,424	
LHN Group	DBS	Guarantee	Letters of guarantee	S\$1,000,000	All monies owing	–	–	Lim Hean Nerng, Jess Lim and Kelvin Lim
			Fixed advance facility	S\$2,000,000		–	–	
HNL	Hong Leong Finance	Guarantee	Hire purchase facility	S\$3,000,000	S\$3,000,000	S\$503,100	S\$568,608	Lim Hean Nerng, Jess Lim and Kelvin Lim
LHN Group, HNL, Soon Wing Investments, LHN Vehicle Parking Management, ICFM	Hong Leong Finance	Guarantee	Hire purchase facility	S\$3,000,000	S\$3,000,000	S\$360,000	S\$1,600,915	Lim Hean Nerng, Jess Lim and Kelvin Lim
LHN Group, HNL, Soon Wing Investments, LHN Vehicle Parking Management	Hong Leong Finance	Guarantee	Hire purchase facility	S\$2,000,000	S\$2,000,000	S\$143,738	S\$499,517	Jess Lim and Kelvin Lim
LHN Vehicle Parking Management	OCBC	Guarantee	Hire purchase facility	S\$1,980,000	S\$1,980,000	S\$225,553	S\$1,175,613	Lim Hean Nerng, Jess Lim and Kelvin Lim

INTERESTED PERSON TRANSACTIONS

Subsidiary that procured the facility	Institution	Type of security	Facility	Amount of facility secured ⁽¹⁾	Amount guaranteed ⁽¹⁾	Largest amount guaranteed during the Relevant Period ⁽¹⁾	Amount outstanding/ guaranteed as at the Latest Practicable Date ⁽¹⁾	Interested Person(s)
LHN Group	ECICS Limited	Guarantee and indemnity	For bond issued in relation to the tenancy agreement in respect of 27 West Coast Highway Singapore 117867 ⁽²⁾	S\$5,000,000	S\$5,000,000	S\$1,151,994	S\$1,151,994	Lim Hean Nerng and Kelvin Lim
CEC Holdings	The Overseas Assurance Corporation Limited	Indemnity	For insurance guarantee issued in relation to the lease of 260 Upper Bukit Timah Road Singapore 588190 ⁽³⁾	S\$398,226	S\$398,226	S\$398,226	S\$398,226	Lim Hean Nerng and Kelvin Lim

INTERESTED PERSON TRANSACTIONS

Subsidiary that procured the facility	Institution	Type of security	Facility	Amount of facility secured ⁽¹⁾	Amount guaranteed ⁽¹⁾	Largest amount guaranteed during the Relevant Period ⁽¹⁾	Amount outstanding/ guaranteed as at the Latest Practicable Date ⁽¹⁾	Interested Person(s)
HNC	The Overseas Assurance Corporation Limited	Indemnity	For insurance guarantee issued in respect of the lease of Lots 3453L(PT) & 2807W MK01 at Blocks 20, 21, 23, 23A, 24, 24A, 25, 25A, Former Canteen Block And Annex Building at Depot Lane Singapore 109763/766/753/767/764/677 ⁽⁴⁾	S\$937,686	S\$937,686	S\$937,686	S\$937,686	Lim Hean Nerng and Kelvin Lim
HNFM	The Overseas Assurance Corporation Limited	Indemnity	For insurance guarantee issued in respect of the lease of 45 Burghley Drive Singapore 559022 ⁽⁵⁾	S\$281,994	S\$281,994	S\$281,994	S\$281,994	Kelvin Lim and Jess Lim

INTERESTED PERSON TRANSACTIONS

Subsidiary that procured the facility	Institution	Type of security	Facility	Amount of facility secured ⁽¹⁾	Amount guaranteed ⁽¹⁾	Largest amount guaranteed during the Relevant Period ⁽¹⁾	Amount outstanding/ guaranteed as at the Latest Practicable Date ⁽¹⁾	Interested Person(s)
LHN Group	Tokio Marine	Indemnity	For performance bond issued in relation to the head lease of certain units at 15 Robin Road Singapore 258196 ⁽⁶⁾	S\$144,811	S\$144,811	S\$144,811	S\$144,811	Lim Hean Nerng, Jess Lim and Kelvin Lim
LHN Group	Tokio Marine	Indemnity	For performance bond issued in relation to the head lease of certain units at 15 Robin Road Singapore 258196 ⁽⁶⁾	S\$142,657	S\$142,657	S\$142,657	S\$142,657	Lim Hean Nerng, Jess Lim and Kelvin Lim
LHN Group	Tokio Marine	Indemnity	For performance bond issued in relation to the head lease of certain units at 15 Robin Road Singapore 258196 ⁽⁶⁾	S\$135,975	S\$135,975	S\$135,975	S\$135,975	Lim Hean Nerng, Jess Lim and Kelvin Lim

INTERESTED PERSON TRANSACTIONS

Subsidiary that procured the facility	Institution	Type of security	Facility	Amount of facility secured ⁽¹⁾	Amount guaranteed ⁽¹⁾	Largest amount guaranteed during the Relevant Period ⁽¹⁾	Amount outstanding/ guaranteed as at the Latest Practicable Date ⁽¹⁾	Interested Person(s)
LHN Group	Tokio Marine	Indemnity	For performance bond issued in relation to the head lease of certain units at 15 Robin Road Singapore 258196 ⁽⁶⁾	S\$287,690	S\$287,690	S\$287,690	S\$287,690	Lim Hean Nerng, Jess Lim and Kelvin Lim
LHN Group	Tokio Marine	Indemnity	For performance bond issued in relation to the head lease of certain units at 15 Robin Road Singapore 258196 ⁽⁶⁾	S\$142,901	S\$142,901	S\$142,901	S\$142,901	Lim Hean Nerng, Jess Lim and Kelvin Lim
LHN Group	Tokio Marine	Indemnity	For performance bond issued in relation to the head lease of certain units at 15 Robin Road Singapore 258196 ⁽⁶⁾	S\$151,515	S\$151,515	S\$151,515	S\$151,515	Lim Hean Nerng, Jess Lim and Kelvin Lim

INTERESTED PERSON TRANSACTIONS

Subsidiary that procured the facility	Institution	Type of security	Facility	Amount of facility secured ⁽¹⁾	Amount guaranteed ⁽¹⁾	Largest amount guaranteed during the Relevant Period ⁽¹⁾	Amount outstanding/ guaranteed as at the Latest Practicable Date ⁽¹⁾	Interested Person(s)
LHN Group	Tokio Marine	Indemnity	For performance bond issued in relation to the head lease of certain units at 15 Robin Road Singapore 258196 ⁽⁶⁾	S\$144,811	S\$144,811	S\$144,811	S\$144,811	Lim Hean Nerng, Jess Lim and Kelvin Lim
LHN Facilities Management	Tokio Marine	Indemnity	For performance bond issued in respect of an undertaking provided by LHN Facilities Management in relation to the head lease of State Land Lot 272V(PT) MK 02 at the Former MHA Complex at Tanglin Road ⁽⁷⁾	S\$989,304	S\$989,304	S\$989,304	S\$989,304	Lim Hean Nerng, Jess Lim and Kelvin Lim

INTERESTED PERSON TRANSACTIONS

Subsidiary that procured the facility	Institution	Type of security	Facility	Amount of facility secured ⁽¹⁾	Amount guaranteed ⁽¹⁾	Largest amount guaranteed during the Relevant Period ⁽¹⁾	Amount outstanding/ guaranteed as at the Latest Practicable Date ⁽¹⁾	Interested Person(s)
LHN Properties Investments	The Overseas Assurance Corporation Limited	Indemnity	For insurance guarantee issued in relation to the lease of 1557 Keppel Road Singapore 089066 ^(e)	S\$793,956	S\$793,956	S\$793,956	S\$793,956	Jess Lim and Kelvin Lim
LHN Properties Investments	Tokio Marine	Indemnity	For insurance guarantee issued in respect of an undertaking provided by LHN Properties Investments in relation to the lease of 200 Pandan Gardens Singapore 609336 ^(e)	S\$107,994	S\$107,994	S\$107,994	S\$107,994	Lim Hean Nerng, Jess Lim and Kelvin Lim

INTERESTED PERSON TRANSACTIONS

Subsidiary that procured the facility	Institution	Type of security	Facility	Amount of facility secured ⁽¹⁾	Amount guaranteed ⁽¹⁾	Largest amount guaranteed during the Relevant Period ⁽¹⁾	Amount outstanding/ guaranteed as at the Latest Practicable Date ⁽¹⁾	Interested Person(s)
LHN Properties Investments	Tokio Marine	Indemnity	For insurance guarantee issued in respect of an undertaking provided by LHN Properties Investments in relation to the lease of 23A/B Turnhouse Road Singapore 507760/ 507764 ⁽¹⁰⁾	S\$26,805	S\$26,805	S\$26,805	S\$26,805	Lim Hean Nerng, Jess Lim and Kelvin Lim
LHN Properties Investments	Tokio Marine	Indemnity	For insurance guarantee issued in respect of an undertaking provided by LHN Properties Investments in relation to the lease of 42 Pulau Ubin Singapore 502487 ⁽¹¹⁾	S\$34,194	S\$34,194	S\$34,194	S\$34,194	Lim Hean Nerng, Jess Lim and Kelvin Lim

INTERESTED PERSON TRANSACTIONS

Subsidiary that procured the facility	Institution	Type of security	Facility	Amount of facility secured ⁽¹⁾	Amount guaranteed ⁽¹⁾	Largest amount guaranteed during the Relevant Period ⁽¹⁾	Amount outstanding/ guaranteed as at the Latest Practicable Date ⁽¹⁾	Interested Person(s)
Work Plus Store	Tokio Marine	Indemnity	For insurance guarantee issued in respect of an undertaking provided by Work Plus Store in relation to the lease of No. 10, 20, 30, 40 Tuas South Street 1 Singapore 637466/465/464/463 ⁽¹²⁾	S\$1,500,000	S\$1,500,000	S\$1,500,000	S\$1,500,000	Jess Lim and Kelvin Lim
Soon Wing Investments	Tokio Marine	Indemnity	For bond issued in respect of an undertaking provided by Soon Wing Investments in relation to the lease of 2 Soon Wing Road Singapore 347893 ⁽¹³⁾	S\$114,960	S\$114,960	S\$114,960	S\$114,960	Lim Hean Nerng, Jess Lim and Kelvin Lim

INTERESTED PERSON TRANSACTIONS

Subsidiary that procured the facility	Institution	Type of security	Facility	Amount of facility secured ⁽¹⁾	Amount guaranteed ⁽¹⁾	Largest amount guaranteed during the Relevant Period ⁽¹⁾	Amount outstanding/ guaranteed as at the Latest Practicable Date ⁽¹⁾	Interested Person(s)
Soon Wing Investments	Tokio Marine	Indemnity	For bond issued in respect of an undertaking provided by Soon Wing Investments in relation to the lease of 2 Tuas South Avenue 2 Singapore 637601 ^(1,4)	S\$3,403,719	S\$3,403,719	S\$3,403,719	S\$3,403,719	Jess Lim and Kelvin Lim
GreenHub	Tokio Marine	Indemnity	For bond issued in respect of an undertaking provided by GreenHub in relation to the lease of 10 Raeburn Park Singapore 088702 ^(1,5)	S\$708,945	S\$708,945	S\$708,945	S\$708,945	Lim Hean Nerng, Jess Lim and Kelvin Lim

INTERESTED PERSON TRANSACTIONS

Subsidiary that procured the facility	Institution	Type of security	Facility	Amount of facility secured ⁽¹⁾	Amount guaranteed ⁽¹⁾	Largest amount guaranteed during the Relevant Period ⁽¹⁾	Amount outstanding/ guaranteed as at the Latest Practicable Date ⁽¹⁾	Interested Person(s)
HNL	Tokio Marine	Indemnity	For bond issued in respect of an undertaking provided by HNL in relation to the lease of state property on Lot 92V MK 11 at 253 Kranji Road ⁽¹⁶⁾	S\$22,455	S\$22,455	S\$22,455	S\$22,455	Lim Hean Nerng, Jess Lim and Kelvin Lim
HNC	Tokio Marine	Indemnity	For bond issued in respect of an undertaking provided by HNC in relation to the management agreement involving 245 Jalan Ahmad Ibrahim Singapore 629144 ⁽¹⁷⁾	S\$72,000	S\$72,000	S\$72,000	S\$72,000	Lim Hean Nerng, Jess Lim and Kelvin Lim

INTERESTED PERSON TRANSACTIONS

Subsidiary that procured the facility	Institution	Type of security	Facility	Amount of facility secured ⁽¹⁾	Amount guaranteed ⁽¹⁾	Largest amount guaranteed during the Relevant Period ⁽¹⁾	Amount outstanding/ guaranteed as at the Latest Practicable Date ⁽¹⁾	Interested Person(s)
LHN Vehicle Parking Management	Tokio Marine	Indemnity	For bond issued in respect of an undertaking provided by LHN Vehicle Parking Management in relation to 25 Lorong 8 Toa Payoh Singapore 319263 ⁽¹⁸⁾	S\$176,784	S\$176,784	S\$176,784	S\$176,784	Lim Hean Neng, Jess Lim and Kelvin Lim
LHN Vehicle Parking Management	Tokio Marine	Indemnity	For bond issued in respect of an undertaking provided by LHN Vehicle Parking Management in relation to a licence agreement in respect of the operation and management of one (1) car park ⁽¹⁹⁾	S\$207,744	S\$207,744	S\$207,744	S\$207,744	Lim Hean Neng, Jess Lim and Kelvin Lim

INTERESTED PERSON TRANSACTIONS

Subsidiary that procured the facility	Institution	Type of security	Facility	Amount of facility secured ⁽¹⁾	Amount guaranteed ⁽¹⁾	Largest amount guaranteed during the Relevant Period ⁽¹⁾	Amount outstanding/ guaranteed as at the Latest Practicable Date ⁽¹⁾	Interested Person(s)
LHN Vehicle Parking Management	Tokio Marine	Indemnity	For bond issued in respect of an undertaking provided by LHN Vehicle Parking Management in relation to a licence agreement in respect of the operation and management of ten (10) car parks ⁽²⁾	S\$1,025,256	S\$1,025,256	S\$1,025,256	S\$1,025,256	Lim Hean Nerng, Jess Lim and Kelvin Lim

Notes:

- (1) Amounts have been rounded to the nearest dollar.
- (2) In consideration of ECICS Limited issuing a bond in respect of an undertaking provided by CEC Holdings in relation to the tenancy agreement in respect to 27 West Coast Highway Singapore 117867, LHN Group, CEC Holdings and the Interested Persons namely, Lim Hean Nerng and Kelvin Lim executed a deed of indemnity in favour of ECICS Limited.
- (3) In consideration of The Overseas Assurance Corporation Limited issuing an insurance guarantee in respect of the lease of 260 Upper Bukit Timah Road Singapore 588190, LHN Group, CEC Holdings and the Interested Persons, namely Lim Hean Nerng and Kelvin Lim executed a deed of indemnity in favour of The Overseas Assurance Corporation Limited.
- (4) In consideration of The Overseas Assurance Corporation Limited issuing an insurance guarantee in respect of the lease of Lots 3453L(PT) & 2807W MK01 at Blocks 20, 21, 23, 23A, 24, 24A, 25, 25A, Former Canteen Block And Annex Building at Depot Lane Singapore 109763/766/753/767/764/677, LHN Group, HNC and the Interested Persons, namely Lim Hean Nerng and Kelvin Lim executed a deed of indemnity in favour of The Overseas Assurance Corporation Limited.
- (5) In consideration of The Overseas Assurance Corporation Limited issuing an insurance guarantee in respect of the lease of 45 Burghley Drive Singapore 559022, LHN Group, HNFM and the Interested Persons, namely Kelvin Lim and Jess Lim executed a deed of indemnity in favour of The Overseas Assurance Corporation Limited.
- (6) In consideration of Tokio Marine issuing performance bonds pursuant to the performance/rental bond facility for respective head leases in respect of various units at 15 Robin Road Singapore 258196, LHN Group and the Interested Persons, namely Lim Hean Nerng, Jess Lim and Kelvin Lim executed deeds of indemnity in favour of Tokio Marine.

INTERESTED PERSON TRANSACTIONS

- (7) In consideration of Tokio Marine issuing a performance bond in respect of an undertaking provided by LHN Facilities Management in relation to the head lease of State Land Lot 272V(PT) MK 02 at the Former MHA Complex at Tanglin Road, LHN Group, LHN Facilities Management and the Interested Persons, namely Lim Hean Nerng, Jess Lim and Kelvin Lim executed a deed of indemnity in favour of Tokio Marine.
- (8) In consideration of The Overseas Assurance Corporation Limited issuing an insurance guarantee in respect of the lease of 1557 Keppel Road Singapore 089066, LHN Group, LHN Properties Investments and the Interested Persons, namely Jess Lim and Kelvin Lim executed a deed of indemnity in favour of The Overseas Assurance Corporation Limited.
- (9) In consideration of Tokio Marine issuing an insurance guarantee in respect of an undertaking provided by LHN Properties Investments in relation to the lease of 200 Pandan Gardens Singapore 609336, LHN Group, LHN Properties Investments and the Interested Persons namely, Lim Hean Nerng, Jess Lim and Kelvin Lim executed a deed of indemnity in favour of Tokio Marine.
- (10) In consideration of Tokio Marine issuing an insurance guarantee in respect of an undertaking provided by LHN Properties Investments in relation to the lease of 23A/B Turnhouse Road Singapore 507760/507764, LHN Group, LHN Properties Investments and the Interested Persons, namely Lim Hean Nerng, Jess Lim and Kelvin Lim executed a deed of indemnity in favour of Tokio Marine.
- (11) In consideration of Tokio Marine issuing an insurance guarantee in respect of an undertaking provided by LHN Properties Investments in relation to the lease of 42 Pulau Ubin Singapore 502487, LHN Group, LHN Properties Investments and the Interested Persons, namely Lim Hean Nerng, Jess Lim and Kelvin Lim executed a deed of indemnity in favour of Tokio Marine.
- (12) In consideration of Tokio Marine issuing an insurance guarantee in respect of an undertaking provided by Work Plus Store in relation to the lease of No. 10, 20, 30, 40 Tuas South Street 1 Singapore 637466/465/464/463, LHN Group, Work Plus Store and the Interested Persons, namely Jess Lim and Kelvin Lim executed a deed of indemnity in favour of Tokio Marine.
- (13) In consideration of Tokio Marine issuing a bond in respect of an undertaking provided by Soon Wing Investments in relation to the lease of 2 Soon Wing Road Singapore 347893, LHN Group, Soon Wing Investments, and the Interested Persons, namely Lim Hean Nerng, Jess Lim and Kelvin Lim executed a deed of indemnity in favour of Tokio Marine.
- (14) In consideration of Tokio Marine issuing a bond in respect of an undertaking provided by Soon Wing Investments in relation to the lease of 2 Tuas South Avenue 2 Singapore 637601, LHN Group, Soon Wing Investments, and the Interested Persons namely, Jess Lim and Kelvin Lim executed a deed of indemnity in favour of Tokio Marine.
- (15) In consideration of Tokio Marine issuing a bond in respect of an undertaking provided by GreenHub in relation to 10 Raeburn Park Singapore 088702, LHN Group, GreenHub, and the Interested Persons namely, Lim Hean Nerng, Jess Lim and Kelvin Lim executed a deed of indemnity in favour of Tokio Marine.
- (16) In consideration of Tokio Marine issuing a bond in respect of an undertaking provided by HNL in relation to the lease of state property on Lot 92V MK 11 at 253 Kranji Road, LHN Group, HNL, and the Interested Persons namely, Lim Hean Nerng, Jess Lim and Kelvin Lim executed a deed of indemnity in favour of Tokio Marine.
- (17) In consideration of Tokio Marine issuing a bond in respect of an undertaking provided by HNC in relation to the management agreement involving 245 Jalan Ahmad Ibrahim Singapore 629144, LHN Group, HNC and the Interested Persons namely, Lim Hean Nerng, Jess Lim and Kelvin Lim executed a deed of indemnity in favour of Tokio Marine.
- (18) In consideration of Tokio Marine issuing a bond in respect of an undertaking provided by LHN Vehicle Parking Management in relation to 25 Lorong 8 Toa Payoh Singapore 319263, LHN Group, LHN Vehicle Parking Management, and the Interested Persons namely, Lim Hean Nerng, Jess Lim and Kelvin Lim executed a deed of indemnity in favour of Tokio Marine.
- (19) In consideration of Tokio Marine issuing a bond in respect of an undertaking provided by LHN Vehicle Parking Management in relation to a licence agreement in respect of the operation and management of one (1) car park, LHN Group, LHN Vehicle Parking Management, and the Interested Persons namely, Lim Hean Nerng, Jess Lim and Kelvin Lim executed a deed of indemnity in favour of Tokio Marine.
- (20) In consideration of Tokio Marine issuing a bond in respect of an undertaking provided by LHN Vehicle Parking Management in relation to a licence agreement in respect of the operation and management of ten (10) car parks, LHN Group, LHN Vehicle Parking Management, and the Interested Persons namely, Lim Hean Nerng, Jess Lim and Kelvin Lim executed a deed of indemnity in favour of Tokio Marine.

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As at the Latest Practicable Date, the aggregate outstanding amount guaranteed by Kelvin Lim, Jess Lim, Lim Hean Nerng and/or Foo Siau Foon under the above facilities was approximately S\$30,418,656. Please refer to the section entitled “Capitalisation and Indebtedness” of this Offer Document for more information of the interest rates of the banking facilities.

As no fee was paid to Kelvin Lim, Jess Lim, Lim Hean Nerng or Foo Siau Foon for the provision of the above guarantees and indemnities, our Directors are of the view that the above arrangements were not carried out on an arm’s length basis or on normal commercial terms but were to the benefit of our Group. Our Directors are of the view that the above transactions are not prejudicial to the interests of our Group or our minority Shareholders.

Following the admission of our Company to Catalist, we intend to procure a release and discharge of the abovementioned guarantees and indemnities from the relevant institutions. If we are unable to procure the release and discharge of these guarantees and indemnities, Kelvin Lim, Jess Lim, Lim Hean Nerng and Foo Siau Foon have each provided an undertaking which states that they will continue to provide the guarantees and indemnities required to secure these performance bonds and banking facilities until such time when our Group is able to seek and obtain alternative facilities from other institutions offering comparable terms without the need for such personal guarantees and indemnities.

OTHER TRANSACTIONS

We set forth below transactions involving persons connected to our Group but which do not fall within the definition of an Interested Person under Chapter 9 of the Listing Manual.

Legal services rendered by RHTLaw Taylor Wessing LLP (“RHTLaw”)

Our Independent Director, Ch’ng Li-Ling is a partner in RHTLaw, which has provided legal services to our Group. The legal services were provided by Ch’ng Li-Ling and other lawyers of the firm. The aggregate amounts paid to RHTLaw for its services during the Relevant Period, are set out as follows:

	FY2012 (S\$)	FY2013 (S\$)	FY2014 (S\$)	From 1 October 2014 to the Latest Practicable Date (S\$)
Aggregate amount paid by our Group to RHTLaw	123,065	57,971	9,452	–

We are of the view that the fees paid to RHTLaw commensurate with the legal services provided by it and that the above transactions were carried out on an arm’s length basis and on normal commercial terms although no other third party quotes were obtained. It is envisaged that we may continue to engage the services of RHTLaw. Our transactions will be based on normal commercial terms and will be subject to the review of the Audit Committee, and be in compliance with the guidelines set out in the Singapore Code of Corporate Governance. Furthermore, should our Group intend to engage the services of RHTLaw, we will be required to obtain at least two (2) separate quotations from similar third party firms which will be submitted together with RHTLaw’s quotation to the Audit Committee for its review and approval. In the event that Ch’ng Li-Ling is interested in any services proposed to be offered by RHTLaw involving our Group, she will abstain

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from reviewing and voting on that particular transaction and any legal matters involving our Group will be handled by other lawyers of RHTLaw. Given the internal procedures set out above, our Directors (excluding Ch'ng Li-Ling) are of the view that moving ahead, the proposed services which may be provided by RHTLaw to our Group will not interfere with Ch'ng Li-Ling's independent judgment in her work as an Independent Director.

GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

We anticipate that our Group would, following the admission of our Company to Catalist, in the ordinary course of business, continue to enter into certain transactions with Interested Persons, including but not limited to the categories of transactions described below. It is likely that such transactions will occur with some degree of frequency and may arise at any time. In view of the time-sensitive and/or recurrent nature of commercial transactions, it would be advantageous for us to obtain a Shareholders' mandate to enter into certain Interested Person Transactions in our normal course of business, provided that all such Interested Person Transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders.

Chapter 9 of the Catalist Rules allows a listed company to obtain a mandate from its shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses.

Pursuant to Rule 920(2) of the Catalist Rules, our Company may treat a general mandate as having been obtained from our Shareholders ("**Shareholders' Mandate**") for us to enter into Interested Person Transactions with our Interested Persons, if the information required under Rule 920(1)(b) of the Listing Manual as set out below, is included in this Offer Document:

- (i) the class of interested persons with which the Entity At Risk will be transacting;
- (ii) the nature of the transactions contemplated under the mandate;
- (iii) the rationale for, and benefit to, the Entity At Risk;
- (iv) the methods or procedures for determining transaction prices;
- (v) the independent financial adviser's opinion on whether the methods or procedures in (iv) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and the interests of our minority Shareholders;
- (vi) an opinion from our Audit Committee if it takes a different view to the independent financial adviser;
- (vii) a statement from us that we will obtain a fresh mandate from our Shareholders if the methods or procedures in (iv) above become inappropriate; and
- (viii) a statement that the interested person will abstain, and has undertaken to ensure that its associates will abstain, from voting on the resolution approving the transaction.

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By subscribing for the Placement Shares, new Shareholders are deemed to have approved the Shareholders' Mandate. The Shareholders' Mandate will be effective until the earlier of the following: (i) the conclusion of our first annual general meeting following our admission to Catalist; or (ii) the first anniversary of the date of our admission to Catalist. Thereafter, we will seek the approval of our Shareholders for a renewal of the Shareholders' Mandate at each subsequent annual general meeting or the date by which the next annual general meeting of our Company is required by law to be held, subject to satisfactory review by our Audit Committee of its continued application to the transactions with the Mandated Interested Person(s).

In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, Interested Persons and their Associates shall abstain from voting on resolutions approving Interested Person Transactions involving themselves and our Group. Furthermore, such Interested Persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the appointing Shareholder. As such, our Executive Directors, Kelvin Lim and Jess Lim, and their Associates will abstain from voting on the resolutions approving the renewal of the Shareholders' Mandate.

Entities At Risk

For the purposes of the Shareholders' Mandate, an Entity At Risk means:

- our Company;
- a subsidiary of our Company that is not listed on the SGX-ST or an approved exchange; or
- an associated company of our Company that is not listed on the SGX-ST or an approved exchange, provided that we and our interested person(s), have control over the associated company.

Classes of Mandated Interested Persons

The Shareholders' Mandate will apply to the transactions that are carried out with the following classes of Interested Persons:

- (a) certain members of the Lim family (collectively, the "**Lim Family**") who are or may from time to time be or become beneficiaries of The LHN Capital Trust;
- (b) our Executive Directors, Kelvin Lim and Jess Lim;
- (c) LHN Culinary, its subsidiaries and its Associated Companies;
- (d) the PJS Companies, their respective subsidiaries and their respective Associated Companies; and
- (e) the respective Associates of the parties named in (a) and (b) above,

(collectively, the "**Mandated Interested Persons**").

While not all Mandated Interested Persons currently have ongoing transactions with our Group, our Group has included them in the Shareholders' Mandate as our Group envisages that they may enter into transactions with the Mandated Interested Persons in the future.

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Transactions between the Mandated Interested Persons and our Group which do not fall within the ambit of the proposed Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules. In particular, if such transactions are of an aggregate value equal to or more than 5.0% of our Group's latest audited NTA, future transactions of such a nature will be subject to our Shareholders' approval before they can be entered into.

Categories of Mandated Interested Person Transactions

We envisage that in the ordinary course of our business, the following transactions between our Group and the Mandated Interested Person(s) are likely to occur from time to time:

- (a) the provision or obtaining of leases or sub-leases of commercial space, industrial space, residential space and/or land to or from the Mandated Interested Persons;
- (b) the provision of facilities management services under the Group's Facilities Management Business such as building maintenance services, security services and pest control services to the Mandated Interested Persons;
- (c) the provision of renovation and related services such as, project management services, fitting-out works, A&A works and replacement of M&E installations to the Mandated Interested Persons;
- (d) purchase of food and beverage products and services from the Mandated Interested Persons; and
- (e) the provision or obtaining of such other products and/or services which are incidental to or in connection with the transactions in (a) to (d) above,

(collectively, the "**Mandated Transactions**").

For the avoidance of doubt, there will be no sale or purchase of any assets, undertakings or businesses within the scope of the Shareholders' Mandate. The Shareholders' Mandate will also not cover any transaction by our Group with a Mandated Interested Person(s) that has a value below S\$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Catalist Rules would not apply to such transactions.

Transactions with other Interested Persons (other than the classes of Mandated Interested Persons) that do not fall within the ambit of the Shareholders' Mandate will be subject to the relevant provisions of Chapter 9 of the Catalist Rules and/or applicable provisions of the Catalist Rules and/or any applicable law. Transactions conducted under the Shareholder's Mandate are not subject to Rules 905 and 906 of Chapter 9 of the Catalist Rules pertaining to threshold and aggregation requirements.

Rationale for, and Benefits of, the Shareholders' Mandate

The Shareholders' Mandate and its subsequent renewal on an annual basis would eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential Interested Person Transactions with a specific class of Mandated Interested Person arise, thereby substantially reducing the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to us.

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The Shareholders' Mandate is intended to facilitate transactions in the normal course of our business which are transacted from time to time with the specified classes of Mandated Interested Persons, provided that they are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to our Company and our minority Shareholders.

In accordance with the requirements of Chapter 9 of the Catalist Rules, we will (a) disclose in our Company's annual report the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the Shareholders' Mandate during the financial year (as well as in the annual reports for subsequent financial years that the Shareholders' Mandate continues to be in force); and (b) announce the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the Shareholders' Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Catalist Rules within the time required for the announcement of such report.

Review Procedures for Mandated Transactions with Mandated Interested Persons

We will have an internal control system and review procedures in place to ensure that Mandated Transactions with the Mandated Interested Persons are made on an arm's length basis and on normal commercial terms, supported by independent valuation where appropriate, and are consistent with our Group's usual policies and practices and are not prejudicial to the interests of our Company and our minority Shareholders.

(a) In particular, the following review procedures have been put in place:

(i) Provision of services or sale of products to Mandated Interested Persons

(aa) In general, all contracts entered into or transactions with Mandated Interested Persons are to be carried out in accordance with our Group's usual business policies and practices, consistent with the usual margins or at the prevailing market rates for the same or substantially similar type of service or product provided, and on terms which are no more favourable to the Mandated Interested Persons than those extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms.

Where possible and practicable, our Group will use its reasonable endeavours to make comparisons with at least two (2) other contracts or invoices issued to unrelated third parties for the same or substantially similar types of transactions. In the event where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, our Group Financial Controller and a senior executive of the Company designated by the Audit Committee (both of whom must have no interest, direct or indirect, in the transactions) will, subject to the approval thresholds set out below, determine whether the prices and terms offered to the Mandated Interested Persons are fair and reasonable, taking into account factors such as, but not limited to, our Group's then prevailing capacity and resources, nature and scope of services, rationale for and benefits of the transaction, duration of the contracts or services, requirements and specifications, industry's terms and practices (if applicable) and credit standing of the Mandated Interested Persons.

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(bb) Provision of property leases or sub-leases

In addition to (i)(aa) above, in relation to the provision of property leases or sub-leases to Mandated Interested Persons, factors such as, but not limited to, costs of services, prevailing market rental rates for other properties within the vicinity of similar or comparable standing and facilities, the tenure of the lease, the area of the leased premises and any other factors which may affect the rental rates or terms of the lease, will be taken into account. The amount of rental payable by the Mandated Interested Person shall not be more favourable than the rental payable by unrelated third parties for similar properties in terms of, *inter alia*, size, location, quality of premise and credit terms.

(cc) Provision of facilities management services

In addition to (i)(aa) above, in relation to the provision of facilities management services, factors such as, but not limited to, costs of services, scope of work and budgetary evaluations according to customer requirements, will be taken into account and marked up with a gross profit margin which will not be more favourable to the Mandated Interested Person than those extended to unrelated third parties, in line with our usual business and pricing policies.

(dd) Provision of renovation and related services

Renovation and related services are primarily provided to entities within our Group for internal support in connection with our Group's businesses and operations. Although our Group may extend such services to unrelated third parties such as our tenants, upon request, revenue contribution from such renovation and related services provided to our tenants were historically not material. In the event that our Group renders any renovation and related services to Mandated Interested Persons, factors such as, but not limited to, costs of services provided, scope of work and duration of the renovation period, will be taken into account and marked up with a gross profit margin which will not be more favourable to the Mandated Interested Person than those extended to unrelated third parties. In addition, our Group Financial Controller and a senior executive of the Company designated by the Audit Committee (both of whom must have no interest, direct or indirect, in the transactions) will, subject to the approval thresholds set out below, determine whether the prices and terms offered to the Mandated Interested Persons are fair and reasonable, taking into account factors such as, but not limited to, our Group's then prevailing capacity and resources, nature and scope of services, rationale for and benefits of the transaction, duration of the services and credit standing of the Mandated Interested Persons, prior to rendering any renovation and related services to Mandated Interested Persons.

(ii) Obtaining of services or purchasing of products from Mandated Interested Persons

(aa) All contracts entered into or transactions with Mandated Interested Persons are to be carried out by obtaining quotations (wherever possible or available) from at least two (2) other unrelated third party suppliers for the same or substantially similar quantities and/or quality of services or products, prior to the entry into the contract or transaction with the Mandated Interested Person, as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable and comparable to those offered by

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other unrelated third parties for the same or substantially similar type of services or products. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, requirements and specifications, quality, reputation, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account.

(bb) In the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), our Group Financial Controller and a senior executive of the Company designated by the Audit Committee (both of whom must have no interest, direct or indirect in the transactions) will, subject to the approval thresholds set out below, determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable, taking into account factors such as, including but not limited to, the costs and benefits of entering into the transactions and the prices charged to unrelated third parties by the Mandated Interested Persons.

(cc) In addition to (ii)(aa) above, with regards to the obtaining of property leases or sub-leases from Mandated Interested Persons, factors such as, but not limited to, prevailing market rental rates for other properties within the vicinity of similar or comparable standing and facilities, market rental rates as determined by independent valuers, the tenure of the lease, the area of the leased premises and any other factors which may affect the rental rates or terms of the lease, will be taken into account.

(b) In addition to the above review procedures, the following approval procedures and thresholds will apply to the Mandated Transactions:

(i) Mandated Transactions relating to the provision or obtaining of property leases or sub-leases below or equal to the Property Leases Financial Limit (as defined below) each in value and Mandated Transactions not relating to the provision or obtaining of property leases or sub-leases below or equal to the Category 1 Financial Limit (as defined below) each in value, will be reviewed and approved by our Group Financial Controller and a senior executive of our Company designated by the Audit Committee (both of whom must have no interest, direct or indirect, in the Mandated Transactions) from time to time for such purpose, and tabled for review by the Audit Committee on a half-yearly basis;

(ii) Mandated Transactions relating to the provision or obtaining of property leases or sub-leases above the Property Leases Financial Limit each in value and Mandated Transactions not relating to the provision or obtaining of property leases or sub-leases above the Category 1 Financial Limit each in value will be reviewed and approved by the Audit Committee;

(iii) Where the value of a Mandated Transaction not involving the provision or obtaining of property leases or sub-leases, when aggregated with previous Mandated Transactions of the same kind in any particular financial year, is equal to or exceeds the Category 2 Financial Limit (as defined below), such Mandated Transaction, and all future Mandated Transactions of the same kind in that particular financial year will be reviewed and approved by the Audit Committee; and

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- (iv) Our Group Financial Controller and a senior executive of our Company designated by the Audit Committee from time to time for such purpose, and the Audit Committee, may, as he/she/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, which includes obtaining valuations from independent professional valuers.

For the purposes of sub-paragraphs b(i) and b(ii) above, in relation to Mandated Transactions involving the provision or obtaining of property leases and sub-leases to or from Mandated Interested Persons, the financial limit for each Mandated Transaction shall be the amount equivalent to 5.0% of our Group's audited consolidated NTA for the time being ("**Property Leases Financial Limit**"), as determined with reference to our Group's latest announced audited consolidated financial statements ("**Latest NTA**"). For the purposes of sub-paragraphs b(i) and b(ii) above, the financial limit for each Mandated Transaction not relating to the provision or obtaining of property leases and sub-leases shall be S\$300,000 ("**Category 1 Financial Limit**"); and for the purpose of sub-paragraph b(iii) above, the financial limit for the aggregate value of the Mandated Transactions not relating to the provision or obtaining of property leases and sub-leases shall be the amount equivalent to 3.0% of our Group's Latest NTA ("**Category 2 Financial Limit**").

- (c) The following will apply to the review and approval process for all categories of Mandated Transactions:
 - (i) if our Group Financial Controller has an interest in the Mandated Transaction or is a nominee for the time being of the Mandated Interested Person, the review and approval process shall be undertaken by such other senior executive of our Company designated by the Audit Committee and the Chairman of the Audit Committee;
 - (ii) if our Group Financial Controller and the appointed senior executive have an interest in the Mandated Transaction(s) or are nominees for the time being of the Mandated Interested Person, the review and approval process shall be undertaken by the Chairman of the Audit Committee or another member of the Audit Committee (who is not a nominee of the Mandated Interested Person(s) and has no interest in the Mandated Transaction(s)) designated by the Chairman of the Audit Committee from time to time for such purpose;
 - (iii) if a member of the Audit Committee has an interest in any Mandated Transaction or is a nominee for the time being of the Mandated Interested Person(s), he/she shall abstain from participating in the review and approval process of the Audit Committee in relation to that Mandated Transaction; and
 - (iv) if a member of the Audit Committee (who is not a nominee of the Mandated Interested Person(s) and has no interest in the Mandated Transaction) also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Mandated Interested Person, and he/she participates in the review and approval process of the Audit Committee in relation to a Mandated Transaction with that Mandated Interested Person, he/she will abstain from participating on any decision before the board or committee of that Mandated Interested Person with respect to such Mandated Transaction.

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- (d) We will also implement the following procedures for the identification of Interested Persons and the recording of all Interested Person Transactions (including the Mandated Transactions):
- (i) We will maintain an updated list of Interested Persons and will disclose the list to relevant key personnel within our Group (including after each update to the list) to enable identification of Interested Persons. This master list of Interested Persons shall be reviewed on a half-yearly basis by the Audit Committee;
 - (ii) We will obtain signed letters of confirmation from key management personnel and Directors on an annual basis with respect to their interest in any transactions with our Group; and
 - (iii) We will maintain a register of Interested Person Transactions, including the Mandated Transactions (“**IPT Register**”) carried out with Mandated Interested Persons. The IPT Register shall include information pertinent to all the Mandated Transactions, such as, but not limited to, the list of Associates, the nature of the Mandated Transactions, the amount of the Mandated Transactions, the basis and rationale for determining the transaction prices, material terms and conditions and supporting evidence and quotations to support such basis. For the avoidance of doubt, all Mandated Transactions including those below S\$100,000 shall be recorded in the IPT Register.

The IPT Register shall be prepared, maintained and monitored by our Group Financial Controller, who shall not be interested in any of the Mandated Transactions and who is duly delegated to do so by the Audit Committee.

The master list of Interested Persons, the IPT Register and any accompanying report, such as the internal audit reports on Mandated Transactions will be reviewed by the internal auditors or the Audit Committee on a half-yearly basis to ascertain that the procedures established to monitor the Mandated Transactions have been complied with.

If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the guidelines and review procedures for Mandated Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of our Group or the Mandated Interested Persons are conducted, we will seek a fresh general mandate from the Shareholders based on new guidelines and review procedures so that Mandated Transactions will be carried out on an arm’s length basis and on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders.

- (e) The Board will also ensure that all disclosures, approvals and other requirements on the Mandated Transactions, including those required by prevailing legislation, the Catalist Rules and relevant accounting standards, are complied with.

Opinion of the Independent Financial Adviser

SAC Capital has been appointed as our independent financial adviser pursuant to Rule 920(1)(b)(v) of the Listing Manual, to opine on whether the methods and review procedures, as set out above, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders.

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Having considered, *inter alia*, the rationale and benefits of the Shareholders' Mandate, the methods and review procedures of the Company for determining the transaction prices of the Mandated Transactions covered under the Shareholders' Mandate and the role of the Audit Committee in enforcing the Shareholders' Mandate, and subject to the qualifications and assumptions made in the letter from SAC Capital set out in Appendix E entitled "Letter From The Independent Financial Adviser" of this Offer Document, SAC Capital is of the opinion that the methods and review procedures of the Company as set out in the sub-section entitled "Review Procedures for Mandated Transactions with Mandated Interested Persons" for determining the transaction prices of the Mandated Transactions, if adhered to, are sufficient to ensure that the Mandated Transactions carried out thereunder will be on normal commercial terms, and will not be prejudicial to the interests of its Company and its minority Shareholders. Please refer to Appendix E entitled "Letter From The Independent Financial Adviser" of this Offer Document for more details.

Audit Committee's Statement

Our Audit Committee is of the view that the methods and review procedures for determining transaction prices and terms of the Mandated Transactions, as set out above, are sufficient to ensure that the Mandated Transactions with the Mandated Interested Persons will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders.

Review of Other Interested Person Transactions and Review by our Audit Committee

All other existing and future Interested Person Transactions ("**Other Interested Person Transactions**") not subject to the Shareholders' Mandate will also be reviewed and approved in accordance with part (a) and (c) of the sub-section "Review Procedures for Mandated Transactions with Mandated Interested Persons" to ensure that they are on normal commercial terms and on an arm's length basis, that is, the transactions are transacted on terms and prices not more favourable to the Interested Persons than if they were transacted with an unrelated third party and are not prejudicial to the interests of our Group or our minority Shareholders in any way.

In addition, each Other Interested Person Transactions with a value exceeding S\$300,000, or when aggregated with all Other Interested Person Transactions in the same financial year with the same Interested Person amounts to 3.0% or more of our Group's last audited NTA, will be approved by our Audit Committee.

Should the value of any Other Interested Person Transactions amount to 3.0% or more of our Group's last audited NTA, it must be announced. Should the value of any Other Interested Person Transactions amount to 5.0% or more of our Group's last audited NTA, it must be announced and made subject to approval by Shareholders of our Company. For the avoidance of doubt, all Other Interested Person Transactions including those below S\$100,000 (or its equivalent) must be recorded in the IPT Register. In the event that these transactions are entered into with the same Interested Person (including his Associates) during the current financial year, such transactions are to be aggregated for purposes of determining whether shareholders' approvals and/or announcements are necessary. In the event that such Interested Person Transactions require the approval of our Board of Directors and our Audit Committee, relevant information will be submitted to our Board of Directors and our Audit Committee for review. In the event that such Interested Person Transactions require the approval of our Shareholders, additional information may be required to be presented to Shareholders and an independent financial adviser may be appointed for an opinion.

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Our Audit Committee will also review all Interested Person Transactions recorded in the IPT Register at least on a half-yearly basis to ensure that they are carried out on an arm's length basis and on normal commercial terms in accordance with the procedures outlined above. In addition, our Board of Directors shall also ensure that all disclosures, approvals and other requirements on Interested Person Transactions in accordance with the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with.

Disclosure will be made in our Company's annual report of the aggregate value of Interested Person Transactions during the relevant financial year under review and in the subsequent annual reports for the subsequent financial years of our Company. Internal auditors will be appointed and their internal audit plan will incorporate a review of all the Interested Person Transactions at least on an annual basis.

Our Audit Committee and our Board of Directors will review internal audit reports to confirm that the guidelines and procedures established to monitor Interested Person Transactions have been complied with. In addition, our Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between our Group and our Interested Persons are conducted on normal commercial terms.

POTENTIAL CONFLICTS OF INTEREST

In general, a conflict of interest arises when any of our Directors, Controlling Shareholders or their Associates is carrying on the same business or dealing in similar products as our Group. Our Directors are of the view that adequate safeguards and measures to prevent the occurrence of any potential conflicts of interests have been established. The following summarises the potential conflicts of interest which may involve these persons:

LHN Culinary Group Companies

LHN Culinary is wholly owned by our Controlling Shareholder, HNG. Our Executive Directors, Kelvin Lim and Jess Lim, are also directors of LHN Culinary. Currently, the LHN Culinary Group comprises LHN Culinary and its subsidiaries, Alkaff Mansion Ristorante Pte. Ltd., Parco Caffè Holdings Pte. Ltd. and Australasian Wine Distributors Pte. Ltd. Accordingly, the LHN Culinary Group is an Associate of HNG. The LHN Culinary Group is involved in the food and beverage industry. Please refer to the section entitled "Interested Person Transactions" of this Offer Document for details of our transactions with LHN Culinary Group.

Notwithstanding that LHN Culinary Group is currently not engaged or interested in any business competing with or in opposition to the business of our Group, potential conflicts of interest may arise in the event that LHN Culinary Group and/or any of the subsidiaries that it may set up in the future ("**LHN Culinary Group Companies**") begins to engage or be interested in businesses which are competing with or in opposition to the business of our Group.

INTERESTED PERSON TRANSACTIONS

In this connection, our Directors believe that any potential conflicts of interest is mitigated or resolved as Kelvin Lim and Jess Lim, in their capacity as directors of LHN Culinary, have entered into a deed of undertaking whereby in so far as:

- (a) our Company remains listed on the SGX-ST;
- (b) any of Kelvin Lim, Jess Lim and/or their respective associates remains as a director and/or controlling shareholder of any of the companies within the LHN Culinary Group Companies; and
- (c) any of Kelvin Lim, Jess Lim and/or their respective associates remains as a director and/or Controlling Shareholder of our Company,

that save for any acquisition, purchase, investment and/or lease of commercial and industrial properties only which are carried out as part of the LHN Culinary Group Companies' operations in relation to its business (for the avoidance of doubt, this does not include any sub-leasing of such properties which they had leased from a third party to a separate third party to generate income, for which would be in direct competition with our Group's business) (the "**LHN Culinary Group Companies Non-prohibited Activities**"), LHN Culinary agrees and undertakes that the LHN Culinary Group Companies shall not do any of the following without the prior written consent of our Company:

- (a) directly or indirectly undertake or be engaged, concerned, involved or interested in any capacity in any other business, trade or occupation whatsoever, except in a business, trade or occupation which does not compete with and/or deal in similar products or services or carry on a similar business as our Group's business of providing space optimisation services, facilities management services and logistics services and such other business as our Company may notify in writing ("**Business of our Group**"); or
- (b) jointly with or on behalf of any person, firm, company, organisation or partnership directly or indirectly undertake or be engaged, concerned, involved or interested in any capacity in any business, trade or occupation competing with and/or dealing in similar products or services or carrying on a similar business as the Business of our Group; or
- (c) assist any person, firm or company (including managing, providing technical or other advice, or otherwise) engaged in or to be engaged in any business which does or will compete with and/or deal in similar products or services or carry on a similar business as the Business of our Group; or
- (d) otherwise be interested in any entity or business competing, whether directly or indirectly, with and/or dealing in similar products or services or carrying on a similar business as the Business of our Group; or
- (e) either solely or jointly with or on behalf of any person, firm, company, organisation or partnership, solicit, interfere with or entice away or attempt to solicit, interfere with and/or entice away from any of (i) our Company, and (ii) any subsidiary of our Company ("**Group Company**") any person who is or was, an officer, director, manager, employee, customer or supplier of that Group Company; or
- (f) cause or permit any person or company directly or indirectly under its control or in which it has any beneficial interest to do any of the foregoing acts or things.

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In the event that the LHN Culinary Group Companies intend to carry out the LHN Culinary Group Companies Non-prohibited Activities, LHN Culinary undertakes that it shall notify the Board of the LHN Culinary Group Companies' intention to carry out the LHN Culinary Group Companies Non-prohibited Activities prior to the commencement of such activities.

LHN Culinary further undertakes that in the event that the LHN Culinary Group Companies wish to lease any of the commercial and industrial properties which it owns, only when such property is no longer relevant to the business of the LHN Culinary Group Companies, LHN Culinary shall procure that the LHN Culinary Group Companies shall, prior to the offering for lease of any of such properties to a third party, grant a right of first refusal to our Company by promptly serving a written notice to our Company of its intention to lease any of such properties. Such written notice shall specify the terms of the lease as well as the period (which shall be at least three (3) working days) during which our Company may exercise its right of first refusal.

Pang Joo Siang and any company or entity controlled by Pang Joo Siang, including Cafe@Phoenix and DJ Culinary (“PJS Controlled Entities”)

Cafe@Phoenix and DJ Culinary are each wholly owned by Pang Joo Siang, the sole director of each company, who is the spouse of our Executive Director and Deputy Group Managing Director, Jess Lim. Accordingly, Pang Joo Siang and the PJS Companies are Associates of Jess Lim. Cafe@Phoenix and DJ Culinary are involved in the food and beverage industry. Please refer to the section entitled “Interested Person Transactions – On-Going Interested Person Transactions” of this Offer Document for details of our transactions with Cafe@Phoenix and DJ Culinary.

Notwithstanding that none of the PJS Controlled Entities are currently engaged or interested in any business competing with or in opposition to the business of our Group, potential conflicts of interest may arise in the event that the PJS Controlled Entities begin to engage or be interested in businesses which are competing with or in opposition to the business of our Group.

In this connection, our Directors believe that any potential conflicts of interest is mitigated or resolved as Pang Joo Siang has entered into a deed of undertaking whereby in so far as:

- (a) our Company remains listed on the SGX-ST;
- (b) Pang Joo Siang is the spouse of Jess Lim;
- (c) Pang Joo Siang remains as a director and/or controlling shareholder of the PJS Controlled Entities; and
- (d) Jess Lim and/or her associates remains as a director and/or Controlling Shareholder of our Company,

that save for any acquisition, purchase, investment and/or lease of (i) residential properties (as defined in the Residential Property Act (Chapter 274) (“RPA”)) by Pang Joo Siang (for the avoidance of doubt, PJS shall be prohibited from leasing any residential property for the purpose of sub-leasing the same property to generate income) and (ii) commercial and industrial properties only by Pang Joo Siang and/or PJS Controlled Entities which are carried out as part of the PJS Controlled Entities' operations in relation to its business (for the avoidance of doubt, this does not include any sub-leasing of such properties, which they had leased from a third party to a separate third party to generate income, for which would be in direct competition with our Group's business)

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(the “**PJS Controlled Entities Non-prohibited Activities**”), Pang Joo Siang agrees and undertakes that he and/or the PJS Controlled Entities shall not do any of the following without the prior written consent of our Company:

- (a) directly or indirectly undertake or be engaged, concerned, involved or interested in any capacity in any other business, trade or occupation whatsoever, except in a business, trade or occupation which does not compete with and/or deal in similar products or services or carry on a similar business as the Business of our Group; or
- (b) jointly with or on behalf of any person, firm, company, organisation or partnership directly or indirectly undertake or be engaged, concerned, involved or interested in any capacity in any business, trade or occupation competing with and/or dealing in similar products or services or carrying on a similar business as the Business of our Group; or
- (c) assist any person, firm or company (including managing, providing technical or other advice, or otherwise) engaged in or to be engaged in any business which does or will compete with and/or deal in similar products or services or carry on a similar business as the Business of our Group; or
- (d) otherwise be interested in any entity or business competing, whether directly or indirectly, with and/or dealing in similar products or services or carrying on a similar business as the Business of our Group; or
- (e) either solely or jointly with or on behalf of any person, firm, company, organisation or partnership, solicit, interfere with or entice away or attempt to solicit, interfere with and/or entice away from any Group Company any person who is or was, an officer, director, manager, employee, customer or supplier of that Group Company; or
- (f) cause or permit any person or company directly or indirectly under its control or in which it has any beneficial interest to do any of the foregoing acts or things.

In the event that Pang Joo Siang and/or PJS Controlled Entities intends to carry out the PJS Controlled Entities Non-prohibited Activities, Pang Joo Siang undertakes that he shall notify the Board of his and/or PJS Controlled Entities’ intention to carry out the PJS Controlled Entities Non-prohibited Activities prior to the commencement of such activities.

Pang Joo Siang further undertakes that in the event that he and/or PJS Controlled Entities wish to lease any of his and/or their commercial and industrial properties which he and/or it owns, only when such property is no longer relevant to the business of the PJS Controlled Entities, he shall, or shall procure that PJS Controlled Entities shall, prior to the offering for lease of any of such properties to a third party, grant a right of first refusal to our Company by promptly serving a written notice to our Company of his and/or their intention to lease any of such properties. Such written notice shall specify the terms of the lease as well as the period (which shall be at least three (3) working days) during which our Company may exercise its right of first refusal.

Lim Hean Nerng and HNR

Lim Hean Nerng, Foo Siau Foon, and our Executive Chairman and Group Managing Director, Kelvin Lim, are directors of HNR and hold an equity interest in approximately 50.0%, 25.0% and 25.0%, respectively, of the issued and paid-up share capital of HNR. HNR is an investment holding company and is principally engaged as real estate agents and managers of residential properties for the Lim Family’s personal use. As at the Latest Practicable Date, HNR owns two (2)

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residential properties, located at 54 Cashew Road #09-03, Singapore 679637 and 39 Almond Street, Singapore 677684. In this connection, potential conflicts of interest may arise in the event that HNR leases and sub-leases and manages industrial, commercial and residential properties or begins to engage or be interested in businesses which are competing with or in opposition to the business of our Group.

However, our Directors believe that any potential conflicts of interest is mitigated or resolved as Lim Hean Nerng has entered into a deed of undertaking whereby he has undertaken, for so long as (i) Kelvin Lim and Jess Lim are Directors of our Company, or (ii) he and his associates have a controlling interest in our Company, he and his associates (a) shall not directly or indirectly engage in or be concerned with or be interested with any business competing with or in opposition to the business of our Company, our subsidiaries and associated companies within Singapore or any country in which our Company, subsidiaries and/or associated companies have a presence or carry on business; and (b) direct, cause, influence or permit an entity of which he and/or his associates is a director, partner, trustee, protector, shareholder or in any position to direct, cause, influence or permit the said entity to compete with or be in opposition to the business of our Company, subsidiaries and/or associated companies within Singapore or any country in which our Company, subsidiaries and/or associated companies have a presence or carry on business. However, he and his associates are not precluded or restricted from (a) acquiring, investing, purchasing and/or leasing of residential properties (as defined in the RPA) (for the avoidance of doubt, this does not include any leasing of residential property for the purpose of sub-leasing the same property to generate income) ("**LHN Non-prohibited Activities**"); and (b) becoming the registered or beneficial owner of not more than 5.0% in aggregate of any class of listed securities in a competing corporation which is listed on any stock exchange. In the event, that he and/or his associates wish to engage in the LHN Non-prohibited Activities, he undertakes to notify the Board of his and/or their intention to carry out the LHN Non-prohibited Activities prior to the commencement of such activities.

In addition, HNR has entered into a deed of undertaking whereby in so far as:

- (a) our Company remains listed on the SGX-ST;
- (b) any of Lim Hean Nerng, Foo Siau Foon, Kelvin Lim and/or their respective associates remains as a director and/or a controlling shareholder of HNR; and
- (c) Kelvin Lim and/or his associates remains as a director and/or Controlling Shareholder of our Company,

that save for any acquisition, purchase, investment, and/or lease of residential properties (as defined in the RPA, by HNR (for the avoidance of doubt, HNR shall be prohibited from leasing any residential property for the purpose of sub-leasing the same property to generate income) ("**HNR Non-prohibited Activities**"), HNR agrees and undertakes that (i) HNR; and (ii) its subsidiary and/or associated company of HNR (each, a "**HNR Company**") shall not do any of the following without the prior written consent of our Company:

- (a) directly or indirectly undertake or be engaged, concerned, involved or interested in any capacity in any other business, trade or occupation whatsoever, except in a business, trade or occupation which does not compete with and/or deal in similar products or services or carry on a similar business as the Business of our Group; or

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- (b) jointly with or on behalf of any person, firm, company, organisation or partnership directly or indirectly undertake or be engaged, concerned, involved or interested in any capacity in any business, trade or occupation competing with and/or dealing in similar products or services or carrying on a similar business as the Business of our Group; or
- (c) assist any person, firm or company (including managing, providing technical or other advice, or otherwise) engaged in or to be engaged in any business which does or will compete with and/or deal in similar products or services or carry on a similar business as the Business of our Group; or
- (d) otherwise be interested in any entity or business competing, whether directly or indirectly, with and/or dealing in similar products or services or carrying on a similar business as the Business of our Group; or
- (e) either solely or jointly with or on behalf of any person, firm, company, organisation or partnership, solicit, interfere with or entice away or attempt to solicit, interfere with and/or entice away from any Group Company any person who is or was, an officer, director, manager, employee, customer or supplier of that Group Company; or
- (f) cause or permit any person or company directly or indirectly under its control or in which it has any beneficial interest to do any of the foregoing acts or things.

In the event that HNR Company intends to carry out the HNR Non-prohibited Activities, HNR undertakes that it shall notify the Board of the intention to carry out the HNR Non-prohibited Activities prior to the commencement of such activities.

Eddie Yong

Eddie Yong, our Independent Director, is currently the managing partner of Equity & Land LLP (“**Equity & Land**”), a limited liability partnership in the business of, amongst others, investment and advisory in property. In this connection, Eddie Yong has undertaken that for so long as (i) he is a Director of our Company; and/or (ii) a shareholder with an interest of 5.0% or more (whether direct or indirect) in the voting shares of our Company:

- (a) he will not be involved, whether as a director, partner or shareholder (whether direct or indirect) of Equity & Land, in any decision making in Equity & Land or any of its related corporations that will put him in a position of conflict with respect to his duties and responsibilities in our Group;
- (b) if necessary, abstain, whether as a director or shareholder (whether direct or indirect) of our Company, from being involved in deliberating or voting on matters which he may be in a position of conflict by reason of his directorship, partnership and/or shareholding interest (whether direct or indirect) in Equity & Land;
- (c) if necessary, abstain, whether as a director, partner or shareholder (whether direct or indirect) of Equity & Land, from being involved in deliberating or voting on matters which he may be in a position of conflict by reason of his directorship and/or shareholding interest (whether direct or indirect) in our Group; and

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- (d) for so long as he and/or his associates remain as a director, partner and/or controlling shareholder of Equity & Land, Equity & Land shall not directly or indirectly undertake or be engaged, concerned, involved or interested with any business competing with or in opposition to the business of our Group in the jurisdiction in which our Group operates.

HNG

Our Controlling Shareholder, HNG, is an investment holding company. HNG has entered into a deed of undertaking whereby in so far as:

- (a) our Company remains listed on the SGX-ST; and
- (b) HNG is or is deemed as a Controlling Shareholder of our Company,

HNG has agreed and undertaken that it and its associates (excluding any of our Company, its subsidiaries and/or associated company (“**LHN Group Company**”)) shall not do any of the following without the prior written consent of our Company, namely:

- (a) directly or indirectly undertake or be engaged, concerned, involved or interested in any capacity in any other business, trade or occupation whatsoever, except in a business, trade or occupation which does not compete with and/or deal in similar products or services or carry on a similar business as the Business of our Group; or
- (b) jointly with or on behalf of any person, firm, company, organisation or partnership directly or indirectly undertake or be engaged, concerned, involved or interested in any capacity in any business, trade or occupation competing with and/or dealing in similar products or services or carrying on a similar business as the Business of our Group; or
- (c) assist any person, firm or company (including managing, providing technical or other advice, or otherwise) engaged in or to be engaged in any business which does or will compete with and/or deal in similar products or services or carry on a similar business as the Business of our Group; or
- (d) otherwise be interested in any entity or business competing, whether directly or indirectly, with and/or dealing in similar products or services or carrying on a similar business as the Business of our Group; or
- (e) either solely or jointly with or on behalf of any person, firm, company, organisation or partnership, solicit, interfere with or entice away or attempt to solicit, interfere with and/or entice away from any LHN Group Company any person who is or was, an officer, director, manager, employee, customer or supplier of that LHN Group Company; or
- (f) cause or permit any person or company directly or indirectly under its control or in which it has any beneficial interest to do any of the foregoing acts or things.

HN Capital

Our Controlling Shareholder, HN Capital, is an investment holding company. HN Capital has entered into a deed of undertaking whereby in so far as:

- (a) our Company remains listed on the SGX-ST; and

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(b) HN Capital is or is deemed as a Controlling Shareholder of the Company,

HN Capital agrees and undertakes that it and its associates (excluding any LHN Group Company) shall not do any of the following without the prior written consent of our Company:

- (a) directly or indirectly undertake or be engaged, concerned, involved or interested in any capacity in any other business, trade or occupation whatsoever, except in a business, trade or occupation which does not compete with and/or deal in similar products or services or carry on a similar business as the Business of our Group; or
- (b) jointly with or on behalf of any person, firm, company, organisation or partnership directly or indirectly undertake or be engaged, concerned, involved or interested in any capacity in any business, trade or occupation competing with and/or dealing in similar products or services or carrying on a similar business as the Business of our Group; or
- (c) assist any person, firm or company (including managing, providing technical or other advice, or otherwise) engaged in or to be engaged in any business which does or will compete with and/or deal in similar products or services or carry on a similar business as the Business of our Group; or
- (d) otherwise be interested in any entity or business competing, whether directly or indirectly, with and/or dealing in similar products or services or carrying on a similar business as the Business of our Group; or
- (e) either solely or jointly with or on behalf of any person, firm, company, organisation or partnership, solicit, interfere with or entice away or attempt to solicit, interfere with and/or entice away from any LHN Group Company any person who is or was, an officer, director, manager, employee, customer or supplier of that LHN Group Company; or
- (f) cause or permit any person or company directly or indirectly under its control or in which it has any beneficial interest to do any of the foregoing acts or things.

LHN Capital

Our Controlling Shareholder, LHN Capital, is an investment holding company. LHN Capital has entered into a deed of undertaking whereby in so far as:

- (a) our Company remains listed on the SGX-ST; and
- (b) LHN Capital is or is deemed as a Controlling Shareholder of our Company,

LHN Capital agrees and undertakes that it and its associates (excluding any LHN Group Company) shall not do any of the following without the prior written consent of our Company:

- (a) directly or indirectly undertake or be engaged, concerned, involved or interested in any capacity in any other business, trade or occupation whatsoever, except in a business, trade or occupation which does not compete with and/or deal in similar products or services or carry on a similar business as the Business of our Group; or

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- (b) jointly with or on behalf of any person, firm, company, organisation or partnership directly or indirectly undertake or be engaged, concerned, involved or interested in any capacity in any business, trade or occupation competing with and/or dealing in similar products or services or carrying on a similar business as the Business of our Group; or
- (c) assist any person, firm or company (including managing, providing technical or other advice, or otherwise) engaged in or to be engaged in any business which does or will compete with and/or deal in similar products or services or carry on a similar business as the Business of our Group; or
- (d) otherwise be interested in any entity or business competing, whether directly or indirectly, with and/or dealing in similar products or services or carrying on a similar business as the Business of our Group; or
- (e) either solely or jointly with or on behalf of any person, firm, company, organisation or partnership, solicit, interfere with or entice away or attempt to solicit, interfere with and/or entice away from any LHN Group Company any person who is or was, an officer, director, manager, employee, customer or supplier of that LHN Group Company; or
- (f) cause or permit any person or company directly or indirectly under its control or in which it has any beneficial interest to do any of the foregoing acts or things.

Our Audit Committee will review any actual or potential conflicts of interest that may involve the Directors as disclosed by them to the Board and the exercise of the Directors' fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interest by a Director, our Audit Committee will consider whether a conflict of interest does in fact exist. A Director who is a member of the Audit Committee will not participate in any proceedings of the Audit Committee in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting information as the Audit Committee may deem reasonably necessary. Until our Audit Committee has determined that no conflict of interest exists, such a Director will not participate in any proceedings of our Board, and shall in any event abstain from voting, in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises.

Save as disclosed above and in the section entitled "Interested Person Transactions" of this Offer Document, none of our Directors, Controlling Shareholders or any of their Associates has an interest, direct or indirect:

- (a) in any transaction to which our Group was or is to be a party;
- (b) in any entity carrying on the same business or dealing in similar services which competes materially and directly with the existing business of our Group; and
- (c) in any enterprise or company that is our Group's customer or supplier of goods and services.

Save as disclosed in the sections entitled "Interested Person Transactions" and "Directors, Management and Staff – Service Agreements" of this Offer Document, none of our Directors has any interests in any existing contract or arrangement which is significant in relation to the business of our Company and our subsidiaries, taken as a whole.

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Interests of Experts

No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two (2) years preceding the date of this Offer Document, been acquired or disposed of by or leased to our Company or its subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or its subsidiaries.

No expert (a) is employed on a contingent basis by our Company or our subsidiaries; or (b) has a material interest, whether direct or indirect, in our Shares or the shares of our subsidiaries; or (c) has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.

Interests of Sponsor, Issue Manager and Placement Agent

In the reasonable opinion of our Directors, PPCF, being the Sponsor, Issue Manager and Placement Agent, does not have a material relationship with our Company save as disclosed below and in the section entitled “General and Statutory Information – Management and Placement Arrangements” of this Offer Document:

- (a) PPCF is the Sponsor, Issue Manager and Placement Agent in relation to the Listing;
- (b) PPCF will be the continuing Sponsor of our Company for a period of three (3) years from the date our Company is admitted and listed on the Catalist; and
- (c) pursuant to the Management Agreement and as part of PPCF’s management fees as the Sponsor and Issue Manager, our Company allotted to PPCF and issued 1,391,300 PPCF Shares, representing 0.5% of the enlarged issued and paid-up share capital of our Company immediately prior to the Placement, at the Placement Price for each PPCF Share. After the expiry of the relevant moratorium period as set out in the section entitled “Shareholders – Moratorium” of this Offer Document, PPCF may dispose its shareholding interests in our Company at its discretion.

Interests of the Sub-Placement Agent

In this reasonable opinion of our Directors, UOBKH does not have a material relationship with our Company save that UOBKH is the Sub-Placement Agent of the Placement as disclosed in the section entitled “General and Statutory Information – Management and Placement Arrangements” of this Offer Document.

DIRECTORS, MANAGEMENT AND STAFF

DIRECTORS

Our Board of Directors is entrusted with the responsibility for the overall management of our Group. The particulars of each of our Directors are set out below:

Name	Age	Address	Position
Kelvin Lim	37	16 Almond Street Singapore 677858	Executive Chairman and Group Managing Director
Jess Lim	40	2 Jalan Emas Urai Chestnut Residences Singapore 678722	Executive Director and Deputy Group Managing Director
Lee Gee Aik	56	c/o 100 Beach Road #34-03 Shaw Tower Singapore 189702	Lead Independent Director
Ch'ng Li-Ling	43	c/o Six Battery Road #10-01 Singapore 049909	Independent Director
Eddie Yong	61	c/o 102F Pasir Panjang Road #02-01 Singapore 118530	Independent Director

The business and working experience and areas of responsibility of our Directors are set out below:

Kelvin Lim was appointed as our Director on 10 July 2014 and is our Executive Chairman and Group Managing Director. He is primarily responsible for the business development and overall management of our Group. In addition to overseeing the overall investment activities of our Group to ensure that sound and profitable investments are made, Kelvin Lim also oversees the marketing efforts of our Group, as well as ensuring that the operations of our Group are in order. Kelvin Lim has over 17 years of experience in the leasing and facilities management business. He started his career in 1997 as a manager with HN Holdings Pte Ltd (formerly known as Hean Nerng Holdings Pte Ltd), before becoming the executive director in November 1998, a post he held until October 2008. His many projects include the management of industrial lands, buildings, warehouses and office complexes.

Kelvin Lim attained his GCE 'O' Level certificate in 1993. He is currently the assistant secretary of the Bukit Batok East Citizen's Consultative Committee, the chairman of the Bukit Batok East Community Development Welfare Fund, the chairman (youth wing) of the Singapore Lim See Tai Chong Soo, the vice chairman of Kiu Leong Tong Family Self-Management Association, a member of the Lions Club of Singapore Nee Soon Mandarin and a member of the general council of the National Arthritis Foundation of Singapore. Kelvin Lim was awarded the public service medal (Pangkat Bakti Masyarakat) in 2012.

Jess Lim was appointed as our Director on 10 July 2014 and is our Executive Director and Deputy Group Managing Director. She is primarily responsible for the internal processes and planning of our Group, which includes the implementation and maintenance of sound internal management systems. In addition to that, Jess Lim is also responsible for all matters related to the finance, human resource activities and administration works of our Group. Jess Lim started her career in 1996 as a planner with Hewlett Packard Singapore (Private) Limited. From October 2002 to

DIRECTORS, MANAGEMENT AND STAFF

September 2008, Jess Lim joined HN Holdings Pte Ltd (formerly known as Hean Nerng Holdings Pte Ltd), a property management company, as an executive director responsible for the management of the internal processes and planning.

Jess Lim holds a Bachelor of Business Administration Degree from the National University of Singapore.

Lee Gee Aik was appointed as our Lead Independent Director on 10 March 2015. He is currently the director of R Chan & Associates PAC, a public accounting corporation in Singapore, the director of Max Management Pte. Ltd. and the executive vice chairman of E2-Capital Holdings Limited, a company listed on the Catalist of the SGX-ST. Lee Gee Aik started his career as an auditor in KPMG Singapore in 1979 and was responsible for audit projects for various listed and non-listed companies and also involved in financial due diligence and internal control review assignments. Between 1986 and 1988, Lee Gee Aik was seconded to KPMG USA Executive Office and specialised in the areas of professional development and research work in audit and financial reporting. Lee Gee Aik was the regional financial controller of Omni Marco Polo Hotels, Singapore between 1993 and 1997 responsible for the financial and purchasing functions of the hotel as well as Omni Group's hotel development projects in the region prior to him becoming a practising public accountant in August 1997. Lee Gee Aik is currently an independent director of Anchun International Holdings Ltd., Leader Environmental Technologies Limited and Ley Choon Group Holdings Limited, all of which are listed on the Main Board of the SGX-ST.

Lee Gee Aik obtained a Master of Business Administration from Henley Management College, United Kingdom in 2004. He is a fellow of the Chartered Association of Certified Accountants, United Kingdom and a fellow of the Institute of Singapore Chartered Accountants.

Ch'ng Li-Ling was appointed as our Independent Director on 10 March 2015. She is currently a partner in the capital markets practice of RHTLaw Taylor Wessing LLP ("**RHTLaw**"), a Singapore law practice. Ch'ng Li-Ling started her legal career in civil and commercial litigation in 1998 before joining KhattarWong LLP in 2001, where she spent the next 10 years practising mainly corporate and securities law. She was appointed Adjunct Assistant Professor by the Faculty of Law of the National University of Singapore, to teach a course on law and practice of corporate finance in Singapore in academic years 2009/2010 and 2011/2012. Ch'ng Li-Ling obtained her Bachelor of Arts (Honours) from the National University of Singapore in 1994, and obtained her Bachelor of Laws (Honours) and Master of Laws (Merit) from the University of London in 1995 and 2011 respectively. She is a member of the Singapore Academy of Law, a Legal Practitioner of New South Wales, Australia, and has also qualified as a solicitor of England and Wales. She is currently an independent director of DeClout Limited, a company that is listed on the Catalist of the SGX-ST.

RHTLaw has provided legal services to our Group since 2012. Please refer to the section entitled "Interested Person Transactions – Other Transactions" of this Offer Document for more details of the legal services rendered by RHTLaw. Our Directors (excluding Ch'ng Li-Ling) are of the view that the past transactions between RHTLaw and our Group were not of a material nature that would compromise Ch'ng Li-Ling's independence as an Independent Director.

Our Group may continue to engage the services of RHTLaw. Our Directors (excluding Ch'ng Li-Ling who abstained from the deliberation) are of the view that Ch'ng Li-Ling will be able to exercise independent business judgment on our Group's affairs, after having considered that:

- (a) our Group's internal procedures, as more particularly set out in the section entitled "Interested Person Transactions – Other Transactions" of this Offer Document, have been

DIRECTORS, MANAGEMENT AND STAFF

put in place to ensure that transactions which may be carried out with RHTLaw post-listing of our Company will be carried out on an arm's length basis and based on normal commercial terms; and

- (b) the provision of legal services by RHTLaw in future will be handled by other lawyers of RHTLaw.

Our Directors (excluding Ch'ng Li-Ling who abstained from the deliberation) are of the view that Ch'ng Li-Ling is independent in accordance with the definition of independence in the Code of Corporate Governance.

Eddie Yong was appointed as our Independent Director on 10 March 2015. Eddie Yong is currently the managing partner of Equity & Land LLP, a limited liability partnership in the business of investment and advisory in equity, share and property and also the trading and specialising in branding and licensing of food and beverage. Eddie Yong has more than 30 years of working experience, involved in a wide spectrum of real estate business ranging from land acquisition, planning and development, marketing and asset management. He began his working career with URA involved in land acquisition and property management from 1977 to 1985. Eddie Yong worked as property manager of Tong Eng Brothers Group from 1985 to 1987 before joining Knight Frank Property Consultancy in 1987, and resigned as equity partner in 1996, after working 10 years with the firm. He then joined Far East Organisation as a director of marketing and business development and held various senior positions during his 17 years tenure with Far East Organisation. During this period, Eddie Yong was the deputy chief operating officer of Far East Organisation's ventures and industrial business group between 2005 and 2006 and he took charge of start-ups venture and business development activities in overseas markets, including Vietnam, Myanmar and India. From 2007 to 2008, Eddie Yong was the deputy chief operating officer of leasing of residential and industrial property portfolios. He was also the chief operating officer of Far East Organisation's corporate real estate business group from 2008 to 2011, where he was responsible for overseeing all matters relating leasing property portfolios, and executive director of investment properties from 2012 to 2013, where he was responsible for identifying and exploring real estate opportunities in emerging markets overseas. He also held an appointment as executive director in Far East Orchard Limited (formerly known as Orchard Parade Holdings Limited) from 2008 to 2012, a company that is listed on the Main Board of the SGX-ST.

Eddie Yong was also the deputy chairman of the industry and development committee and board member of the Singapore Corporation of Rehabilitative Enterprises (SCORE) between 1996 and 2012. Eddie Yong served as the management committee member of Real Estate Developers' Association of Singapore between 1997 and 2009, where he held various positions including Assistant Honorary Secretary, Honorary Treasurer and Honorary Secretary during the 12 years.

Eddie Yong graduated from the National University of Singapore with a Degree of Master of Science (Property and Maintenance Management) and holds a Bachelor of Science (Honours) in urban estate management from Liverpool Polytechnic. He is a certified property manager as awarded by the Institute of Real Estate Management (USA) since 1994 and has been a member of The Singapore Institute of Surveyors & Valuers, Marketing Institute of Singapore and The Chartered Institute of Marketing since 1986, 1986 and 1989 respectively. He was awarded the public service medal (Pingkat Bakti Masyarakat) in 2010.

In 2007, when Eddie Yong was the deputy chief operating officer of leasing of residential and industrial property portfolios of Far East Organisation, he came to know Kelvin Lim, who was then the Deputy Managing Director of HN Holdings Pte Ltd (formerly known as Hean Nerng Holdings Pte Ltd), when Transurban Properties Pte. Ltd. (formerly known as Tuas Technology Park Pte Ltd),

DIRECTORS, MANAGEMENT AND STAFF

a member of Far East Organisation, leased out its properties at 10, 20, 30, 40 Tuas South Street 1 Singapore 637466/465/464/463 to Work Plus Store (formerly known as Hean Nerng Land Lease Pte Ltd). Jess Lim, who was then the executive director of HN Holdings Pte Ltd (formerly known as Hean Nerng Holdings Pte Ltd), also assisted in the transaction. Eddie Yong retired from Far East Organisation in July 2013.

Our Board (excluding Eddie Yong who abstained from the deliberation), after having considered that Eddie Yong does not have any existing business or professional relationship with our Group and other Directors (including Kelvin Lim and Jess Lim) are of the view that the past professional relationship and business dealings between Kelvin Lim, Jess Lim and Work Plus Store are not of a material nature that would compromise Eddie Yong's independence as an Independent Director. Our Directors (excluding Eddie Yong who abstained from the deliberation) are of the view that Eddie Yong is independent in accordance with the definition of independence in the Code of Corporate Governance.

Rule 406(1)(a) of the Catalist Rules states that as a pre-quotation disclosure requirement, a listing applicant must release a statement (via SGXNET or in the offer document) identifying for each director, whether the person has prior experience (and what) or, if the director has no prior experience as a director of a listed company, whether the person has undertaken training in the roles and responsibilities of a director of a listed company. With regards to Rule 406(3)(a) of the Catalist Rules, three (3) of our Directors, namely Lee Gee Aik, Ch'ng Li-Ling and Eddie Yong, have current and/or prior experience as directors of listed companies in Singapore and are therefore familiar with the roles and responsibilities of a director of a public listed company in Singapore. Kelvin Lim had attended all five (5) modules under the Listed Company Director Programme ("LCD") conducted at the Singapore Institute of Directors ("SID") from 9 to 11 July 2014 to familiarise himself with the roles and responsibilities of a director of a public listed company in Singapore. Jess Lim had also attended (i) LCD Module 1: Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know at the SID on 9 July 2014; and (ii) all six (6) modules under the SID-SMU Directorship Programme between September 2008 and July 2014, to familiarise herself with the roles and responsibilities of a director of a public listed company in Singapore.

Save as disclosed below and in the section entitled "Shareholders – Shareholding and Ownership Structure" of this Offer Document, none of our Directors, Executive Officers, Controlling Shareholders and/or Substantial Shareholders is related to one another by blood or marriage:

Name	Relationships	Designation
Kelvin Lim	Brother of Jess Lim	Executive Chairman and Group Managing Director
Jess Lim	Sister of Kelvin Lim	Executive Director and Deputy Group Managing Director

Save as disclosed above and in the section entitled "Interested Person Transactions – Other Transactions" of this Offer Document, our Independent Directors do not have any existing business or professional relationship of a material nature with our Group, our Directors, Controlling Shareholders and/or Substantial Shareholders.

None of our Independent Directors sits on the board of our subsidiaries.

DIRECTORS, MANAGEMENT AND STAFF

The list of present and past directorships of each Director over the last five (5) years preceding the date of this Offer Document, excluding those held in our Company, is set out below:

Name	Present directorships	Past directorships
Kelvin Lim	<u>Group Companies</u> 2IN1 Space Pte. Ltd. Chua Eng Chong Holdings Pte Ltd Competent Builders Pte. Ltd. GreenHub Serviced Offices Yangon Limited GreenHub Suited Offices Pte. Ltd. Hean Nerng Corporation Pte. Ltd. Hean Nerng Facilities Management Pte. Ltd. Hean Nerng Logistics Pte Ltd HLA Holdings Pte. Ltd. (formerly known as Edulink Haven Pte. Ltd.) Industrial & Commercial Facilities Management Pte. Ltd. Industrial & Commercial Security Pte. Ltd. LHN Facilities Management Pte. Ltd. LHN Group Pte. Ltd. LHN Industrial Space Pte. Ltd. LHN Management Services Pte. Ltd. LHN Properties Investments Pte. Ltd. LHN Residence Pte. Ltd. LHN Space Resources Pte. Ltd. LHN Vehicle Parking Management Pte. Ltd. Nopest Pte. Ltd. PT Hean Nerng Group PT Hub Hijau Serviced Offices Singapore Handicrafts Pte Ltd Soon Wing Investments Pte. Ltd. Work Plus Store Pte. Ltd.	<u>Group Companies</u> –

DIRECTORS, MANAGEMENT AND STAFF

Name	Present directorships	Past directorships
	<u>Other Companies</u> Alkaff Mansion Ristorante Pte. Ltd. Hean Nerng Group Pte. Ltd. Hean Nerng Realty Pte Ltd HN Capital KL Capital Ltd LHN Capital Pte. Ltd. LHN Culinary Concepts Pte. Ltd. Parco Caffe Holdings Pte. Ltd.	<u>Other Companies</u> Australasian Wine Distributors Pte. Ltd. HN Holdings Pte Ltd (formerly known as Hean Nerng Holdings Pte Ltd) HN Management Pte. Ltd. (formerly known as LHN Logistics Management Pte. Ltd.) Luiz Fernando (Asia) Pte. Ltd. Wash And Care Pte. Ltd.
Jess Lim	<u>Group Companies</u> 2IN1 Space Pte. Ltd. Chua Eng Chong Holdings Pte Ltd Competent Builders Pte. Ltd. GreenHub Serviced Offices Yangon Limited GreenHub Suited Offices Pte. Ltd. Hean Nerng Corporation Pte. Ltd. Hean Nerng Facilities Management Pte. Ltd. Hean Nerng Logistics Pte Ltd HLA Container Services (Thailand) Limited HLA Holdings Pte. Ltd. (formerly known as Edulink Haven Pte. Ltd.) HLA Holdings (Thailand) Limited Industrial & Commercial Facilities Management Pte. Ltd. Industrial & Commercial Security Pte. Ltd. LHN Facilities Management Pte. Ltd. LHN Group Pte. Ltd. LHN Industrial Space Pte. Ltd. LHN Management Services Pte. Ltd. LHN Properties Investments Pte. Ltd. LHN Residence Pte. Ltd. LHN Space Resources Pte. Ltd. LHN Vehicle Parking Management Pte. Ltd. Maple Creek Global Inc. Nopest Pte. Ltd. Singapore Handicrafts Pte Ltd Soon Wing Investments Pte. Ltd. Work Plus Store Pte. Ltd.	<u>Group Companies</u> –

DIRECTORS, MANAGEMENT AND STAFF

Name	Present directorships	Past directorships
	<u>Other Companies</u> Alkaff Mansion Ristorante Pte. Ltd. Hean Nerng Group Pte. Ltd. HN Capital LHN Capital Pte. Ltd. LHN Culinary Concepts Pte. Ltd. Parco Caffè Holdings Pte. Ltd.	<u>Other Companies</u> Australasian Wine Distributors Pte. Ltd. Cafe @ Phoenix Pte. Ltd. DJ Culinary Concepts Pte. Ltd. HN Holdings Pte Ltd (formerly known as Hean Nerng Holdings Pte Ltd) Hean Nerng Realty Pte Ltd HN Management Pte. Ltd. (formerly known as LHN Logistics Management Pte. Ltd.) Luiz Fernando (Asia) Pte. Ltd.
Lee Gee Aik	<u>Group Companies</u> – <u>Other Companies</u> Anchun International Holdings Ltd. E2-Capital Holdings Limited Leader Environmental Technologies Limited Ley Choon Group Holdings Limited Max Management Pte. Ltd. R Chan & Associates PAC	<u>Group Companies</u> – <u>Other Companies</u> Corporate & Business Services Pte. Ltd. Econat Fiber Limited Sinostar PEC Holdings Limited
Ch'ng Li-Ling	<u>Group Companies</u> – <u>Other Companies</u> DeClout Limited	<u>Group Companies</u> – <u>Other Companies</u> KW Capital Pte. Ltd. UCB Media Singapore Limited
Eddie Yong	<u>Group Companies</u> – <u>Other Companies</u> –	<u>Group Companies</u> – <u>Other Companies</u> Face Plus By Yamano Asia Pacific Pte. Ltd. Far East Corporate Leasing Pte Ltd Far East Retail Consultancy Pte. Ltd. FEO Ventures Pte Ltd KZONES.COM Pte Ltd Novena Healthcare Pte. Ltd.

DIRECTORS, MANAGEMENT AND STAFF

Name	Present directorships	Past directorships
		OC Beauty Pte. Ltd. Far East Orchard Limited (formerly known as Orchard Parade Holdings Limited) Orwin Development Limited SQL View Pte Ltd The Market @ Central Pte. Ltd. Universal Gateway International Pte. Ltd.

EXECUTIVE OFFICERS

The day-to-day operations are entrusted to our Executive Directors who are assisted by an experienced and qualified team of Executive Officers. The particulars of our Executive Officers are set out below:

Name	Age	Address	Principal occupation
Yeo Swee Cheng	50	c/o 10 Raeburn Park, #02-18, Singapore 088702	Group Financial Controller
Danny Wong	35	c/o 10 Raeburn Park, #02-18, Singapore 088702	General Manager

The business and working experience and areas of responsibility of our Executive Officers are set out below:

Yeo Swee Cheng is our Group Financial Controller and has been responsible for all finance related areas of our Group since joining us in May 2011. She is in charge of overseeing our Group's treasury function, audit and taxation matters. She supports the management on all strategic and financial planning matters in relation to our Group's business to ensure that our Group's funds are budgeted, spent and managed well. Yeo Swee Cheng started her career in 1986 as an accounts executive in Reinsurance Management Corporation of Asia Pte Ltd. In 1988 she joined Leslie & Godwin Limited as an accountant before leaving in 1989 to join Anchor Electronics Corporation Pte Ltd as an accountant. In 1990, Yeo Swee Cheng joined GP Batteries International Limited as an accountant before being promoted in 1992 to an accounting manager. In June 1995, Yeo Swee Cheng resigned from GP Batteries International Limited and left the workforce for personal reasons. In 2009, Yeo Swee Cheng joined Premier Taxis Pte. Ltd. ("**Premier Taxis**") as an accountant before being promoted to an accounting manager and having her employment with Premier Taxis transferred to the holding company, Premier Corporation Pte. Ltd. in 2011. Yeo Swee Cheng was the group finance manager of LHN Group between May 2011 and July 2014.

Yeo Swee Cheng holds a Degree of Bachelor of Accountancy from the National University of Singapore and is also a member of the Institute of Singapore Chartered Accountants.

DIRECTORS, MANAGEMENT AND STAFF

Our Audit Committee, after having conducted an interview with Yeo Swee Cheng and after having considered:

- (a) the qualifications and past working experiences of Yeo Swee Cheng which are compatible with her position as Group Financial Controller of our Group;
- (b) Yeo Swee Cheng's past financial and accounting related experiences;
- (c) Yeo Swee Cheng's demonstration of the requisite competency in finance-related matters of our Group in connection with the preparation for the listing of our Company;
- (d) the absence of negative feedback on Yeo Swee Cheng from the representatives of our Group's Independent Auditor and Reporting Accountant, Foo Kon Tan LLP; and
- (e) the absence of internal control weaknesses attributable to Yeo Swee Cheng that was identified during the internal control review conducted,

is of the view that Yeo Swee Cheng is suitable for the position of Group Financial Controller of our Group.

Further, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of our Audit Committee to cause them to believe that Yeo Swee Cheng does not have the competence, character and integrity expected of a Group Financial Controller of a listed issuer.

Danny Wong is our General Manager. He joined our Group in October 2008. He oversees the marketing functions and property management functions of our Group. He plans, directs and coordinates with the marketing and property management departments to ensure smooth operations. He is involved in promoting our Group's projects, sourcing for potential customers and conducting negotiations with them. Danny Wong started his career in July 2004 as a consultant with Recruit Express Pte Ltd. In February 2005, Danny Wong joined HN Holdings Pte Ltd (formerly known as Hean Nerng Holdings Pte Ltd) as a management trainee and was promoted in April 2007 to marketing manager. In October 2008, Danny Wong joined LHN Group as the marketing manager and was promoted in July 2010 to assistant general manager, a post he held until June 2012.

Danny Wong holds a Bachelor of Science (Honours) degree in Real Estate from the National University of Singapore.

There is no arrangement or understanding with any of our Controlling Shareholders, Substantial Shareholders, customers, suppliers or any other person, pursuant to which any of our Directors or Executive Officers was selected as our Director or Executive Officer.

DIRECTORS, MANAGEMENT AND STAFF

The list of present and past directorships of each Executive Officer over the last five (5) years preceding the date of this Offer Document, excluding those held in our Company, is set out below:

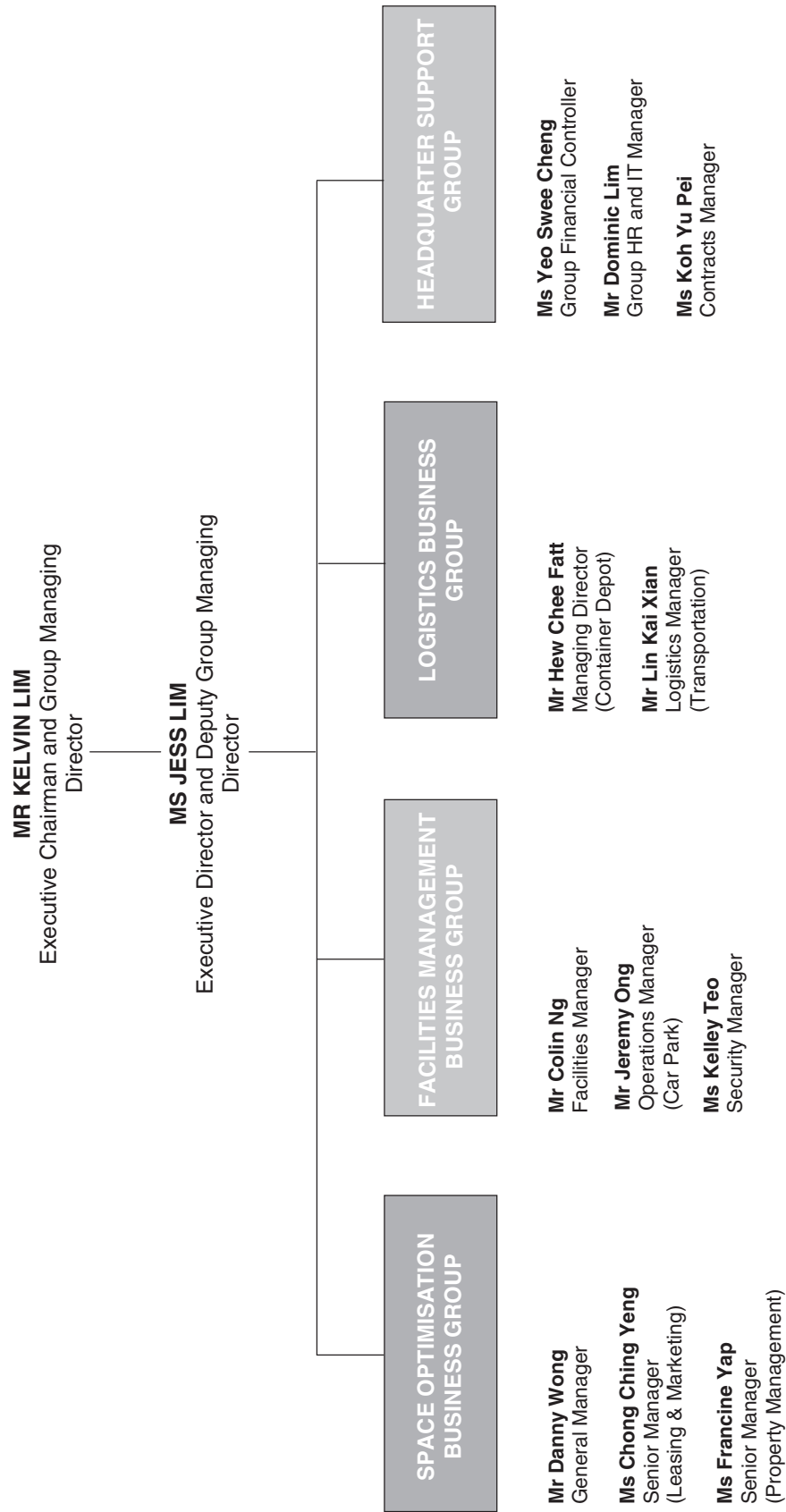
Name	Present directorships	Past directorships
Yeo Swee Cheng	<u>Group Companies</u>	<u>Group Companies</u>
	–	–
	<u>Other Companies</u>	<u>Other Companies</u>
	–	–
Danny Wong	<u>Group Companies</u>	<u>Group Companies</u>
	GreenHub Suited Offices Pte. Ltd.	–
	PT Hean Nerng Group	–
	PT Hub Hijau Serviced Offices	–
	<u>Other Companies</u>	<u>Other Companies</u>
–	–	

Save as disclosed in the sections entitled “Shareholders – Shareholding and Ownership Structure” and “Directors, Management and Staff – Directors” of this Offer Document, there is no family relationship between any of our Directors and/or Executive Officers, or between any of our Directors, Executive Officers, Controlling Shareholders, and/or Substantial Shareholders.

DIRECTORS, MANAGEMENT AND STAFF

MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is as follows:



DIRECTORS, MANAGEMENT AND STAFF

EMPLOYEES

As at the Latest Practicable Date, our Group had a workforce of 343 full-time employees, inclusive of contract workers engaged for specific projects.

The functional distribution of our Group's employees as at 30 September 2012, 30 September 2013 and 30 September 2014 and the Latest Practicable Date are as follows:

Function	As at 30 September			As at
	2012	2013	2014	the Latest Practicable Date
Administration (including Human Resource (HR) and Information Technology (IT))	23	27	26	20
Finance	26	24	25	25
Operations	267	308	297	298
Total	316	359	348	343

The increase in the aggregate number of employees from 316 as at 30 September 2012 to 359 as at 30 September 2013 was primarily due to the establishment of our container depot management services and our GreenHub serviced offices business. The decrease in the aggregate number of employees from 359 as at 30 September 2013 to 348 as at 30 September 2014 was primarily due to our Group's business realignment to increase productivity.

The geographical breakdown of the full-time employees of our Group as at 30 September 2012, 30 September 2013 and 30 September 2014 and the Latest Practicable Date are as follows:

	As at 30 September			As at
	2012	2013	2014	the Latest Practicable Date
Singapore	316	356	341	334
Indonesia	0	3	7	9
Total	316	359	348	343

We do not employ a significant number of temporary employees.

Our employees are not covered by any collective bargaining agreements and are not unionised. The relationship and co-operation between the management and staff have been good and are expected to continue and remain as such in the future. There has not been any incidence of work stoppages or labour disputes which affected our operations.

Other than amounts set aside or accrued in respect of mandatory employee funds, we have not set aside or accrued any amount of money to provide for pension, retirement or similar benefits to our employees.

DIRECTORS, MANAGEMENT AND STAFF

REMUNERATION OF DIRECTORS, EXECUTIVE OFFICERS AND RELATED EMPLOYEES

Directors and Executive Officers

The remuneration (including salary, bonus, contributions to CPF, directors' fees, allowances and benefits-in-kind) paid during FY2013 and FY2014 and the estimated remuneration to be paid for the current FY2015 to our Directors and Executive Officers for services rendered to our Group are set out in the following remuneration bands⁽¹⁾:

	FY2013	FY2014	Estimated for FY2015 ⁽²⁾
Directors			
Kelvin Lim ⁽³⁾	Band C	Band C	Band C
Jess Lim ⁽³⁾	Band B	Band B	Band B
Lee Gee Aik	–	–	Band A
Ch'ng Li-Ling	–	–	Band A
Eddie Yong	–	–	Band A
Executive Officers			
Yeo Swee Cheng	Band A	Band A	Band A
Danny Wong	Band A	Band A	Band A

Notes:

- (1) Remuneration bands:
 - “Band A” refers to remuneration of up to S\$250,000.
 - “Band B” refers to remuneration between S\$250,001 and S\$500,000.
 - “Band C” refers to remuneration between S\$500,001 and S\$750,000.
- (2) The estimated remuneration to be paid for FY2015 does not take into account any bonus or profit-sharing plan or any other profit-linked agreement or arrangement due to our Directors and our Executive Officers.
- (3) Kelvin Lim and Jess Lim are siblings.

Related Employees

Other than our Directors whose relationship with one another and their remuneration are disclosed in this section and in the sections entitled “Shareholders – Shareholding and Ownership Structure” and “Directors, Management and Staff – Directors” of this Offer Document, the following employee is also related to our Executive Directors:

Name	Relationships	Designation
Ong Siang Lim Jeremy	Brother-in-law of Kelvin Lim and Jess Lim	Operations manager in LHN Vehicle Parking Management

Saved as disclosed above, as at the Latest Practicable Date, none of our full-time employees are related to our Directors, Executive Officers, Controlling Shareholders and/or Substantial Shareholders.

DIRECTORS, MANAGEMENT AND STAFF

For FY2013 and FY2014, the remuneration paid to Ong Siang Lim Jeremy (including salary, bonus, contributions to CPF, allowances and benefits-in-kind) amounted to less than S\$120,000 each year. For FY2015, the estimated remuneration to be paid to Ong Siang Lim Jeremy (including salary, bonus, contributions to CPF, allowances and benefits-in-kind) is expected to be less than S\$120,000. The basis of determining the remuneration of such related employee is the same as the basis of determining the remuneration of other unrelated employees.

The remuneration of any employee who is related to our Directors, Executive Officers, Controlling Shareholders and/or Substantial Shareholders will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increment and/or promotions for these related employees will also be subject to the review and approval of our Remuneration Committee.

In addition, any new employment of related employees and the proposed terms of their employment will be subject to the review and approval of our Remuneration Committee. In the event that a member of our Remuneration Committee is related to the employee under review, he/she will abstain from the review.

SERVICE AGREEMENTS

On 16 March 2015, our Company entered into the Service Agreements with our Executive Directors, Kelvin Lim and Jess Lim (each an “**Appointee**”). The Service Agreements are valid for an initial period of three (3) years with effect from the date of admission of our Company to Catalist (“**Initial Term**”). Upon the expiry of the Initial Term, the employment of the Appointees shall be automatically renewed on a year-on-year basis on such terms and conditions as the parties may agree unless terminated in accordance with the respective Service Agreements.

The Service Agreements provide for, *inter alia*, the salary payable to the Appointees, annual leave, medical benefits, grounds of termination and certain restrictive covenants (including non-compete obligation).

Under the terms of the respective Service Agreements, Kelvin Lim and Jess Lim are entitled to a monthly salary of S\$57,000 and S\$24,000 respectively, as well as an annual fixed bonus (“**Fixed Bonus**”) of one (1) month of his/her last drawn monthly salary.

In addition, each of Kelvin Lim and Jess Lim are also entitled to an incentive bonus (“**Incentive Bonus**”) in respect of each financial year which shall be payable upon the approval of the Remuneration Committee. The Incentive Bonus is calculated based on our Group’s consolidated profit before tax for the relevant financial year (“**PBT**”) as follows:

PBT	Incentive Bonus (in terms of the number of months based on each Appointee’s last drawn monthly salary)
S\$6 million < PBT ≤ S\$8 million	1
S\$8 million < PBT ≤ S\$9 million	2
S\$9 million < PBT ≤ S\$10 million	3
S\$10 million < PBT ≤ S\$12 million	4
PBT > S\$12 million	5

DIRECTORS, MANAGEMENT AND STAFF

Both Kelvin Lim's and Jess Lim's respective remuneration and Fixed Bonus shall be fixed for the Initial Term and thereafter shall be subject to annual review by the Remuneration Committee after the accounts of our Group for the immediate preceding financial year have been audited, in light of their performance and prevailing economic conditions. The rate of their respective Incentive Bonus shall be subject to annual review by the Remuneration Committee after the accounts of our Group for the immediate preceding financial year have been audited, in light of their respective performance and prevailing economic conditions.

All reasonable travelling, hotel, entertainment and such other out-of-pocket expenses incurred by the Appointees in the discharge of their duties will be borne by our Company. In addition, Kelvin Lim shall be entitled to a fixed monthly local transport allowance of S\$2,000. Our Company shall at its own expense reimburse, or arrange for another company in our Group to reimburse, the Appointees all reasonable medical expenses in accordance with our personnel policy. The Appointee shall also be entitled to all other remuneration and benefits generally available to the employees of our Company, or as the Board shall from time to time determine.

The Appointee may terminate the respective Service Agreements at any time by giving to our Company not less than six (6) months' notice in writing, or in lieu of notice, payment of an amount equivalent to six (6) months' salary based on the Appointee's last drawn monthly salary.

Subject to the approvals of the Shareholders of our Company, the SGX-ST and other regulatory authorities, where necessary, and subject to the eligibility criteria set out in the relevant employee share scheme or plan, each Appointee shall be eligible to participate in the performance share plan or other employee share scheme implemented by our Company (if any) on such terms as may be determined by our Remuneration Committee at its sole and absolute discretion.

Our Group may also terminate the employment of each Appointee at any time without notice or payment in lieu of notice under the following circumstances:

- (i) if the Appointee is guilty of any gross default or grave misconduct in connection with or affecting the business of our Group;
- (ii) in the event of any serious or repeated breach or non-observance by the Appointee of any of the stipulations contained in the respective Service Agreements;
- (iii) if the Appointee becomes bankrupt or makes any composition or enters into any deed of arrangement with his creditors;
- (iv) if the Appointee shall become of unsound mind; or
- (v) if the Appointee commits any act of criminal breach of trust or dishonesty.

None of the Appointees will be entitled to any benefit upon termination of his/her Service Agreement.

Under the Service Agreements, each of the Appointees has covenanted that he/she and/or his/her Associates shall not, during his/her employment with our Company, within Singapore or any country in which our Group has a presence or carries on business ("**Territories**"):

- (a) be directly or indirectly engaged or concerned or interested whether as shareholder, director, employee, partner, agent or otherwise in any other business competing with or in opposition to the business for the time being of our Group or as regards any goods or services is a

DIRECTORS, MANAGEMENT AND STAFF

supplier or customer of our Group within the Territories, provided always that this shall not prohibit (a) him/her and/or his/her Associates' holding or him/her and/or his/her Associates from being interested in shares or debentures of not more than 5.0% of the total issued share capital of any other company listed on any stock exchange; and (b) him/her and/or his/her Associates from acquiring, investing, purchasing and/or leasing residential properties as defined in the RPA as long as the Appointee notifies the Board of his/her and/or their intention to carry out such activities prior to the commencement of such activities (for the avoidance of doubt, the Appointee and/or his/her Associates shall be prohibited from leasing any residential properties for the purpose of sub-leasing the same property to generate income) ("**Carve-out**");

- (b) direct, cause, influence or permit an entity of which he/she and/or his/her associates is a director, partner, trustee, protector, shareholder or in any position to direct, cause, influence or permit the said entity to compete with or be in opposition to the business for the time being of our Group;
- (c) either on his/her and/or his/her Associates' own account or in conjunction with or on behalf of any other person, firm or company, solicit or entice away or attempt to solicit or entice away from our Group any person, firm, company or organisation who, at any time prior to the date hereof or during the duration of his/her employment with our Company, has been a customer, client, agent or correspondent of our Group or in the habit of dealing with our Group;
- (d) either on his/her and/or his/her Associates' own account or in conjunction with or on behalf of any other person, firm or company, solicit or entice away or attempt to solicit or entice away from our Group any person who is an officer, manager or employee of our Group whether or not such person would commit a breach of his/her contract of employment by reason of leaving such employment; and
- (e) at any time hereafter make use of or disclose or divulge to any third party any information relating to our Group other than any information properly available to the public or disclosed or divulged pursuant to an order of a court of competent jurisdiction;

(collectively, the "**Non-Compete Undertakings**").

In connection with the above, Kelvin Lim's Non-Compete Undertakings do not apply to LHN Culinary, its subsidiaries and associated companies and Jess Lim's Non-Compete Undertakings do not apply to (a) LHN Culinary, its subsidiaries and associated companies; and (b) Pang Joo Siang, and any company or entity controlled by Pang Joo Siang.

It is envisaged that the abovementioned Carve-out will apply only in the following instances where Kelvin Lim, Jess Lim and/or his/her Associates wishes to (1) acquire or lease residential properties from third parties, or (2) lease out the residential properties which they own to third parties. Kelvin Lim, Jess Lim and/or his/her Associates will be allowed to do so provided that Kelvin Lim or Jess Lim notifies the Board of his/her and/or their intentions before the commencement of such activities.

Such Non-Compete Undertakings shall survive the termination of the Service Agreement for as long as any of the Appointee and/or Appointee's associates remains as a Controlling Shareholder. Subject to this, in the case of Jess Lim, the above Non-Compete Undertakings will only survive for a period of 12 months after the last day of her employment with our Company in the event that she is (i) no longer a director and/or a Controlling Shareholder of our Company, (ii) not a director

DIRECTORS, MANAGEMENT AND STAFF

and/or Controlling Shareholder of any entity being a Controlling Shareholder of our Company, and (iii) no longer a beneficiary and/or a protector of any trust which assets include an interest (direct or indirect) in our Company.

Had the Service Agreements mentioned above been in place since the beginning of FY2014, the aggregate remuneration (including contributions to the CPF and other benefits, if any) paid or provided to our Executive Directors would have been approximately S\$1.5 million instead of approximately S\$1.0 million.

Save as disclosed above, there are no other existing or proposed service contracts entered into or to be entered into between our Company and our subsidiaries with any of our Directors. There are no existing or proposed service agreements entered into or to be entered into between our Company and our subsidiaries with any of our Directors which provide for benefits upon termination of employment.

Save as disclosed above, there are no bonus or profit-sharing plans or any other profit-linked agreements or arrangements between our Company and any of our Directors, Executive Officers or employees.

THE LHN PERFORMANCE SHARE PLAN

In conjunction with our listing on the SGX-ST, we have adopted a performance share plan known as the “LHN Performance Share Plan”, which was approved by our Shareholders on 10 March 2015. The rules of our PSP are set out in Appendix D entitled “Rules of the LHN Performance Share Plan” of this Offer Document. Capitalised terms used throughout this section shall, unless otherwise defined in the section entitled “Definitions” of this Offer Document, bear the meanings as defined in Appendix D entitled “Rules of the LHN Performance Share Plan” of this Offer Document.

The PSP will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. The PSP forms an integral and important component of our compensation plan and is designed primarily to reward and retain directors and employees whose services are vital to the growth and performance of our Company and/or our Group.

As at the Latest Practicable Date, no Awards have been granted under the PSP.

Objectives of the PSP

The main objectives of the PSP are as follows:

- (a) to attract potential employees with relevant skills to contribute to our Group and to create value for Shareholders;
- (b) to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of our Group;
- (c) to motivate the Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to our Group;
- (d) to align the interests of the Participants with the interests of the Shareholders;
- (e) to give recognition to the contributions made by the Participants to the success of our Group; and
- (f) to retain key employees of the Group whose contributions are essential to the long-term prosperity of the Group.

The rationale for adopting the PSP is to give our Company greater flexibility to align the interests of employees, especially our key personnel, with that of our Shareholders. It is also intended to reward, retain and motivate employees to achieve superior performance which creates and enhances economic value for our Shareholders. A performance target based Award may be granted.

As the Shares will be issued free under the PSP, the Participants would receive the same benefit from an Award in respect of fewer Shares as they would receive if share options were granted instead in respect of a larger number of Shares. The PSP would therefore allow our Company to provide an incentive to employees while reducing the dilutive effect to Shareholders.

The Awards given to a particular Participant will be determined at the discretion of the Committee, who will take into account factors such as the Participant’s capability, scope of responsibility, skill and vulnerability to leaving the employment of our Group. In deciding on an Award to be granted to a Participant, the Committee will also consider all aspects of the compensation and/or benefits

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given to the Participant and such other share-based incentive schemes of our Company, if any. The Committee may also set specific criteria and performance targets for each of the Participant, taking into account factors such as (i) our Company's and our Group's business goals and directions for each financial year; (ii) the Participant's actual job scope and responsibilities; and (iii) the prevailing economic conditions.

Summary of the PSP

The following is a summary of the rules of the PSP which should be read in conjunction with Appendix D entitled "Rules of the LHN Performance Share Plan" of this Offer Document.

(1) Eligibility

The following persons shall be eligible to participate in the PSP:

- (a) Group Employees (including Group Executive Directors) who have attained the age of 21 years on or before the date of grant of the Award; and
- (b) Non-Executive Directors (including Independent Directors) who have attained the age of 21 years on or before the date of grant of the Award.

Controlling Shareholders and Associates of a Controlling Shareholder who meet the above eligibility criteria are also eligible to participate in the PSP provided that (a) the participation of, and (b) the terms of each grant and the actual number of Awards granted under the PSP to, a Participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by our independent Shareholders in a general meeting in separate resolutions for each such person, and the basis for seeking such Shareholders' approval will be included in the circular to Shareholders.

There shall be no restriction on the eligibility of any Participant to participate in any other share incentive schemes or share plans implemented or to be implemented by our Company or any other company within our Group.

Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the PSP may be amended from time to time at the absolute discretion of the Committee.

(2) Awards

Awards represent the right of a Participant to receive fully paid Shares free of charge, upon the Participant achieving prescribed Performance Targets.

The selection of the Participants and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the PSP shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of our Group.

In the case of a performance-related Award, the Performance Targets will be set by the Committee depending on each individual Participant's job scope and responsibilities. The Performance Targets to be set shall take into account both the medium and long-term corporate objectives of our Group and the individual performance of the Participant and will

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be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth. The Performance Targets could be based on criteria such as sales growth, growth in earnings and return on investment. In addition, the Participant's length of service with our Group, achievement of past performance targets, value-add to our Group's performance and development and overall enhancement to Shareholder value, *inter alia*, will be taken into account.

Awards may be granted at any time in the course of a financial year, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent. Awards may only be vested and hence any Shares comprised in such Awards may only be delivered on or after the second Market Day from the date on which the aforesaid announcement is made.

An Award letter confirming the Award will be sent to each Participant as soon as reasonably practicable after the Award is finalised, specifying, *inter alia*, in relation to the Award:

- (i) in relation to a performance-related Award, the Performance Targets and the performance period during which the prescribed Performance Targets are to be met;
- (ii) the number of Shares to be vested on the Participant; and
- (iii) the date by which the Award shall be vested.

The Committee will take into account various factors when determining the method to arrive at the exact number of Shares comprised in an Award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of our Company and the pre-determined dollar amount which the Committee decides that a Participant deserves for meeting his Performance Targets. For example, Shares may be awarded based on pre-determined dollar amounts such that the quantum of Shares comprised in Awards is dependent on the closing price of Shares transacted on the Market Day the Award is vested. Alternatively, the Committee may decide the absolute numbers of Shares to be awarded to Participants irrespective of the price of the Shares. The Committee shall monitor the grant of Awards carefully to ensure that the size of the PSP will comply with the relevant rules of the Listing Manual.

(3) Size and duration of the PSP

The total number of Shares which may be delivered pursuant to the vesting of Awards on any date, when added to the aggregate number of Shares issued and/or issuable in respect of (a) all Awards granted under the PSP; and (b) all other Shares issued and/or issuable under any other share-based incentive schemes or share plans of the Company, shall not exceed 15.0% of the total number of issued Shares (excluding treasury shares) of the Company from time to time.

The Directors believe that the size of the PSP will give our Company sufficient flexibility to decide the number of Shares to be offered under the PSP. However, it does not indicate that the Committee will definitely issue Shares up to the prescribed limit. The Committee will exercise its discretion in deciding the number of Shares to be granted to each Participant under the PSP. This, in turn, will depend on and be commensurate with the performance and value of the Participant to our Group.

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The aggregate number of Shares that are available to the Controlling Shareholders or Associates of our Controlling Shareholders under the PSP shall not exceed 25.0% of the total number of Shares available under the PSP. The number of Shares that are available to each Controlling Shareholder or Associate of our Controlling Shareholder under the PSP shall not exceed 10.0% of the Shares available under the PSP.

The PSP shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the PSP is adopted by our Company in a general meeting, provided always that the PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the PSP, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

(4) Operation of the PSP

The Committee shall have the discretion to determine whether Performance Targets have been met (whether fully or partially) or exceeded and/or whether the Participant's performance and/or contribution to our Company and/or any of our subsidiaries justifies the vesting of an Award. In making any such determination, the Committee shall have the right to make reference to the audited results of our Company or our Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the Performance Targets if the Committee decides that a changed Performance Targets would be a fairer measure of performance.

Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the Committee being satisfied that the Participant has achieved the Performance Targets.

Subject to the prevailing legislation and the provisions of the Listing Manual, our Company will be delivering Shares to Participants upon vesting of their Awards by way of an issue of new Shares or the transfer of existing Shares held as treasury shares to the Participants. In determining whether to issue new Shares or to purchase existing Shares for delivery to Participants upon the vesting of their Awards, our Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on our Company of either issuing new Shares or purchasing existing Shares.

New Shares allotted and issued on the release of an Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the date of issue of the new Shares or the date of transfer of treasury shares pursuant to the vesting of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

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(5) Adjustments and alterations under the PSP

(a) Variation of Capital

If a variation in the issued and paid-up ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, sub-division, consolidation, distribution or otherwise) shall take place, then:

- (i) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (ii) the class and/or number of Shares over which future Awards may be granted under the PSP,

shall be adjusted by the Committee to give each Participant the same proportion of the equity capital of our Company as that to which he was previously entitled and, in doing so, the Committee shall determine at its own discretion the manner in which such adjustment shall be made.

Unless the Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:

- (i) the issue of securities as consideration for an acquisition or a private placement of securities;
- (ii) the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on Catalist during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;
- (iii) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees pursuant to any share option scheme or share plan approved by Shareholders in general meeting, including the PSP; and
- (iv) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by our Company.

Notwithstanding the provisions of the rules of the PSP:

- (i) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and
- (ii) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

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(b) Modifications to the PSP

Any or all the provisions of the PSP may be modified and/or altered at any time and from time to time by resolution of the Committee, provided that:

- (i) any modification or alteration which would be to the advantage of Participants under the PSP shall be subject to the prior approval of Shareholders in a general meeting; and
- (ii) no modification or alteration shall be made without due compliance with the Listing Manual and such other laws or regulations as may be applicable.

(6) Reporting requirements

Under the Listing Manual, an immediate announcement must be made on the date of grant of an Award and provide details of the grant, including the following:

- (a) date of grant;
- (b) market price of the Shares on the date of grant of the Award;
- (c) number of Shares granted under the Award;
- (d) number of Shares granted to each Director and Controlling Shareholder (and each of their Associates) under the Award, if any; and
- (e) the vesting period in relation to the Award.

The following disclosures (as applicable) will be made by our Company in our annual report for so long as the PSP continues in operation:

- (a) the names of the members of the Committee administering the PSP;
- (b) in respect of the following Participants:
 - (i) Directors of our Company;
 - (ii) Participants who are Controlling Shareholders and their Associates; and
 - (iii) Participants (other than those in paragraph (b)(i) above) who have received Shares pursuant to the vesting of Awards granted under the PSP which, in aggregate, represent five per cent. (5.0)% or more of the total number of Shares available under the PSP,

the following information:

- (aa) the name of the Participant;
- (bb) the aggregate number of Shares comprised in Awards which have been granted to such Participant during the financial year under review;

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- (cc) the aggregate number of Shares comprised in Awards which have been granted to such Participant since the commencement of the PSP to the end of the financial year under review;
 - (dd) the aggregate number of Shares comprised in Awards which have been issued and/or transferred to such Participant pursuant to the vesting of Awards under the PSP since the commencement of the PSP to the end of the financial year under review; and
 - (ee) the aggregate number of Shares comprised in Awards which have not been vested as at the end of the financial year under review; and
- (c) such other information as may be required by the Listing Manual or the Companies Act.

(7) Role and composition of the Committee

The Committee shall be responsible for the administration of the PSP and shall consist of our Directors. As at the date of this Offer Document, the Committee comprises Lee Gee Aik, Ch'ng Li-Ling and Eddie Yong.

The Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the PSP) for the implementation and administration of the PSP as they think fit including, but not limited to:

- (a) imposing restrictions on the number of Awards that may be vested within each financial year; and
- (b) amending Performance Targets if by so doing, it would be a fairer measure of performance for a Participant or for the PSP as a whole.

In compliance with the requirements of the Listing Manual, any Participant of the PSP who is a member of the Committee shall not be involved in its deliberations in respect of Awards to be granted to or held by him or his Associate.

(8) Abstention from voting

Participants who are also Shareholders and are eligible to participate in this Plan must abstain from voting on any resolution relating to the participation of, or grant of Awards to the Participants.

Rationale for participation by our Controlling Shareholders and the Associates of our Controlling Shareholders in the PSP

Our Company acknowledges that the services and contributions of employees who are Controlling Shareholders or Associates of our Controlling Shareholders are important to the development and success of our Group. The extension of the PSP to confirmed full-time employees who are Controlling Shareholders or Associates of our Controlling Shareholders allows our Group to have a fair and equitable system to reward employees who have actively contributed to the progress and success of our Group. The participation of Controlling Shareholders or the Associates of the Controlling Shareholders in the PSP will serve both as a reward to them for their dedicated services to our Group and a motivation for them to take a long-term view of our Group.

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Although Participants who are Controlling Shareholders or Associates of our Controlling Shareholders may already have shareholding interests in our Company, the extension of the PSP to include them ensures that they are equally entitled, with the other employees of our Group who are not Controlling Shareholders or Associates of our Controlling Shareholders, to take part and benefit from this system of remuneration. We are of the view that a person who would otherwise be eligible should not be excluded from participating in the PSP solely by reason that he/she is a Controlling Shareholder or an Associate of our Controlling Shareholder(s).

The specific approval of our independent Shareholders is required for the participation of such persons as well as the actual number of and terms of such Awards. A separate resolution must be passed for each such participant. In seeking such approval from our independent Shareholders, clear justification as to the participation of Controlling Shareholders and/or Associates of our Controlling Shareholders, the number of and terms of the Awards to be granted to the Controlling Shareholders or Associates of our Controlling Shareholders shall be provided. Accordingly, we are of the view that there are sufficient safeguards against any abuse of the PSP resulting from the participation of employees who are Controlling Shareholders or Associates of our Controlling Shareholders.

It is proposed that Kelvin Lim and Jess Lim, both of whom are Controlling Shareholders, and both of whom are also employees of our Group, be entitled to participate in the PSP. The shareholding interests of Kelvin Lim and Jess Lim in the issued share capital of our Company immediately before and after the Placement are disclosed in the section entitled “Shareholders – Shareholding and Ownership Structure” of this Offer Document.

Rationale for participation of our Controlling Shareholders, namely Kelvin Lim and Jess Lim, in the PSP

Kelvin Lim is our Executive Chairman and Group Managing Director, who is primarily responsible for the business development and overall management of our Group. In addition to overseeing the overall investment activities of our Group to ensure that sound and profitable investments are made, Kelvin Lim also oversees the marketing efforts of our Group, and ensures that the operations of our Group are in order.

Jess Lim is our Executive Director and Deputy Group Managing Director, who is primarily responsible for the internal processes and planning of our Group, which includes the implementation and maintenance of sound internal management systems. In addition, Jess Lim is also responsible for all matters related to the finance, human resource activities and administration works of our Group.

Our Directors (excluding Kelvin Lim and Jess Lim) believe that the potential contribution that may be made by each of Kelvin Lim and Jess Lim to our Group’s future development will be substantial and their continuing contribution is an important factor for the further growth and success of our Group. Hence, our Directors (excluding Kelvin Lim and Jess Lim) are of the view that the inclusion of Kelvin Lim and Jess Lim in the PSP will give due recognition for his/her services and contributions to the growth and development of our Group. The extension of the PSP to Kelvin Lim and Jess Lim is consistent with our Company’s objectives to motivate our employees to achieve and maintain a high level of performance and contribution which is vital to the success of our Company. Although Kelvin Lim and Jess Lim, who are also our Controlling Shareholders, currently have deemed shareholding interests in our Company, the extension of the PSP to him/her will ensure that he/she is equally entitled, with the other employees who are not Controlling Shareholders, to take part in and benefit from this system of remuneration, thereby enhancing his/her long-term commitment to our Company.

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Acknowledgment and approval by subscribers of Placement Shares

The participation of Kelvin Lim and Jess Lim in the PSP will take place only after the listing of our Company on Catalist. By subscribing for the Placement Shares, investors shall be deemed to have acknowledged and approved the participation by each of Kelvin Lim and Jess Lim in the PSP. Nonetheless, under the Listing Manual, the specific grant of Awards to each of Kelvin Lim and Jess Lim and any other Controlling Shareholders or their Associates will have to be approved in separate resolutions by independent Shareholders in general meeting.

Rationale for participation by Non-Executive Directors (including Independent Directors)

While the PSP caters principally to Group Employees, it is recognised that there are other persons who make significant contributions to our Group through their close working relationships with our Group, even though they are not employed within our Group. Such persons include the Non-Executive Directors.

The Non-Executive Directors are persons from different professions and working backgrounds, bringing to our Group their wealth of knowledge, business expertise and contacts in the business community. They play an important role in helping our Group shape its business strategy by allowing our Group to draw on their diverse backgrounds and working experience. It is crucial for our Group to attract, retain and incentivise the Non-Executive Directors. By aligning the interests of the Non-Executive Directors with the interests of Shareholders, our Company aims to inculcate a sense of commitment on the part of the Non-Executive Directors towards serving the short and long-term objectives of our Group.

The Directors are of the view that including the Non-Executive Directors in the PSP will show our Company's appreciation for, and further motivate them in their contribution towards the success of our Group. However, as their services and contributions cannot be measured in the same way as the full-time employees of our Group, while it is desired that participation in the PSP be made open to the Non-Executive Directors, any Awards that may be granted to any such Non-Executive Director would be intended only as a token of our Company's appreciation.

For the purpose of assessing the contributions of the Non-Executive Directors, the Remuneration Committee will propose a performance framework comprising mainly non-financial performance measurement criteria such as the extent of involvement and responsibilities shouldered by the Non-Executive Directors. In addition, the Remuneration Committee will also consider the scope of advice given, the number of contacts and size of deals which our Group is able to procure from the contacts and recommendations of the Non-Executive Directors. The Remuneration Committee may also decide that no Awards shall be made in any financial year or no grant and/or Award may be made at all.

It is envisaged that the vesting of Awards, and hence the number of Shares to be delivered to the Non-Executive Directors based on the criteria set out above will be relatively small, in terms of frequency and numbers. Based on this, the Directors are of the view that the participation by the Non-Executive Directors in the PSP will not compromise the independent status of those who are Independent Directors.

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FINANCIAL EFFECTS OF THE PSP

Cost of Awards

Entities shall apply Singapore Financial Reporting Standard 102 (“**SFRS 102**”) for all share-based payment transactions. Participants will receive Shares and the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards will be recognised as a charge to profit or loss over the period between the grant date and the vesting date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Shares vested at the vesting date, with a corresponding credit to reserve account. Before the end of the vesting period, at each accounting year end, the estimate of the number of Awards that are expected to vest by the vesting date is subject to revision, and the impact of the revised estimate will be recognised in profit or loss with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to profit or loss is made.

The amount charged to profit or loss would be the same whether our Company settles the Awards by issuing new Shares or by purchasing existing Shares. The amount of the charge to profit or loss also depends on whether or not the Performance Target attached to an Award is measured by reference to the market price of the Shares. This is known as a market condition. If the Performance Target is a market condition, the probability of the Performance Target being met is taken into account in estimating the fair value of the Award granted at the grant date, and no adjustments to amounts charged to profit or loss are made if the market condition is not met. However, if the Performance Target is not a market condition, the fair value per Share of the Awards granted at the grant date is used to compute the amount to be charged to profit or loss at each accounting date, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition, there would be no charge to profit or loss if the Awards do not ultimately vest.

Share capital

The PSP will result in an increase in our Company’s issued and paid-up share capital where new Shares are issued to Participants. The number of new Shares issued will depend on, among others, the size of the Awards granted under the PSP. In any case, the PSP provides that the number of shares to be issued under the said PSP will be subject to a maximum limit of 15.0% of our total issued Shares. The aggregate number of Shares available under the PSP shall not exceed 15.0% of the total issued share capital of our Company post-Invitation and from time to time. If instead of issuing new Shares to the Participants, treasury shares are transferred to Participants or our Company pays the equivalent cash value, the PSP would have no impact on our Company’s total number of issued Shares.

NTA

The PSP will result in a charge to our Company’s profit or loss over the period from the grant date to the vesting date of the Awards. The amount of the charge will be computed in accordance with SFRS 102. When new Shares are issued under the PSP, there would be no effect on the NTA. However, instead of issuing new Shares to Participants, existing Shares are purchased for delivery to Participants, or our Company pays the equivalent cash value, the NTA would be impacted by the cost of the Shares purchased or the cash payment, respectively.

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EPS

The PSP will result in a charge to earnings equivalent over the period from the grant date to the vesting date, computed in accordance with SFRS 102.

It should again be noted that the delivery of Shares to Participants of the PSP will generally be contingent upon the Participants meeting the prescribed Performance Targets and conditions.

CORPORATE GOVERNANCE

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders, and will use our best efforts to implement the good practices recommended in the Singapore Code of Corporate Governance 2012 (“**Code**”). Our Board of Directors has formed three (3) committees, namely, the Audit Committee, the Remuneration Committee and the Nominating Committee (collectively, the “**Board Committees**”).

Board Practices

Our Directors are appointed by our Shareholders at a general meeting, and an election of Directors takes place annually. One third (or the number nearest one-third) of our Directors, are required to retire from office at each annual general meeting. Further, all our Directors are required to retire from office at least once in every three (3) years. However, a retiring Director is eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found in Appendix C entitled “Selected Extracts Of Our Articles of Association” of this Offer Document.

Audit Committee

Our Audit Committee comprises Lee Gee Aik, Ch’ng Li-Ling and Eddie Yong, all of whom are Independent Directors. The Chairman of the Audit Committee is Lee Gee Aik.

Our Audit Committee will meet periodically to perform, *inter alia*, the following functions:

- (a) review the relevance and consistency of the accounting standards, the significant financial reporting issues, recommendations and judgments made by the external auditors so as to ensure the integrity of the financial statements of our Group and any announcements relating to our Group’s financial performance;
- (b) review and report to our Board at least annually the adequacy and effectiveness of our Group’s internal controls, including financial, operational, compliance and information technology controls and risks management systems (such review can be carried out internally or with the assistance of any competent third parties);
- (c) review the effectiveness and adequacy of our Group’s internal audit function;
- (d) review the scope and results of the external audit, and the independence and objectivity of the external auditors;
- (e) make recommendations to our Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;
- (f) review the system of internal controls and management of financial risks with our internal and external auditors;
- (g) review the co-operation given by our management to our external auditors and our internal auditors, where applicable;
- (h) review our Group’s compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, including such amendments made thereto from time to time;

CORPORATE GOVERNANCE

- (i) review and approve Interested Person Transactions and review procedures thereof;
- (j) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- (k) review our risk management framework, with a view to providing an independent oversight on our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNET;
- (l) investigate any matters within its terms of reference;
- (m) review the policy and arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and
- (n) undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

Apart from the duties listed above, our Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Group's operating results and/or financial position. In the event that a member of our Audit Committee is interested in any matter being considered by our Audit Committee, he/she will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

Our Audit Committee shall also commission an annual internal control audit until such time as our Audit Committee is satisfied that our Group's internal controls are robust and effective enough to mitigate our Group's internal control weaknesses (if any). Prior to the decommissioning of such an annual audit, our Board is required to report to the SGX-ST and the Sponsor on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal control audit. Thereafter, such audits may be initiated by our Audit Committee as and when it deems fit to satisfy itself that our Group's internal controls remain robust and effective. Upon completion of the internal control audit, appropriate disclosure will be made via SGXNET of any material, price-sensitive internal control weaknesses and any follow-up actions to be taken by our Board.

Currently, based on the internal controls established and maintained by our Group, work performed by the internal and external auditors, and reviews performed by our management and our Board, our Board with the concurrence of our Audit Committee, is of the view that our internal control procedures are adequate to address financial, operational and compliance risks, information controls and risk management systems.

Remuneration Committee

Our Remuneration Committee comprises Lee Gee Aik, Ch'ng Li-Ling and Eddie Yong, all of whom are Independent Directors. The Chairman of the Remuneration Committee is Ch'ng Li-Ling.

Our Remuneration Committee will review and recommend to our Board a framework of remuneration for our Directors and key executives, and determine specific remuneration packages for each Executive Director. The recommendations of our Remuneration Committee

CORPORATE GOVERNANCE

should be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, the Performance shares to be issued under the PSP and other benefits-in-kind shall be covered by our Remuneration Committee.

In addition, our Remuneration Committee will perform an annual review of the remuneration of employees related to our Directors, Controlling Shareholders and/or Substantial Shareholders to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. They will also review and approve any bonuses, pay increases and/or promotions for these employees. Each member of our Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package or that of employees related to him. Our Remuneration Committee also administers the LHN Performance Share Plan.

Nominating Committee

Our Nominating Committee comprises our Independent Directors, namely Lee Gee Aik, Ch'ng Li-Ling and Eddie Yong, and our Executive Chairman and Group Managing Director, Kelvin Lim. The Chairman of the Nominating Committee is Eddie Yong. Our Nominating Committee will be responsible for, *inter alia*:

- (a) reviewing and recommending the nomination or re-nomination of our Directors having regard to our Director's contribution and performance;
- (b) determining on an annual basis whether or not a Director is independent;
- (c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director; and
- (d) reviewing and approving any new employment of related persons and the proposed terms of their employment.

Our Nominating Committee will decide how our Board's performance is to be evaluated and will propose objective performance criteria, subject to the approval of our Board, which address how our Board has enhanced long-term Shareholders' value. Our Board will also implement a process to be carried out by our Nominating Committee for assessing the effectiveness of our Board as a whole and the Board Committees, and for assessing the contribution of each individual Director to the effectiveness of our Board. Each member of our Nominating Committee will not take part in determining his own re-nomination or independence and shall abstain from voting any resolutions in respect of the assessment of his performance or re-nomination as a Director. In the event that any member of our Nominating Committee has an interest in a matter being deliberated upon by our Nominating Committee, he will abstain from participating in the review and approval process relating to that matter.

DESCRIPTION OF ORDINARY SHARES

The following statements are brief summaries of the rights and privileges of our Shareholders conferred by the laws of Singapore and our Articles of Association (the “**Articles**”).

The following description summarises the material provisions of our Articles but is qualified by reference to our Articles, a copy of which is available for inspection at our registered office during normal business hours for a period of six (6) months from the date of this Offer Document.

Ordinary Shares

All of our Shares are in registered form. We may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

New Shares

New Shares may only be issued with the prior approval of our Shareholders in a general meeting. The aggregate number of shares to be issued pursuant to such approval may not exceed 100.0% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital, of which the aggregate number of Shares to be issued other than on a *pro rata* basis to our Shareholders may not exceed 50.0% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital (the percentage of issued share capital being based on our Company’s issued share capital at the time such authority is given after adjusting for new shares arising from the conversion of convertible securities or employee share options on issue at the time such authority is given and any subsequent consolidation or sub-division of Shares).

The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted or the date by which the annual general meeting is required by law to be held, whichever is earlier. Subject to the foregoing, the provisions of the Companies Act and any special rights attached to any class of shares currently issued, all new Shares are under the control of our Board of Directors who may allot and issue the same with such rights and restrictions as it may think fit.

Shareholders

Only persons who are registered in the Register of Shareholders and, in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for the Shares, are recognised as our Shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the Depository Register for that Share. We may close our Register of Shareholders for any time or times if we provide the ACRA with at least 14 days’ notice and the SGX-ST at least 10 clear market days’ notice. However, the Register of Shareholders may not be closed for more than 30 days in aggregate in any calendar year. We typically close our Register of Shareholders to determine shareholders’ entitlement to receive dividends and/or other distributions.

DESCRIPTION OF ORDINARY SHARES

Transfer of Shares

There is no restriction on the transfer of fully paid Shares except where required by law or the Catalist Rules or the rules or by-laws of any stock exchange on which our Company is listed. Our Board of Directors may decline to register any transfer of Shares which are not fully paid Shares or Shares on which we have a lien. Our Shares may be transferred by a duly signed instrument of transfer in a form approved by the SGX-ST or any stock exchange on which the Company is listed. Our Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. We will replace lost or destroyed certificates for Shares if it is properly notified and if the applicant pays a fee which will not exceed S\$2.00 and furnishes any evidence and indemnity that our Board of Directors may require.

General Meetings of Shareholders

We are required to hold an annual general meeting every year. Our Board of Directors may convene an Extraordinary General Meeting whenever it deems fit and must do so if Shareholders representing not less than 10.0% of the total voting rights of all Shareholders request in writing that such a meeting be held. In addition, two (2) or more shareholders holding not less than 10.0% of our issued share capital may call a meeting. Unless otherwise required by law or by our Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to the Memorandum of Association and our Articles, a change of our corporate name and a reduction in the share capital, share premium account or capital redemption reserve fund. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our Shareholders who has supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be Shareholders. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles, two (2) or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles, on a show of hands, every Shareholder present in person and by proxy shall have one (1) vote (provided that in the case of a Shareholder who is represented by two (2) proxies, only one (1) of the two (2) proxies as determined by that Shareholder or, failing such determination, the chairman of the meeting in his sole discretion shall be entitled to vote on a show of hands), and on a poll, every Shareholder present in person or by proxy shall have one (1) vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 10.0% of the total voting rights of all Shareholders having the right to attend and vote at the

DESCRIPTION OF ORDINARY SHARES

meeting or by any two (2) Shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits. Our Board of Directors may also declare an interim dividend without the approval of its Shareholders. All dividends are paid *pro rata* among our Shareholders in proportion to the amount paid-up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provides otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

Capitalisation and Rights Issues

Our Board of Directors may, with approval by our Shareholders at a general meeting, capitalise any reserves or profits (including profits or money carried and standing to a reserve) and distribute the same as shares credited as paid-up to the shareholders in proportion to their shareholdings. Our Board of Directors may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

Takeovers

The Securities and Futures Act (Chapter 289) of Singapore and the Singapore Code on Takeovers and Mergers regulate the acquisition of ordinary shares of public companies and certain provisions that may delay, deter or prevent a future takeover or change in control of the Company. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting Shares must extend a takeover offer for the remaining voting Shares in accordance with the provisions of the Singapore Code on Takeovers and Mergers. Persons presumed to be "acting in concert" include and are not limited to a company and its parent company, its subsidiaries, and fellow subsidiaries and its parent company, a company and its directors (including their relatives), a company and its pension funds, a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, and a financial or other professional advisor and its client in respect of shares held by the financial advisor and shares in the client held by funds managed by the financial advisor on a discretionary basis. A mandatory offer for consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the preceding six (6) months.

A mandatory takeover offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% of the voting shares acquires additional voting shares representing more than 1.0% of the voting shares in any six-month period. Under the Singapore Code on Takeovers and Mergers, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding six (6) months.

DESCRIPTION OF ORDINARY SHARES

Liquidation or Other Return of Capital

If we liquidate or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

Indemnity

To the extent permitted by Singapore law, our Articles provide that, subject to the Companies Act, our Board of Directors and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgment is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the Court. We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, wilful default, breach of duty or breach of trust of which they may be guilty in relation to us.

Limitations on Rights to Hold or Vote Shares

Except as described in “Voting Rights” and “Takeovers” above, there are no limitations imposed by Singapore law or by our Articles on the rights of non-resident Shareholders to hold or vote in respect of the Shares.

Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected, *inter alia*, under Section 216 of the Companies Act, which gives the Singapore Courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations:

- (a) our affairs are being conducted or the powers of our Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our Shareholders; or
- (b) we take an action, or threaten to take an action, or Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the Shareholders, including the applicant.

Singapore Courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of the affairs of the Company in the future;
- (c) authorise civil proceedings to be brought in our name of, or on behalf of, the Company by a person or persons and on such terms as the Court may direct;

DESCRIPTION OF ORDINARY SHARES

- (d) provide for the purchase of a minority Shareholder's Shares by our other Shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital;
- (e) provide that the Memorandum of Association or the Articles be amended; or
- (f) provide that we be wound up.

Treasury Shares

Our Articles of Association expressly permits our Company to purchase or acquire shares or stocks of our Company and to hold such shares or stocks (or any of them) as treasury shares in accordance with requirements of Section 76 of the Companies Act. Our Company may make a purchase or acquisition of our own shares (i) on a securities exchange if the purchase or acquisition has been authorised in advance by our Company in general meeting; or (ii) otherwise than on a securities exchange if the purchase or acquisition is made in accordance with an equal access scheme authorised in advance by our Company in general meeting. The aggregate number of Shares held as treasury shares shall not at any time exceed 10.0% of the total number of Shares of our Company at that time. Any excess shares shall be disposed or cancelled before the end of a period of six (6) months beginning with the day on which that contravention of limit occurs, or such further period as the Registrar may allow. Where Shares or stocks are held as treasury shares by our Company through purchase or acquisition by our Company, our Company shall be entered in the register as the member holding those shares or stocks.

Our Company shall not exercise any right in respect of the treasury shares and any purported exercise of such a right is void. Such rights include any right to attend or vote at meetings and our Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of our Company's assets (including any distribution of assets to members on a winding up) may be made, to our Company in respect of the treasury shares. However, this would not prevent an allotment of shares as fully paid bonus shares in respect of the treasury shares or the sub-division or consolidation of any treasury share into treasury share of a smaller amount, if the total value of the treasury shares after the sub-division or consolidation is the same as the total value of the treasury shares before the sub-division or consolidation, as the case may be.

Where Shares are held as treasury shares, our Company may at any time (i) sell the Shares (or any of them) for cash; (ii) transfer the Shares (or any of them) for the purposes of or pursuant to an employees' share scheme; (iii) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person; or (iv) cancel the Shares (or any of them).

Substantial Shareholders

The Securities and Futures Act requires our Substantial Shareholders to give notice to us of certain information as prescribed by the Authority, including particulars of their interest, within two (2) business days of becoming aware of being our Substantial Shareholders or ceasing to be our Substantial Shareholder and being aware of any change in the percentage level of their interest. "Percentage level", in relation to a Substantial Shareholder, is the percentage figure ascertained by expressing the total votes attached to all the voting shares in which the Substantial Shareholder has an interest (or interests) immediately before or (as the case may be) immediately

DESCRIPTION OF ORDINARY SHARES

after the relevant time, as a percentage of the total votes attached to all of the voting shares (excluding treasury shares), and if it is not a whole number, rounding that figure down to the next whole number.

Under the Securities and Futures Act, a person has a substantial shareholding in us if he has an interest (or interests) in one or more of our voting shares (excluding treasury shares) and the total votes attached to those shares are not less than 5.0% of the total votes attached to all of our voting shares (excluding treasury shares).

EXCHANGE CONTROLS

Singapore

There are no Singapore government laws, decrees, regulations or other legislation that may affect the following:

- (a) the import or export of capital, including the availability of cash and cash equivalents for use by our Group; and
- (b) the remittance of dividends, interest or other payments to non-resident holders of our Company's securities.

BVI

There are no foreign exchange controls or foreign exchange regulations under the currently applicable laws of the BVI.

Indonesia

In general, foreign currency is freely traded against the Indonesian Rupiah in Indonesia. However, there are a number of reporting requirements which must be complied with in relation to the transfer of foreign currency funds in and out of Indonesia.

In particular, an individual entering or exiting Indonesia with cash exceeding IDR100,000,000 (or its equivalent in any foreign currency) will have to report such amount to the customs officials at the relevant port of entry in Indonesia.

Indonesian banks receiving or transferring foreign currency funds (in any amount) out of Indonesia will also have to file a report with Bank Indonesia. In addition, Bank Indonesia may require supporting documentation to be submitted as proof of an underlying transaction in respect of the purchase of foreign currency funds against the Indonesian Rupiah.

The Indonesian Rupiah must be used for the purpose of settling payment for all transactions, except where certain exceptions under the laws of Indonesia apply, including, but not limited to, international trade transactions and international financing.

In respect of foreign currency loans, any Indonesian legal entity receiving such loans from a foreign lender (whether in Indonesian Rupiah or otherwise) will have to file a report with Bank Indonesia.

Thailand

Thailand's exchange controls are established by the Exchange Control Act B.E. 2485 (A.D. 1942) of Thailand ("**ECA**") and foreign exchange transactions are regulated by the Bank of Thailand. Foreign exchange transactions are permitted to be conducted through any commercial bank in Thailand that has been granted a foreign exchange licence by the Minister of Finance pursuant to the ECA ("**Authorised Bank**"), as well as certain other authorised entities that have been granted such a foreign exchange licence.

Under the ECA, payment of current transactions, such as payment for imported goods, payment for services, interest payment on overseas loans, repatriation of profits or dividends on foreign investment, may be made in unlimited amounts upon submission of supporting documents required under the ECA by an Authorised Bank.

EXCHANGE CONTROLS

Regarding payment for imported goods, importers may purchase or withdraw foreign currencies from their own foreign currency accounts for import payments upon submission of supporting documents. Letters of credits may also be opened through an Authorised Bank.

Outward remittances of amounts properly due to non-residents are permitted such as service fees, interest, dividends, profits, or royalties, provided that supporting documents are submitted to an Authorised Bank.

Under the ECA, transfers in foreign currency for direct and portfolio investments in Thailand are freely permitted. Proceeds must be surrendered to an Authorised Bank or deposited in a foreign currency account with an Authorised Bank in Thailand within 360 days.

Repatriation of capital investments may be made freely upon submission of supporting documents required under the ECA by the Authorised Bank, as well as for repatriation of the principal amounts under loan agreements, repayment of capital investment following the liquidation of a business, and sale of equities.

Myanmar

Foreign Exchange Management Law (Law No. 12/2012) dated 10 August 2012 (“**FEML**”) and Foreign Exchange Management Rules (Notification No. 7/2014) dated 30 September 2014 (“**FEMR**”) govern foreign exchange operations including payments in foreign exchange within Myanmar and international payments and transfers in foreign exchange. FEML provides that no restrictions shall be imposed, directly or indirectly, on payments and transfers for “current international transactions”, defined as “payments which are not for the purpose of transferring capital” such as:

- “(i) all payments due in connection with foreign trade, other current business, including services, and normal short-term banking and credit facilities;
- (ii) payments due as interest on loans and as net income from other investments;
- (iii) payments of moderate amounts for amortisation of loans or for depreciation of direct investments; and
- (iv) moderate remittances for family living expenses”.

In contrast, FEML provides that “the Central Bank shall monitor and record the funds brought in as foreign investment, as a reference for repatriation of principal, interests, profits, dividends and other payments related to the investment.... Foreign investors shall declare their funds and provide evidence of the funds brought in to the Central Bank for each transaction. Foreign investors who fail to present documentary evidence may not be permitted to repatriate the funds abroad”.

In this regard, FEMR clarifies that banks licensed to deal in foreign banking including dealing in foreign exchange operations by the Central Bank of Myanmar (“**Authorised Dealer**”) are obliged under the terms of their licence to report all foreign exchange transactions to the Central Bank of Myanmar. In particular, it is the duty of an Authorised Dealer to ensure that it can identify whether a transaction is of a current or capital nature, based on relevant documentary evidence required to be provided by the customer. From our experience, in respect of proposed repatriation of dividends from a Myanmar bank account to an offshore bank account, documents that would generally be required to be shown by the transferor to the Authorised Dealer (all originals) for the

EXCHANGE CONTROLS

Authorised Dealer's determination of whether the transaction is permissible include but are not limited to: (a) Tax clearance certificate for the relevant financial year; (b) Board of Directors' meeting minutes authorising distribution of dividends; (c) Certificate of incorporation; (d) Memorandum & Articles of Association; (e) Latest filing of Form 26 (Particulars of Directors); (f) Latest filing of Form VI (Return of Allotments); and (g) Latest filing of Form E, all relating to the said transferor entity. If an Authorised Dealer is in any doubt as to the nature or purpose of a transaction, the matter shall be referred to the Central Bank of Myanmar for clarification.

Be that as it may, FEML and FEMR are still considered in practice, as new enactments and their provisions are yet to be tested and would most certainly in our view, be subject to ongoing interpretation and refinement in respect of its practical effect, implementation and enforcement by the Central Bank of Myanmar.

TAXATION

Singapore Taxation

The following is a discussion of certain tax matters relating to Singapore income tax, capital gains tax, stamp duty, estate duty and GST consequences in relation to the purchase, ownership and disposal of our Shares based on the current tax laws in Singapore. The discussion is limited to a general description of certain tax consequences in Singapore with respect to ownership of our Shares by Singapore investors, and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase our Shares. It is also not intended to be and does not constitute legal or tax advice. The discussion below is based on the assumption that our Company is a tax resident in Singapore for Singapore income tax purposes. The laws, regulations and interpretations, may change at any time, and any change could be made on a retroactive basis. These laws and regulations are also subject to various interpretations and no assurance can be given that the relevant tax authorities or the courts of Singapore will agree with the explanations or conclusions set out below or that changes in such laws and regulations will not occur.

Prospective investors of our Shares should consult their tax advisers and/or legal advisers concerning the tax consequences of owning and disposing our Shares. Neither our Company, our Directors nor any other persons involved in this Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of our Shares.

Income Tax

(i) Individual Taxpayers

An individual is regarded as a tax resident in Singapore in a year of assessment if, in the preceding calendar year, he was physically present in Singapore or exercised an employment in Singapore for 183 days or more, or if he ordinarily resides in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accrued in or derived from Singapore. All foreign-sourced income received (except for certain income received through a partnership in Singapore) in Singapore by Singapore tax resident individuals is exempt from Singapore income tax if the Inland Revenue Authority of Singapore (“IRAS”) is satisfied that the tax exemption would be beneficial to the individual.

Singapore tax-resident individuals are subject to tax based on progressive rates, currently ranging from 0% to 20.0%.

Non-Singapore resident individuals, subject to certain exceptions, are subject to Singapore income tax on income accrued in or derived from Singapore. They are generally subject to tax at 20.0% except for Singapore employment income which is subjected to tax at a flat rate of 15.0% or at the resident rate, whichever is higher.

(ii) Corporate Taxpayers

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore. Normally, the control and management of a company is vested in its board of directors and hence a company is usually regarded as a tax resident of Singapore if its board of directors holds the majority of its board meetings in Singapore.

TAXATION

Corporate taxpayers are subject to Singapore income tax on income accrued in or derived from Singapore and foreign-sourced income received or deemed received in Singapore from outside Singapore (unless otherwise exempted). Foreign-source income in the form of dividends, branch profits and services income received or deemed received in Singapore by Singapore tax resident companies are exempt from tax if certain prescribed conditions are met.

The first S\$300,000 of normal chargeable income is exempt from tax as follows:

- (a) 75.0% of up to the first S\$10,000; and
- (b) 50.0% of up to the next S\$290,000.

The remaining chargeable income (after deducting the applicable tax exemption of the first S\$300,000 of chargeable income) will be taxed at the prevailing corporate tax rate, currently at 17.0%.

For the Years of Assessment (“YA”) 2013 to 2015, companies will be granted a 30.0% corporate income tax rebate capped at S\$30,000 for each YA.

Dividend Distributions

(i) One Tier Corporate Taxation System

Singapore currently adopts the one-tier corporate taxation system (“**one-tier system**”). Under the one-tier system, the tax collected from corporate profits is a final tax and the after-tax profits of the company resident in Singapore can be distributed to its shareholders as tax exempt dividends. One-tier dividends are tax exempt in the hands of all shareholders, regardless of the tax residence status or the legal form of the shareholders.

(ii) Withholding Taxes

Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders.

Foreign shareholders are advised to consult their own tax advisers to take into account the tax laws of their respective home countries/countries of tax residence and the applicability of any double taxation agreement which their country of tax residence may have with Singapore.

Capital Gains Tax

There is currently no tax on capital gains in Singapore.

Gains derived from the disposal of our Shares that are acquired for long-term investment purposes are generally considered to be capital in nature and not subject to Singapore tax.

On the other hand, where the taxpayer is deemed by the IRAS to be carrying on a trade or business in Singapore of dealing in shares, the gains from the disposal of shares are likely to be regarded as revenue in nature and subject to Singapore income tax. Shareholders should consult their own professional advisers on the Singapore tax consequences that may apply to their individual circumstances.

TAXATION

Subject to certain conditions being met, during the period from 1 June 2012 to 31 May 2017 (both dates inclusive), gains derived from the disposal of ordinary shares by companies are automatically treated as non-taxable capital gains if the divesting company holds a minimum shareholding of 20.0% of the ordinary shares in the company whose shares are being disposed for a continuous period of at least 24 months immediately prior to the date of the share disposal.

In addition, shareholders who adopt the tax treatment to be aligned with the Singapore Financial Reporting Standard 39 Financial Instruments – Recognition and Measurement (“**SFRS 39**”) may be taxed on fair value gains or losses (not being gains or losses in the nature of capital) even though no sale or disposal of our Shares is made. Shareholders who may be subject to such tax treatment should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of our Shares.

Foreign sellers are advised to consult their own tax advisers to take into account the applicable tax laws of their respective home countries or countries of residence as well as the provisions of any applicable double taxation agreement.

Stamp Duty

No stamp duty is payable on the subscription and issuance of our Shares.

Where existing Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of the Shares at the rate of S\$0.20 for every S\$100 or any part thereof of the consideration for, or market value of the Shares, whichever is higher. The purchaser is liable for stamp duty, unless otherwise agreed.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scrippless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

Stamp duty is not applicable to electronic transfers of our Shares through the CDP system.

Estate Duty

Estate duty has been abolished in Singapore since 15 February 2008.

GST

The sale of our Shares by a GST-registered investor belonging in Singapore through a SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST.

Any GST (for example, GST on brokerage) incurred by the GST-registered investor in connection with the making of this exempt supply will generally become an additional cost to the investor unless the investor satisfies certain conditions prescribed under the GST legislation or certain GST concessions.

Where our Shares are sold by a GST-registered investor to a person belonging outside Singapore (and who is outside Singapore at the time of supply), the sale is a zero-rated supply (i.e. subject to GST at 0%). Consequently, any GST (for example, GST on brokerage) incurred by him in the making of this zero-rated supply for the purpose of his business will, subject to the provisions of the GST legislation, be recoverable as an input tax credit in his GST returns.

TAXATION

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of our Shares.

Services such as brokerage and handling services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase or sale of our Shares will be subject to GST at the prevailing rate (currently at 7.0%). Similar services rendered contractually to an investor belonging outside Singapore should qualify for zero-rating (i.e. subject to GST at 0%) provided that the investor is not physically present in Singapore at the time the services are performed and the services do not directly benefit a person who belongs in Singapore.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on the Catalist, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of the Shares through the Catalist will be effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with CDP. Persons named as direct securities account holders and depository agents in the depository register maintained by the CDP, rather than CDP itself, will be treated, under our Articles and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective securities accounts.

Persons holding our Shares in securities account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on the Catalist, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles. A fee of S\$10 for each withdrawal of 1,000 Shares or less and a fee of S\$25 for each withdrawal of more than 1,000 Shares is payable upon withdrawing the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S\$10 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S\$0.20 per S\$100 or part thereof of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective securities accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10 is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time. Pursuant to announced rules effective from 2 May 2014, transfers and settlements pursuant to on-exchange trades will be charged a fee of S\$30 and transfers and settlements pursuant to off-exchange trades will be charged a fee of 0.015% of the value of the transaction, subject to a minimum of S\$75.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of Shares sold and the buyer's securities account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.0325% of the transaction value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore's GST at the prevailing rate of 7.0% (or such other rate prevailing from time to time).

Dealings of our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct account with CDP or a sub-account with a CDP depository agent. The CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

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INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed below, none of our Directors, Executive Officers and Controlling Shareholders:
 - (a) has, at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time he was a partner or at any within two (2) years from the date he ceased to be a partner;
 - (b) has, at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or key executive at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two (2) years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
 - (c) has any unsatisfied judgment against him;
 - (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
 - (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
 - (f) has, at any time during the last 10 years, had judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, nor has he been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
 - (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
 - (h) has ever been disqualified from acting as a director or equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
 - (i) has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity;

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- (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,
- in connection with any matter occurring or arising during the period when he was so concerned with the corporation or partnership entity or business trust; and
- (k) has ever been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Disclosures relating to our Executive Chairman and Group Managing Director, Kelvin Lim

Kelvin Lim's assistance in investigation by IRAS

In 2012, Kelvin Lim assisted the Inland Revenue Authority of Singapore (“**IRAS**”), in his personal capacity, in their investigations on Wee Chor Chin John (“**John Wee**”), a freelance property agent in connection with John Wee’s failure to fully declare his income to IRAS. The IRAS’s investigations showed that Kelvin Lim had received reimbursements of commission from John Wee during the period from 1 January 2007 to 31 December 2010, and IRAS had, by way of a letter dated 7 November 2012, requested for Kelvin Lim to furnish a breakdown of the commission received and paid to John Wee for each year between 2007 and 2010. In Kelvin Lim’s letter dated 19 November 2012 to IRAS, it was set out that Kelvin Lim received from John Wee an aggregate of S\$31,400 on three (3) separate occasions in 2008 and 2009 as fees for rendering assistance and guidance as an individual consultant in advising John Wee on how to structure a management agreement (“**John Wee Payments**”). In addition, it occurred to Kelvin Lim’s attention that the referral fees from Yeo Kong Boon in respect of Kelvin Lim’s recommendation of tenants to Yeo Kong Boon received on four (4) separate occasions between 2007 and 2009 which amounted to an aggregate of S\$41,912 may also be taxable (“**YKB Payments**”). However, due to an oversight, Kelvin Lim had inadvertently omitted to declare the John Wee Payments and the YKB Payments because such payments had been made at the respective discretion of John Wee and Yeo Kong Boon. He had not demanded any such payment from them and he was unaware that such monies were taxable. Following that, Kelvin Lim made his relevant declarations to IRAS in respect of the John Wee Payments and the YKB Payments, and received (1) the Notice of Assessment Additional in respect of the following years of assessment, namely 2008, 2009 and 2010; (2) the Adjustment to Employment Income for year of assessment 2009; and (3) Notice of

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Computation for CPF Contributions (Medisave) for 2009 (6.5%) Original, 2008 (6.5%) Original and 2007 (6.5%) Original and the accompanying Payment Form in respect of CPF Contributions (Medisave) for Self-employed. Thereafter, Kelvin Lim paid the relevant taxes. No further action was taken by IRAS.

Disclosures relating to our Executive Directors, Kelvin Lim and Jess Lim, and our Controlling Shareholder, Lim Hean Nerng

Litigation involving HN Holdings and South East

Kelvin Lim and Jess Lim were directors of HN Holdings from 23 November 1998 to 1 December 2013 and 6 August 1996 to 1 December 2013 respectively. Lim Hean Nerng is a director of HN Holdings since 1 July 2009. HN Holdings was in the business of renting out storage space at a warehouse at 27 Jalan Buroh, Singapore 619483. In 2003, South East Enterprises (Singapore) Pte Ltd ("**South East**") contracted with HN Holdings for the rental of certain specified areas in the warehouse for the storage of machine parts. South East later fell into arrears in monthly rent which amounted to S\$27,794 by early February 2004. On 9 February 2004, HN Holdings commenced litigation proceedings against South East to recover the sum and, on 5 March 2004, obtained judgment in default appearance against South East. On 19 March 2004, HN Holdings' solicitors issued a writ of seizure and sale for the sum of S\$29,771.57 to be executed against South East's property in the warehouse ("**Writ**"). On 11 May 2004, a bailiff of the Subordinate Courts accompanied by an authorised employee of HN Holdings proceeded to seize South East's machinery which was stored at the warehouse, and sold them off via a public auction that took place on 11 June 2004. The seized items were sold to the highest bidder for S\$51,500 and were thereafter re-sold by the bidder for S\$132,174.

In 2009, South East commenced proceedings against the bailiff and HN Holdings. South East asserted that the bailiff had executed the Writ negligently and in breach of numerous statutory duties, with its main complaints relating to the alleged excessive seizure followed by the undervalued sale of the seized items, which South East asserted bore a market value of S\$1,224,294.50. South East also sought to make HN Holdings jointly and severally liable by arguing that HN Holdings had acted as the bailiff's agent during the seizure and sale. The High Court of Singapore dismissed South East's claims against both the bailiff and HN Holdings ("**High Court Judgment**").

In 2012, South East appealed against the High Court judgment. On appeal, the Singapore Court of Appeal had to consider, amongst others, whether HN Holdings may be made liable for any excessive seizure by the bailiff. In 2013, a judgment was entered against HN Holdings by the Singapore Court of Appeal in the case of South East Enterprises (Singapore) Pte Ltd v Hean Nerng Holdings Pte Ltd and another [2013] SGCA 25, in which the Singapore Court of Appeal held that HN Holdings was liable for the bailiff's excessive seizure, and HN Holdings shall be liable to South East for the sum of S\$96,448.12 less S\$19,523.45 (this sum is the balance sale proceeds which was refunded to South East) plus interest on such sum fixed at 3.0% per annum from the date of the filing of the proceedings to the date of the judgment of the due amount to be paid to South East. HN Holdings and South East are currently in the process of examination of judgment debtor proceedings. As at the Latest Practicable Date, HN Holdings and South East have reached a settlement pursuant to which HN Holdings is to pay a final settlement amount of S\$221,000, and South East has withdrawn the examination of judgement debtor summons.

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Disclosures relating to both our Executive Directors, Kelvin Lim and Jess Lim

Litigation involving Kai Lim Industrial and Chye Lian Huat

Chye Lian Huat Sawmill Co (“**Chye Lian Huat**”) was at all material times the lessee of the industrial premises at No 44, Sungei Kadut Street, Singapore (“**Sungei Kadut Premises**”) of which the lessor was Jurong Town Corporation (“**JTC**”). Chye Lian Huat was a partnership firm that dealt in sawmilling and carpentry works, but encountered partnership disputes and was subsequently dissolved by an Order of Court on 25 September 1998 and a receiver and manager was appointed (“**Receiver and Manager**”).

In early 1997, Kai Lim Industrial was invited by Chye Lian Huat to help manage the Sungei Kadut Premises because the partners were at loggerheads and as a result, matters of the firm suffered, arrears of rent from their subtenants mounted and the Sungei Kadut Premises were left in a state of disrepair. Pursuant to the licensing agreement dated 13 February 1997 (“**Licensing Agreement**”), Chye Lian Huat granted Kai Lim Industrial a licence to use a substantial portion of the Sungei Kadut Premises for differentiated monthly licence fees. Kai Lim Industrial was allowed to use up to 30,000 sq ft of the woodworking factory area and up to 100,000 sq ft of the open space area for a period of 60 months with effect from 13 February 1997, expiring on 12 February 2002. The Licensing Agreement also conferred on Kai Lim Industrial the right to sub-license a portion of the Sungei Kadut Premises to third parties. Chye Lian Huat and Kai Lim Industrial were entitled to give the other party four (4) months’ notice in the event that either party wished to terminate the Licensing Agreement. Pursuant to the management agreement dated 30 March 1997 (“**KLI Management Agreement**”), Kai Lim Industrial was appointed to carry out various matters in relation to the maintenance of the Sungei Kadut Premises and the running of the business of Chye Lian Huat.

Under the then JTC guidelines, the sub-letting of JTC land and industrial building was subject to the approval of JTC and the relevant government authorities. Under the JTC 21 Policy, which came into force in or about August 1997, the sub-letting of open land was not allowed, and the Licensing Agreement included open space. However, no application for approval was submitted to the JTC. JTC became aware of the sub-letting and set a deadline for Kai Lim Industrial to deliver vacant possession. Kai Lim Industrial was in occupation and used the whole of the woodworking factory area and the open space within the Sungei Kadut Premises from 13 February 1997 to 27 September 1999. On 27 September 1999, Kai Lim Industrial delivered vacant possession.

In 2001, the Receiver and Manager commenced proceedings against Kai Lim Industrial. The Receiver and Manager claimed from Kai Lim Industrial the sum of S\$912,154.25 or such other sum that may be found to be due for the balance of the monthly fee payable to Chye Lian Huat by Kai Lim Industrial for the use of the woodworking factory area and the open space area for the period between 13 February 1997 to 11 February 1999, the sum of S\$198,631.08 due from Kai Lim Industrial to Chye Lian Huat for the expenses incurred by the Receiver and Manager for the dismantling of the unauthorised structures and for the removal of the debris from the Sungei Kadut Premises, and interest on all moneys found to be due to the plaintiffs at the rate of 6.0% per annum from the date of the writ of summons to the date of judgment and costs. Kai Lim Industrial claimed, amongst others, a set-off of the expenses of S\$589,497.18 under the KLI Management Agreement, and Kai Lim Industrial also counterclaimed liquidated damages in the sum of S\$944,524.20 which they allegedly suffered by reason of Chye Lian Huat’s wrongful termination and repudiation of the Licensing Agreement. In 2003, a judgment was entered against Kai Lim Industrial by the Singapore High Court in the case of Chye Lian Huat Sawmill Co v Hean Nerng Industrial Pte Ltd [2003]

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2 SLR(R) 23; [2002] SGHC 300, in which the Singapore High Court held that (1) Kai Lim Industrial's claims for expenses incurred under the KLI Management Agreement was rejected because these expenses were incurred by and for the benefit of Kai Lim Industrial, save for those which Chye Lian Huat had agreed; (2) Chye Lian Huat's claims for reimbursement of the costs for the removal of the debris was allowed; and (3) Chye Lian Huat was not in repudiation of the Licensing Agreement, and even if there was any repudiatory breach on Chye Lian Huat's part the same had been waived by the conduct of Kai Lim Industrial which had accepted the situation and left the Sungei Kadut Premises without demur or protest. There is to be judgment for Chye Lian Huat as claimed, and Kai Lim Industrial's claims of set out and counterclaims were dismissed with costs. Kelvin Lim and Jess Lim were directors of Kai Lim Industrial from 23 November 1998 to 14 November 2005 and 6 August 1996 to 14 November 2005 respectively. However, the Receiver and Manager did not take any further action to enforce the judgment subsequently. To the best of Kelvin Lim's and Jess Lim's knowledge, there has been no further action taken in relation to the above litigation case. Chye Lian Huat was cancelled in 2005 and Kai Lim Industrial was struck-off in 2009.

HNL's assistance in investigation by IRAS

In 2013, HNL assisted IRAS in their investigations of John Wee. IRAS had by way of a letter dated 22 April 2013 to HNL, informed HNL that their investigations showed that HNL had made payments to John Wee during the period from 1 January 2007 to 31 December 2010, and had requested for HNL to furnish the commission/referral fee/introduction fee paid to and received from John Wee for the years 2007 to 2010. In HNL's letter to IRAS dated 22 May 2013 and 31 May 2013, HNL informed IRAS that HNL had on nine (9) separate occasions in 2010 paid an aggregate of S\$6,973.82 as commission for John Wee's introduction of logistics customers to HNL, and HNL did not receive any commission/referral fee/introduction fee from John Wee during the relevant period. Kelvin Lim and Jess Lim were appointed as directors of HNL on 8 February 2001 and 15 May 2002 respectively and were directors of HNL at the material times. HNL was not the subject of the investigations and has not been contacted thereafter by IRAS to assist in any further investigations.

Insurance claim involving HN Management

Tan Chong Realty Pte Ltd ("**Tan Chong Realty**") and HN Management entered into a Tenancy Agreement dated 30 March 2012 ("**Tenancy Agreement**") pursuant to which Tan Chong Realty leased out the premises at 800 Upper Bukit Timah Road Singapore 678139 ("**Insured Property**") to HN Management, which in turn, sub-leased an area of the Insured Property out to Sol Mart Pte Ltd ("**Sol Mart**"). At or about 2030 hours on 12 November 2012, a fire broke out at the Insured Property. The fire originated in the area that was sub-tenanted to Sol Mart.

On 9 December 2014, KhattarWong LLP, acting for Tan Chong Realty's insurers, Tenet Sompo Insurance Pte Ltd ("**Tenet Sompo**"), issued a letter of demand to HN Management ("**Letter**"). In this Letter, Tenet Sompo alleged that the fire was likely to have originated from Sol Mart's premises. In addition, it was also alleged that the fire was caused solely by HN Management's breaches of certain terms of the Tenancy Agreement, and HN Management is therefore liable to indemnify Tan Chong Realty against all losses and damage suffered by Tan Chong Realty as a result of the alleged breach and/or alleged non-observance of the terms of the Tenancy Agreement. Tenet Sompo claims to have paid out a total sum of S\$1,237,813.05 to Tan Chong Realty in respect of material damage and consequential losses arising from the damage caused by the fire to the Insured Property. Hence, Tenet Sompo is demanding that HN Management pay them damages of S\$1,237,813.05, being the

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amount paid out by Tenet Sampo to Tan Chong Realty in settlement of Tan Chong Realty's claim ("**Tenet Sampo's Claim**"). HN Management has notified its insurers in respect of Tenet Sampo's Claim. HN Management's insurer had on 23 December 2014 sent out a holding letter in response to the Letter. Both Kelvin Lim and Jess Lim were directors of HN Management from 15 July 2009 to 1 December 2013.

As at the Latest Practicable Date, we understand that HN Management's insurers are currently liaising with Tenet Sampo in respect of the Letter. As at the Latest Practicable Date, no legal proceedings have commenced.

Pursuant to the Restructuring Exercise, HN Management is no longer part of the Group.

Disclosures relating to our Controlling Shareholder, Lim Hean Nerng

In 2006, Lim Hean Nerng was charged under Section 57 of the Immigration Act (Chapter 133) for (a) harbouring nine (9) illegal immigrants in an industrial building at Sungei Kadut Road ("**Building**"); and (b) employing one (1) of the illegal immigrants, while he was the major shareholder and director of Best Points Corporation Pte Ltd ("**Best Points**"). Best Points was primarily in the business of leasing of industrial buildings, which included the operation and leasing of industrial spaces in the Building.

Lim Hean Nerng was subsequently sentenced to three (3) years in prison on 22 December 2006. After serving one (1) year in prison, Lim Hean Nerng was released on 14 May 2009 due to exceptional and good behaviour, and served the remainder of his sentence under home detention. His sentence was discharged on 28 April 2010. Best Points was wound up on 31 March 2011 and the illegal immigrants were deported back to their home countries upon the close of the court case. Best Points was a business venture managed by Lim Hean Nerng in his own personal capacity and was at all times operating as a separate entity from our Group.

2. There is no shareholding qualification for Directors under the Articles of Association.
3. Save as disclosed in the section entitled "Restructuring Exercise" of this Offer Document, none of our Directors is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two (2) years preceding the date of this Offer Document, been acquired or disposed of by or leased to, our Company or our subsidiaries.
4. No sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner or any corporation in which such Director or expert holds shares or debentures, in cash or shares or otherwise, by any person to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.
5. Save as disclosed above and in the sections entitled "Interested Person Transactions" and "Restructuring Exercise" of this Offer Document:
 - (a) None of our Directors, Executive Officers, Controlling Shareholders, Substantial Shareholders or any of their Associates has had any interest, direct or indirect, in any transactions to which our Company was or is to be a party;

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- (b) None of our Directors, Executive Officers, Controlling Shareholders, Substantial Shareholders or any of their Associates has any interest, direct or indirect, in any company carrying on the same business or a similar trade which competes materially and directly with the existing business of our Group;
- (c) None of our Directors, Executive Officers, Controlling Shareholders, Substantial Shareholders or any of their Associates has any interest, direct or indirect, in any company that is our customer or supplier of goods and services; and
- (d) None of our Directors has any interest in any existing contract or arrangement which is significant in relation to the business of our Company and our subsidiaries, taken as a whole.

SHARE CAPITAL

- 6. As at the Latest Practicable Date, there is only one (1) class of shares in the capital of our Company. There are no founder, management or deferred shares. The rights and privileges attached to our Shares are stated in our Articles of Association.
- 7. Save as disclosed in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, there are no changes in the issued and paid-up share capital of our Company, our subsidiaries and our associated companies within the last three (3) years preceding the date of this Offer Document.
- 8. Save as disclosed in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, no shares in, or debentures of, our Company or any of our subsidiaries or associated companies have been issued, or are proposed to be issued, as fully or partially paid for cash or for a consideration other than cash, during the last three (3) years.
- 9. Apart from the LHN Performance Share Plan, our Company does not have any arrangement that involves the issue or grant of Shares to the Directors or employees of our Group.

MATERIAL CONTRACTS

- 10. Save as disclosed below, our Company, our subsidiaries and our associated companies have not entered into any material contracts, not being contracts entered into in the ordinary course of business, within the two (2) years preceding the date of lodgement of this Offer Document:
 - (a) deed of release of debt dated 30 September 2014 (“**Deed of Release**”) entered into between Singapore Handicrafts (2012) and Keng Sin Sieng (“**KSS**”), pursuant to which Singapore Handicrafts (2012) and KSS agreed that, on and from 30 September 2014 (“**Effective Date**”), KSS shall release and discharge Singapore Handicrafts (2012) from any claim, allegation, debt, cause of action, liability, proceeding, suit or demand of any nature and whether present or future, actual or contingent, fixed or unascertained and arising at law, in equity, under statute or otherwise, which KSS has at the Effective Date but for the Deed of Release against Singapore Handicrafts (2012) under and in connection with part of the amount due and owing by Singapore Handicrafts (2012) as at 30 September 2014, which amounted to trade debts of S\$52,348 and non-trade debts of S\$29,000;

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- (b) sale and purchase agreement dated 1 October 2014 entered into between LHN Group, Hew Chee Fatt, Lim Hean Nerng and Wang Jialu, pursuant to which Lim Hean Nerng and Wang Jialu collectively sold 715,680 shares representing the entire issued and paid-up share capital of HLA Holdings to LHN Group and Hew Chee Fatt for a total cash consideration of S\$47,280 and S\$31,520 respectively, representing 60.0% and 40.0% of the shareholding of HLA Holdings respectively. The consideration was based on the audited NTA of HLA Holdings of approximately S\$78,800 as at 30 September 2014;
- (c) the Pre-IPO Redeemable Convertible Loan Agreements details of which are set out in the section entitled “Shareholders – Grant of the Pre-IPO Redeemable Convertible Loans to our Company” of this Offer Document;
- (d) share swap agreement dated 10 March 2015 entered into between our Company and HNG, pursuant to which our Company acquired from HNG the entire issued and paid-up share capital of LHN Group held by it, comprising an aggregate of 2,000,000 ordinary shares for a total consideration of S\$32,726,559 based on the audited NTA of LHN Group and its subsidiaries of approximately S\$32,726,559 as at 30 September 2014. The purchase consideration was satisfied by the issue and allotment of an aggregate of 999,999 Shares in the capital of our Company to HNG, at an issue price of S\$32.7 per Share, credited as fully paid-up and was arrived at on a willing buyer willing seller basis;
- (e) shareholders’ agreement dated 1 April 2013 entered into between Maple Creek, Hew Chee Fatt and HLA to regulate the affairs of HLA and the relationship amongst its shareholders (that is, Maple Creek and Hew Chee Fatt);
- (f) management agreement dated 1 July 2013 entered into between HLA, HLA Holdings and Keppel Logistics Pte Ltd (“**Keppel Logistics**”), pursuant to which Keppel Logistics through HLA provides, amongst others, logistics services at 27 Benoi Sector, Singapore 629859 to HLA Holdings for a period of four (4) years and six (6) months commencing from 1 July 2013;
- (g) agency agreement dated 1 July 2013 entered into between HLA and HLA Holdings, pursuant to which HLA Holdings appointed HLA as agent of HLA Holdings to handle, inspect, repair and store containers and other equipment controlled, managed and owned by HLA Holdings for a period of four (4) years and six (6) months commencing from 1 July 2013;
- (h) novation agreement dated 4 July 2014 entered into between 2IN1 Space, Bougainvillea Realty Pte Ltd and LHN Space Resources, pursuant to which the lease dated 19 April 2007 and a supplemental agreement dated 7 April 2011 in respect of the premises at 43 Keppel Road Singapore 099418 is novated from 2IN1 Space to LHN Space Resources;
- (i) novation agreement dated 1 February 2014 entered into between Menlo Worldwide Asia Pacific Pte. Ltd., HN Management and HNL, pursuant to which the logistics services agreement dated 1 September 2011 is novated from HN Management to HNL;
- (j) novation agreement dated 1 January 2014 entered into between Hoo Huat Engineering Pte. Ltd., HN Management and Work Plus Store, pursuant to which the lease dated 21 May 2012 in respect of the premises at 16 Tuas South Street 2 Singapore 637786 is novated from HN Management to Work Plus Store;

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- (k) novation agreement dated 27 June 2014 entered into between RBC Investor Services Trust Singapore Limited (in its capacity as trustee of Cambridge Industrial Trust), LHN Group and Soon Wing Investments, pursuant to which the lease dated 27 June 2014 in respect of the premises at 2 Tuas South Avenue 2 Singapore 637601 is novated from LHN Group to Soon Wing Investments with effect from 1 July 2014;
- (l) novation agreement dated 1 October 2014 entered into between Xu Kathy Hua Qin, Shanghai Great Ocean and LHN Group, pursuant to which the lease dated 9 September 2014 in respect of the premises at 5 Peck Hay Road #10-01 Singapore 228307 is novated from Shanghai Great Ocean to LHN Group;
- (m) novation agreement dated 1 October 2014 entered into between Xu Kathy Hua Qin, Shanghai Great Ocean and LHN Group, pursuant to which the lease dated 9 September 2014 in respect of the premises at 5 Peck Hay Road #10-02 Singapore 228307 is novated from Shanghai Great Ocean to LHN Group; and
- (n) novation agreement dated 1 March 2014 between BS Shenton Pte. Ltd., LHN Industrial Space (formerly known as LHN Residence (Central) Pte. Ltd.) and Global Residence Pte. Ltd. ("**Global Residence**"), pursuant to which the lease dated 21 April 2011 in respect of the premises at 2 Mistri Road #34-01, #36-01, #37-02, #39-02/03/04, #40-02/03/04, #41-01/02/03/04, #42-02/03/04, #43-03/04, #44-02/03/04, #45-01 Singapore 079624 is novated from LHN Industrial Space (formerly known as LHN Residence (Central) Pte. Ltd.) to Global Residence.

LITIGATION

11. Save as disclosed below, to the best of our knowledge and belief, having made all reasonable enquiries, neither our Company nor any our subsidiaries is engaged in any legal or arbitration proceedings as plaintiff or defendant, including those which are pending or known to be contemplated, which may have or which have had in the 12 months immediately preceding the date of lodgement of the Offer Document, a material effect on our Group's financial position or profitability of our Company or our subsidiaries:

- (a) In 2013, ICS was investigated by MOM in relation to an employee of ICS ("**ICS Employee**"). On 17 November 2013, The ICS Employee got into a fight with his co-worker. The ICS Employee was injured and sent to the hospital. Subsequently, the ICS Employee was dismissed by ICS for gross misconduct. Thereafter, the ICS Employee filed for work injury compensation claim with MOM under the Work Injury Compensation Act ("**WICA**"). On 26 May 2014, the Assistant Commissioner (Work Injury Compensation) held that no compensation was payable by ICS as the ICS Employee's injury was not caused by accident arising out of and in the course of employment.

ICS received a letter dated 11 June 2014 from the ICS Employee's lawyers informing ICS that the ICS Employee has withdrawn his claim under WICA and intends to commence proceedings for damages against ICS. On 12 June 2014, MOM accepted the ICS Employee's claim withdrawal but stated that if he decided to seek damages from ICS under common law and should such action eventually be dismissed, he could request the civil court to assess the compensation payable to him under WICA pursuant to section 33(3) of WICA.

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On 29 August 2014, the ICS Employee's lawyer issued a letter of demand to ICS making a total claim of S\$219,365.18. On 18 December 2014, the ICS Employee filed a suit in respect of negligence (industrial accidents with injury) against ICS and is seeking to claim, amongst others, general damages for personal injuries and for pain and suffering and loss of amenities and loss of earning capacity and/or loss of future earnings, from ICS. On 11 February 2015, ICS filed a defence. Our Directors do not expect this matter to have a material effect on our Group's financial position or results because ICS is covered by work injury compensation insurance for common law claims.

- (b) On 11 September 2014, an employee of HNL ("**HNL Employee**") was involved in a traffic accident during the course of employment and damaged the company vehicle. HNL deducted S\$423.40 from the HNL Employee's salary to compensate for the damage done to the company vehicle. On 13 November 2014, HNL terminated the employment of the HNL Employee. HNL received a letter dated 1 December 2014 from MOM informing HNL that the HNL Employee has lodged claims with the Office of the Commissioner for Labour against HNL in respect of an unauthorised deduction of salary and HNL is to attend an inquiry in respect of these claims. After the inquiry, HNL paid an *ex gratia* payment of S\$173.40 to the HNL Employee and the HNL Employee also confirmed that he has decided not to pursue his claims further through MOM. HNL received a letter dated 19 December 2014 from MOM which states that the dispute has been resolved amicably and the HNL Employee has withdrawn his claims and MOM is treating this matter as closed.
- (c) Tan Chong Realty Pte Ltd ("**Tan Chong Realty**") and HN Management entered into a Tenancy Agreement dated 30 March 2012 ("**Tenancy Agreement**") pursuant to which Tan Chong Realty leased out the premises at 800 Upper Bukit Timah Road Singapore 678139 ("**Insured Property**") to HN Management, which in turn, sub-leased an area of the Insured Property out to Sol Mart Pte Ltd ("**Sol Mart**"). At or about 2030 hours on 12 November 2012, a fire broke out at the Insured Property. The fire originated in the area that was sub-tenanted to Sol Mart.

On 9 December 2014, KhattarWong LLP, acting for Tan Chong Realty's insurers, Tenet Sampo Insurance Pte Ltd ("**Tenet Sampo**"), issued a letter of demand to HN Management ("**Letter**"). In the Letter, Tenet Sampo alleged that the fire was likely to have originated from Sol Mart's premises. In addition, it was also alleged that the fire was caused solely by HN Management's breaches of certain terms of the Tenancy Agreement, and HN Management is therefore liable to indemnify Tan Chong Realty against all losses and damage suffered by Tan Chong Realty as a result of the alleged breach and/or alleged non-observance of the terms of the Tenancy Agreement. Tenet Sampo claimed to have paid out a total sum of S\$1,237,813.05 to Tan Chong Realty in respect of material damage and consequential losses arising from the damage caused by the fire to the Insured Property. Hence, Tenet Sampo is demanding that HN Management pay them damages of S\$1,237,813.05, being the amount paid out by Tenet Sampo to Tan Chong Realty in settlement of Tan Chong Realty's claim ("**Tenet Sampo's Claim**"). HN Management has notified its insurers in respect of Tenet Sampo's Claim. HN Management's insurer had on 23 December 2014 sent out a holding letter in response to the Letter. Kelvin Lim and Jess Lim were directors of HN Management from 15 July 2009 to 1 December 2013.

As at the Latest Practicable Date, we understand that HN Management's insurers are currently liaising with Tenet Sampo in respect of the Letter and no legal proceedings have commenced.

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Pursuant to the Restructuring Exercise, HN Management is no longer part of our Group.

Our Directors are of the view that it is unlikely that our Group would be exposed to any potential liability arising from the Tenet Sompō's Claim as HN Management is no longer a subsidiary of our Group pursuant to the sale of shares by LHN Group representing the entire issued and paid-up share capital of HN Management to Lim Hean Nerng on 1 October 2013. LHN Group is covered by our Group's public liability insurance which was in force at the time of the Fire Incident in the event that LHN Group, as the then parent company of HN Management, is directed by the Singapore Court to pay out the insurance claim. In addition, in the event that the Tenet Sompō's Claim and/or a claim for damages is brought by Tan Chong Realty and/or Tenet Sompō against any of our Group Companies ("**Claims**"), our Executive Directors, Kelvin Lim and Jess Lim, have undertaken to indemnify our Group of all reasonable costs and expenses, in excess of the amount that HN Management's insurer is bound to pay under our Group's public liability insurance which was in force at the time of the Fire Incident, which any of the companies within our Group may reasonably incur in connection with the above Claims. Accordingly, our Directors do not expect this matter to have a material effect on our Group's financial position or results.

12. In the course of the due diligence exercise undertaken in preparation for the Placement, it was brought to the attention of some of the companies ("**Applicant Companies**") that certain shares in the Applicant Companies may have been allotted and issued, and/or transferred, without compliance with the provisions in the Companies Act in force at the material times and the Memorandum of Association of the Applicant Companies ("**Memorandum**") and/or the Articles of Association of the Applicant Companies ("**Articles**") governing the allotments and issuances and/or transfers of shares at the material times. In the circumstances, the Applicant Companies each filed Originating Summonses with supporting affidavits ("**Applications**") to the High Court of Singapore on 2 February 2015 seeking orders that various allotments and issuances of shares and/or transfers of shares are valid notwithstanding any omission to comply with the relevant provisions in the Companies Act, the Memorandum and/or the Articles. Some of the Applicant Companies also sought a Court order that the Registrar of Companies ("**Registrar**") rectify the respective Notices of Local Company of Transfer of Shares/List of Shareholders filed by these Applicant Companies with the Registrar, to reflect the correct dates of some of the share transfers. The details of the irregularities are set out below.

(a) CEC Holdings

Allotments and issuances of shares which may have been made without approval of the company in general meeting

Section 132D(1) of the Companies Act (1970 Rev Ed) in force at the material time provides that notwithstanding anything in a company's memorandum or articles, the directors shall not, without the prior approval of the company in general meeting, exercise any power of the company to issue shares.

Article 59 of the Articles of Association of CEC Holdings ("**CEC Holdings Articles**") governing the allotments and issuances of shares at the material time, provides that CEC Holdings may from time to time by ordinary resolution, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, increase its capital by the creation and

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issue of new shares, such aggregate increase to be of such amount and to be divided into shares of such respective amounts as CEC Holdings by the resolution authorising such increase directs.

In respect of the allotments and issuances of an aggregate of 99,998 ordinary shares in CEC Holdings carried out on 22 April 1984, CEC Holdings is unable to locate in its records the relevant resolutions passed at the general meeting, if any, for the purpose of approving these allotments and issuances or the minutes of such general meeting of the company, if any. In the circumstances, CEC Holdings is unable to ascertain whether the said allotments and issuances were in compliance with Section 132D(1) of the Companies Act (1970 Rev Ed) in force at the material times and Article 59 of the CEC Holdings Articles governing the allotments and issuances of at the material times.

Allotments and issuances and transfers of shares which may have been made without compliance with Clause 6 of the CEC Holdings Memorandum and Articles 7 and/or 44 of the CEC Holdings Articles

Clause 6 of the Memorandum of CEC Holdings ("**CEC Holdings Memorandum**") governing the allotments and issuances and transfers of shares at the material times provides that only Singapore citizens (and not a company or corporation) shall be entitled to become and be admitted as members of CEC Holdings.

Article 7 of the CEC Holdings Articles governing the allotments and issuances and/or transfers of shares at the material times provides that no shares shall be issued and/or transferred to (a) non-Singapore citizens or persons who are Singapore citizens but are trustees or nominees for non-Singapore citizens; or (b) any company or corporation whether incorporated in Singapore or elsewhere. Every application for shares in CEC Holdings shall be made in writing in a form approved by CEC Holdings and accompanied by a statutory declaration attached thereto made by the applicant stating his citizenship and identity card or passport particulars and declaring that he is applying for shares in CEC Holdings beneficially and in his own name and not otherwise.

Article 44 of the CEC Holdings Articles governing the transfers of shares at the material times provides that every instrument of transfer shall be accompanied by a statutory declaration stating the transferee's citizenship and identify card or passport particulars and declaring that he is purchasing the share beneficially and in his own name and not otherwise.

In respect of the allotments and issuances of an aggregate of 100,000 ordinary shares in CEC Holdings carried out on 4 June 1981 and 22 April 1984 and the transfers of an aggregate of the transfers of an aggregate of 500,002 ordinary shares in CEC Holdings carried out between 4 June 1981 and 5 March 2005, CEC Holdings is unable to locate in its records the relevant statutory declarations made by the applicants and transferees of the shares in accordance with Clause 6 of the CEC Holdings Memorandum and Articles 7 and/or 44 of the CEC Holdings Articles governing the allotments and issuances and/or transfers of shares at the material times. In the circumstances, CEC Holdings is unable to ascertain whether the said allotments and issuances and transfers of shares were in compliance with Clause 6 of the CEC Holdings Memorandum and Articles 7 and/or 44 of the CEC Holdings Articles governing the allotments and issuances and/or transfers of shares at the material times.

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Further, in respect of the transfer of 100,000 ordinary shares in CEC Holdings to LHN Group on 5 March 2005, there was non-compliance with Clause 6 of the CEC Holdings Memorandum and Articles 7 and 44 of the CEC Holdings Articles governing the transfers of shares at the material times.

Allotments and issuances of shares which may have been made without compliance with Articles 8(a) and 8(b) of the CEC Holdings Articles

Articles 8(a) of the CEC Holdings Articles governing the allotments and issuances of shares at the material times, provides that unless otherwise determined by the company by special resolution or otherwise agreed by the holders of all the shares for the time being issued, all unissued shares shall before issue be offered for subscription to the members in proportion as nearly as the circumstances will admit to the number of shares then held by them. Article 8(b) of the CEC Holdings Articles in force at the material times, provides that any such offer as aforesaid shall be made by notice specifying the number and class of shares and the price at which the same are offered and limiting the time (not being less than 28 days, unless the member to whom the offer is to be made otherwise agrees) within which the offer if not accepted will be deemed to be declined.

In respect of allotments and issuances of an aggregate of 99,998 ordinary shares in CEC Holdings on 22 April 1984, CEC Holdings is unable to locate in its records documents to ascertain whether the relevant notices to offer the shares for subscription were given to the members of the company prior to the allotments and issuances and whether the members of the company did in fact waive their first rights to subscribe for these shares. In the circumstances, CEC Holdings is unable to ascertain whether the said allotments and issuances of shares were in compliance with Articles 8(a) and (b) of the CEC Holdings Articles governing the allotments and issuances of shares at the material times.

Transfers of shares which may have been made without compliance with Section 103(1) of the Companies Act (1970 Rev Ed) and Articles 28 to 30 of the CEC Holdings Articles

Section 103(1) of the Companies Act (1970 Rev Ed) in force at the material times provides that notwithstanding anything in its articles, a company shall not register a transfer of shares or debentures unless a proper instrument of transfer has been delivered to the company.

Articles 28 to 30 of the CEC Holdings Articles governing the transfers of shares at the material times provide, among other things, that every transfer of shares must be in writing and in the usual common form, or in any other form which the Directors may approve, and must be left at the office for registration. The instrument of transfer of a share shall be signed both by the transferor and the transferee. All instruments of transfer which are registered shall be retained by the company.

In respect of the transfers of an aggregate of two (2) ordinary shares in CEC Holdings between 4 June 1981 and 17 January 1983, CEC Holdings is unable to locate in its records the relevant instruments of transfer in respect of the share transfers. In the circumstances, CEC Holdings is unable to ascertain whether the said transfers of shares were in compliance with Section 103(1) of the Companies Act (1970 Rev Ed) in force at the material times and Articles 28 to 30 of the CEC Holdings Articles governing the transfers of shares at the material times.

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Transfers of shares which may have been made without compliance with Articles 32 to 37 of the CEC Holdings Articles

Articles 32 to 37 of the CEC Holdings Articles governing the transfers of shares at the material times provide, among other things, that any person proposing to transfer his shares (“**proposing transferor**”) shall give notice in writing (“**transfer notice**”) to the company that he desires to transfer the same. Such notice shall specify the sum he fixes as the fair value and shall constitute the company his agent for the sale of the share to the other members in proportion to their shareholdings in CEC Holdings (“**purchasing member**”) at the price so fixed or at the option of the purchasing member at the fair value to be fixed by the auditor in accordance with the Article 34 of the CEC Holdings Articles. After being served with such notice, the company shall within 28 days find a purchasing member and shall then give notice to the proposing transferor stating that such member desires to purchase the shares comprised in the transfer notice (“**purchase notice**”) and the proposing transferor shall be bound upon payment of the fair value as fixed in accordance with the CEC Holdings Articles and to transfer the share to the purchasing member. If the company fails to find a purchasing member and provide a purchase notice within 28 days upon receipt of the transfer notice, the proposing transferor will be at liberty to sell and transfer his shares to any person and at any price within three (3) months.

In respect of the transfers of an aggregate of 400,002 ordinary shares in CEC Holding carried out between 4 June 1981 and 10 January 2002, CEC Holdings is unable to locate in its records the relevant documents evidencing compliance with Articles 32 to 37 of the CEC Holdings Articles such as the notices in writing from each of the transferors to the Company stating that they desire to transfer the shares and which, according to Article 32 of the Articles, shall constitute the company his agent for the sale of the share to the other members in proportion to their shareholdings in the company. In the circumstances, CEC Holdings is unable to ascertain whether the notices in writing stating the intention to transfer the shares were given to the company by the transferors of the said transfers and/or whether the members of the company with the right of first purchase of the relevant shares in proportion to the amount of the existing shares held by them expressly waived the right of first purchase and as such, whether the relevant transfers were in compliance with Articles 32 to 37 of the Articles governing the transfers of shares at the material times.

The share transfer instruments and the Notice of Local Company of Transfer of Shares/List of Shareholders lodged with the Registrar in respect of certain transfers of shares do not reflect the correct date of the transfers

Section 126(1) of the Companies Act (1994 Rev Ed) in force at the material times provides that notwithstanding anything in its articles, a company shall not register a transfer of shares or debentures unless a proper instrument of transfer has been delivered to the company.

Articles 28 to 30 of CEC Holdings Articles governing the transfers of shares at the material times have been set out above.

In respect of the transfers of an aggregate of 100,000 ordinary shares in CEC Holdings on 5 March 2005, the dates of the transfers were inaccurately recorded on the respective instruments of transfer. Therefore, there may be non-compliance with

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Section 126(1) of the Companies Act (1994 Rev Ed) in force at the material times and Articles 28 to 30 of CEC Holdings Articles governing the transfers of shares at the material times.

Further, in the Notice of Local Company of Transfer of Shares/List of Shareholders lodged by the Company on 22 July 2005 in respect of the said transfers of shares in CEC Holdings, it appears that the date of each of the transfers was not recorded.

Pursuant to CEC Holdings' application to Court, the Court ordered on 24 February 2015 and 6 March 2015 that the abovementioned allotments and issuances and transfers of shares in CEC Holdings are valid notwithstanding any omission to comply with the relevant provisions in the Companies Act in force at the material times and the Memorandum and/or the Articles governing the issuances and allotments and transfers of shares at the material times. The Court also ordered that the Registrar rectify the Notice of Local Company of Transfer of Shares/List of Shareholders lodged by the Company on 22 July 2005 to reflect the correct date of the share transfers as 5 March 2005.

(b) GreenHub

Allotments and issuances and transfers of shares which may have been made without compliance with Clause 5 of the GreenHub Memorandum and Articles 10(2), 10(3) and/or 24(2) of the GreenHub Articles

Clause 5 of the Memorandum of Association of GreenHub ("**GreenHub Memorandum**") governing the allotments and issuances and transfers of shares at the material times provides that only Singapore citizens or Singapore companies shall be entitled to become and be admitted as members of the company.

Article 10(2) of the Articles of Association of GreenHub ("**GreenHub Articles**") governing the allotments and issuances and transfers of shares at the material times provides that notwithstanding any provision to the contrary contained in the GreenHub Articles, no shares shall be issued or transferred to (a) non-Singapore citizens; (b) non-Singapore companies or (c) trustees or nominees on their behalf.

Article 10(3) of the GreenHub Articles governing the allotments and issuances and transfers of shares at the material times provides that every allotment and issuance or transfer of shares in GreenHub shall be made in a form approved by GreenHub and accompanied by a statutory declaration attached thereto made by the applicant or transferee stating (in the case of a natural person): (a) that he is a Singapore citizen; (b) identity card, citizen registration or birth certificate particulars; and (c) that he is applying for or purchasing shares in GreenHub beneficially and not as trustee or nominee for a non-Singapore citizen or a non-Singapore company or alternatively that he is applying for or purchasing the shares as a trustee or nominee for a Singapore citizen or for a Singapore company; or (in the case of a company): (a) that it is a company incorporated in Singapore; (b) that all its directors are Singapore citizens; (c) that each of its members is either a Singapore citizen or a Singapore company; and (d) that it is applying for or purchasing the shares beneficially and not as trustee or nominee for a non-Singapore citizen or a non-Singapore company or alternatively it is applying for or purchasing the shares as trustee or nominee for a Singapore citizen or for a Singapore company.

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Article 24(2) of the GreenHub Articles governing the transfers of shares at the material times provides that the directors shall refuse to register a transfer of any shares in GreenHub to any of the persons mentioned in Article 10(2) of the GreenHub Articles.

In respect of the allotments and issuances of an aggregate of 1,000,000 ordinary shares in GreenHub carried out between 28 October 2004 and 3 April 2013 and the transfers of an aggregate of three (3) ordinary shares in GreenHub carried out on 5 March 2005, GreenHub is unable to locate in its records the relevant statutory declarations made by the applicants and transferees of the shares in accordance with Clause 5 of the GreenHub Memorandum and Articles 10(2), 10(3) and/or 24(2) of the GreenHub Articles governing the allotments and issuances and/or transfers of shares at the material times. In the circumstances, GreenHub is unable to ascertain whether the said allotments and issuances and transfers of shares were in compliance with Clause 5 of the GreenHub Memorandum and Articles 10(2), 10(3) and/or 24(2) of the GreenHub Articles governing the allotments and issuances and/or transfers of shares at the material times.

Further, there was also a change in the shareholding structure relating to the LHN Group (i.e. the sole shareholder of GreenHub) on 27 September 2012 such that there was non-compliance with Clause 5 of the GreenHub Memorandum and/or Article 10(2) of the GreenHub Articles.

The share transfer instruments and the Notice of Local Company of Transfer of Shares/List of Shareholders lodged with the Registrar in respect of certain transfers of shares do not reflect the correct date of the transfers

Section 126(1) of the Companies Act (1994 Rev Ed) in force at the material times provides that notwithstanding anything in its articles, a company shall not register a transfer of shares or debentures unless a proper instrument of transfer has been delivered to the company.

Article 22 of the GreenHub Articles governing the transfers of shares at the material times provides that the instrument of transfer of any shares shall be in writing in any usual or common form or in any other form which the directors may approve. The instrument shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the register of members in respect thereof.

Article 23 of the GreenHub Articles governing the transfers of shares at the material times provides that the instrument of transfer must be left for registration at the registered office of GreenHub and thereupon GreenHub, shall subject to the powers vested in the directors by the Greenhub Articles, register the transferee as a shareholder and retain the instrument of transfer.

In respect of the transfers of an aggregate of three (3) ordinary shares in GreenHub on 5 March 2005, the dates of transfers of shares were inaccurately recorded on the respective instruments of transfer. Therefore there may be non-compliance with Section 126(1) of the Companies Act (1994 Rev Ed) in force at the material times and Articles 22 and 23 of the GreenHub Articles governing the transfers of shares in GreenHub at the material times.

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Further, in the Notice of Local Company of Transfer of Shares/List of Shareholders lodged by the Company on 22 July 2005 in respect of the said transfers of shares in Greenhub, it appears that the date of each of the transfers were not recorded.

Pursuant to GreenHub's application to the Court, the Court ordered on 24 February 2015 that the abovementioned allotments and issuances and transfers of shares in Greenhub Holdings are valid notwithstanding any omission to comply with the relevant provisions in the Companies Act in force at the material times and the Memorandum and/or the Articles governing the allotments and issuances and transfers of shares at the material times. The Court also ordered that the Registrar rectify the Notice of Local Company of Transfer of Shares/List of Shareholders lodged by the Company on 22 July 2005 to reflect the correct date of each of the transfers as 5 March 2005.

(c) HNC

Allotments and issuances and transfers of shares which may have been made without compliance with Clause 5 of the HNC Memorandum and Articles 10(2), 10(3) and/or 24(2) of the HNC Articles

Clause 5 of the Memorandum of Association of HNC ("**HNC Memorandum**") governing the allotments and issuances and transfers of shares at the material times provides that only Singapore citizens or Singapore companies shall be entitled to become and be admitted as members of the company.

Article 10(2) of the Articles of Association of HNC ("**HNC Articles**") governing the allotments and issuances and transfers of shares at the material times provides that notwithstanding any provision to the contrary contained in the HNC Articles, no shares shall be issued or transferred to (a) non-Singapore citizens; (b) non-Singapore Companies or (c) trustees or nominees on their behalf.

Article 10(3) of the HNC Articles governing the allotments and issuance and transfers of shares at the material times provides that every allotment and issuance or transfer of shares in HNC shall be made in a form approved by HNC and accompanied by a statutory declaration attached thereto made by the applicant or transferee stating (in the case of a natural person): (a) that he is a Singapore citizen, (b) identity card, citizen registration or birth certificate particulars and (c) that he is applying for or purchasing shares in HNC beneficially and not as trustee or nominee for a non-Singapore citizen or a non-Singapore company or alternatively that he is applying for or purchasing the shares as a trustee or nominee for a Singapore citizen or for a Singapore company; or (in the case of a company): (a) that it is a company incorporated in Singapore; (b) that all its directors are Singapore citizen; (c) that each of its member is either a Singapore citizen or a Singapore company; and (d) that it is applying for or purchasing the shares beneficially and not as trustee or nominee for a non-Singapore citizen or a non-Singapore company or alternatively it is applying for or purchasing the shares as trustee or nominee for a Singapore citizen or for a Singapore company.

Article 24(2) of the HNC Articles governing the transfers of shares at the material times provides that the directors shall refuse to register a transfer of any shares in HNC to any of the persons mentioned in Article 10(2) of the HNC Articles.

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In respect of the allotments and issuances of an aggregate of 25,000 ordinary shares in HNC carried out between 2 January 2004 and 30 July 2007 and the transfers of an aggregate of six (6) ordinary shares in HNC carried out between 5 March 2005 and 15 January 2007, HNC is unable to locate in its records the relevant statutory declarations made by the applicants and transferees of the shares in accordance with Clause 5 of the HNC Memorandum and Articles 10(2), 10(3) and/or 24(2) of the HNC Articles governing the allotments and issuance and/or transfers of shares at the material times. In the circumstances, HNC is unable to ascertain whether the said allotments and issuance and transfers of shares were in compliance with Clause 5 of the HNC Memorandum and Articles 10(2), 10(3) and/or 24(2) of the HNC Articles governing the allotments and issuance and/or transfers of shares at the material times.

Further, there was a change in the shareholding structure relating to the LHN Group (i.e. the sole shareholder of HNC) on 27 September 2012 such that there was non-compliance with Clause 5 of the HNC Memorandum and/or Article 10(2) of the HNC Articles.

The share transfer instruments and the Notice of Local Company of Transfer of Shares/List of Shareholders lodged with the Registrar in respect of certain transfers of shares do not reflect the correct date of the transfers

Section 126(1) of the Companies Act (1994 Rev Ed) in force at the material times provides that notwithstanding anything in its articles, a company shall not register a transfer of shares or debentures unless a proper instrument of transfer has been delivered to the company.

Article 22 of the HNC Articles governing the transfers of shares at the material times provides that the instrument of transfer of any shares shall be in writing in any usual or common form or in any other form which the directors may approve. The instrument shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the register of members in respect thereof.

Article 23 of the HNC Articles governing the transfers of shares at the material times provides that the instrument of transfer must be left for registration at the registered office of HNC and thereupon HNC shall, subject to the powers vested in the directors by the HNC Articles, register the transferee as a shareholder and retain the instrument of transfer.

In respect of the transfers of an aggregate of four (4) ordinary shares in HNC on 5 March 2005, the dates of transfers of shares were inaccurately recorded on the respective instruments of transfer. Therefore, there may be non-compliance with Section 126(1) of the Companies Act (1994 Rev Ed) in force at the material times and Articles 22 and 23 of the HNC Articles governing the transfers of shares in HNC at the material times.

Further, in the Notice of Local Company of Transfer of Shares/List of Shareholders lodged by the Company on 22 July 2005 and the Notice of Local Company of Transfer of Shares/List of Shareholders lodged by the Company on 8 November 2005 in respect of the said transfers of shares in HNC, it appears that the date of each of the transfers were not recorded.

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Pursuant to HNC's application to the Court, the Court ordered on 24 February 2015 that the abovementioned allotments and issuances and transfers of shares are valid notwithstanding any omission to comply with the relevant provisions in the Companies Act in force at the material times and the Memorandum and/or the Articles governing the issuances and allotments and transfers of shares at the material times. The Court also ordered that the Registrar rectify the Notice of Local Company of Transfer of Shares/List of Shareholders lodged by the Company on 22 July 2005 and the Notice of Local Company of Transfer of Shares/List of Shareholders lodged by the Company on 8 November 2005 to reflect the correct date of each of the transfers as 5 March 2005.

(d) HNFM

The share transfer instruments and the Notice of Local Company of Transfer of Shares/List of Shareholders lodged with the Registrar in respect of certain transfers of shares do not reflect the correct date of the transfers

Section 126(1) of the Companies Act (1994 Rev Ed) has been set out above.

Article 22 of the Articles of Association of HNFM ("**HNFM Articles**") governing the transfers of shares at the material times provides that the instrument of transfer of any shares shall be in writing in any usual or common form or in any other form which the directors may approve. The instrument shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the register of members in respect thereof.

Article 23 of the HNFM Articles governing the transfers of shares at the material times provides that the instrument of transfer must be left for registration at the registered office of HNFM and thereupon HNFM shall, subject to the powers vested in the directors by the HNFM Articles, register the transferee as a shareholder and retain the instrument of transfer.

In respect of the transfers of an aggregate of four (4) ordinary shares in HNFM on 5 March 2005, the dates of transfers of shares were inaccurately recorded on the respective instruments of transfer. Therefore, there may be non-compliance with Section 126(1) of the Companies Act (1994 Rev Ed) in force at the material times and Articles 22 and 23 of the HNFM Articles governing the transfers of shares in HNFM at the material times.

Further, in the Notice of Local Company of Transfer of Shares/List of Shareholders lodged by the Company on 21 July 2005 and the Notice of Local Company of Transfer of Shares/List of Shareholders lodged by the Company on 11 November 2005 in respect of the said transfers of shares in HNFM, it appears that the date of each of the transfers were incorrect.

Pursuant to HNFM's application to the Court, the Court ordered on 24 February 2015 that the abovementioned transfers of shares are valid notwithstanding any omission to comply with the relevant provisions in the Companies Act in force at the material times and the Memorandum and/or the Articles governing the transfers of shares at the material times. The Court also ordered that the Registrar rectify the Notice of Local Company of Transfer of

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Shares/List of Shareholders lodged by the Company on 21 July 2005 and the Notice of Local Company of Transfer of Shares/List of Shareholders lodged by the Company on 11 November 2005 to reflect the correct date of each of the transfers as 5 March 2005.

(e) HNL

Allotments and issuances and transfers of shares which may have been made without compliance with Clause 5 of the HNL Memorandum and Articles 4(2), 4(3) and/or 24(2) of the HNL Articles

Clause 5 of the Memorandum of Association of HNL (“**HNL Memorandum**”) governing the allotments and issuances and transfers of shares at the material times provides that only Singapore citizens or Singapore companies shall be entitled to become and be admitted as members of the company.

Article 4(2) of the Articles of Association of HNL (“**HNL Articles**”) governing the allotments and issuances and transfers of shares at the material times provides that notwithstanding any provision to the contrary contained in the HNL Articles, no shares shall be issued and/or transferred to (a) non-Singapore citizens or (b) non-Singapore companies or (c) trustees or nominees on their behalf.

Article 4(3) of the HNL Articles governing the allotments and issuances and transfers of shares at the material times provides that every allotment and issuance or transfer of shares in HNL shall be made in a form approved by HNL and accompanied by a statutory declaration attached thereto made by the applicant or transferee stating (in the case of a natural person): (a) that he is a Singapore citizen, (b) identity card, citizen registration or birth certificate particulars and (c) that he is applying for or purchasing shares in HNL beneficially and not as trustee or nominee for a non-Singapore citizen or a non-Singapore company or alternatively that he is applying for or purchasing the shares as a trustee or nominee for a Singapore citizen or for a Singapore company; or (in the case of a company): (a) that it is a company incorporated in Singapore, (b) that all its directors are Singapore citizen, (c) that each of its member is either a Singapore citizen or a Singapore company; and (d) that it is applying for or purchasing the shares beneficially and not as trustee or nominee for a non-Singapore citizen or a non-Singapore company or alternatively it is applying for or purchasing the shares as trustee or nominee for a Singapore citizen or for a Singapore company.

Article 24(2) of the HNL Articles governing the transfers of shares at the material times provides that the directors shall refuse to register a transfer of any shares in HNL to any of the persons mentioned in Article 4(2) of the HNL Articles.

In respect of the allotments and issuances of an aggregate of 500,000 ordinary shares in HNL carried out between 18 June 1997 and 9 March 2012 and the transfer of an aggregate of 100,005 ordinary shares in HNL carried out between 8 February 2001 and 5 March 2005, HNL is unable to locate in its records the relevant statutory declarations made by these applicants and transferees of the shares in accordance with Clause 5 of the HNL Memorandum and Articles 4(2), 4(3) and/or 24(2) of the HNL Articles governing the allotments and issuances and/or transfers of shares at the material times. In the circumstances, HNL is unable to ascertain whether the said allotments and issuances and transfers of shares were in compliance with Clause 5 of the HNL Memorandum and Articles 4(2), 4(3) and/or 24(2) of the HNL Articles governing the allotments and issuances and/or transfers of shares at the material times.

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Further, in respect of the allotment and issuance of four (4) ordinary shares in HNL to ABLA Sdn. Bhd., which is a company incorporated in Malaysia, on 18 June 1997, there was non-compliance with Clause 5 of the HNL Memorandum and Articles 4(2) and 4(3) of the HNL Articles governing the allotment and issuance of shares at the material times.

There was also a change in the shareholding structure relating to the LHN Group (i.e. the sole shareholder of HNL) on 27 September 2012 such that there was non-compliance with Clause 5 of the HNL Memorandum and/or Article 4(2) of the HNL Articles.

Transfer of shares which may have been made without compliance with Section 126(1) of the Companies Act (1994 Rev Ed) and Articles 22 and 23 of the HNL Articles

Section 126(1) of the Companies Act (1994 Rev Ed) has been set out above.

Article 22 of the HNL Articles governing the transfers of shares at the material times provides that the instrument of transfer of any shares shall be in writing in any usual or common form or in any other form which the directors may approve. The instrument shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the register of members in respect thereof.

Article 23 of the HNL Articles governing the transfers of shares at the material times provides that the instrument of transfer must be left for registration at the registered office of HNL and thereupon HNL shall, subject to the powers vested in the directors by the HNL Articles, register the transferee as a shareholder and retain the instrument of transfer.

In respect of the transfer of one (1) ordinary share in HNL on 8 February 2001 from Koh Leong Sheng to Lim Lung Tieng (Lin Longtian), HNL is unable to locate in its records the relevant instrument of transfer in respect of the share transfer. In the circumstances, HNL is unable to ascertain whether the said transfer of share was in compliance with Section 126(1) of the Companies Act (1994 Rev Ed) in force at the material times and Articles 22 and 23 of the HNL Articles governing the transfers of shares at the material times.

The share transfer instruments and the Notice of Local Company of Transfer of Shares/List of Shareholders lodged with the Registrar in respect of certain transfers of shares do not reflect the correct date of the transfers

Section 126 (1) of the Companies Act (1994 Rev Ed) in force at the material times and Articles 22 and 23 of the HNL Articles governing the transfers of shares at the material times have been set out above.

In respect of the transfers of an aggregate of 100,000 ordinary shares in HNL on 5 March 2005, the dates of transfers of shares were inaccurately recorded on the respective instruments of transfer. Therefore, there may be non-compliance with Section 126(1) of the Companies Act (1994 Rev Ed) in force at the material times and Articles 22 and 23 of the HNL Articles governing the transfers of shares in HNL at the material times.

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Further, in the Notice of Local Company of Transfer of Shares/List of Shareholders lodged by the Company on 21 July 2005 in respect of the said transfers of shares in HNL, it appears that the date of each of the transfers were incorrectly recorded as 1 October 2004.

Pursuant to HNL's application to the Court, the Court ordered on 24 February 2015 that the abovementioned allotments and issuances and transfers of shares are valid notwithstanding any omission to comply with the relevant provisions in the Companies Act in force at the material times and the Memorandum and/or the Articles governing the allotments and issuances and transfers of shares at the material times. The Court also ordered that the Registrar rectify the Notice of Local Company of Transfer of Shares/List of Shareholders lodged by the Company on 21 July 2005 to reflect the correct date of each of the transfers as 5 March 2005.

(f) ICFM

Allotments and issuances of shares which may have been made without compliance with Articles 10(2) and 10(3) of the ICFM Articles

Article 10(2) of the Articles of Association of ICFM ("**ICFM Articles**") governing the allotments and issuances of shares at the material times, provides that notwithstanding any provision to the contrary contained in the ICFM Articles, no shares shall be issued and/or transferred to (a) non-Singapore citizens or (b) non-Singapore Companies or (c) trustees or nominees on their behalf.

Article 10(3) of the ICFM Articles governing the allotments and issuances of shares at the material times, provides that every allotment and issuance or transfer of shares in ICFM shall be made in a form approved by ICFM and accompanied by a statutory declaration attached thereto made by the applicant or transferee stating (in the case of a natural person): (a) that he is a Singapore citizen, (b) identity card, citizen registration or birth certificate particulars and (c) that he is applying for or purchasing shares in ICFM beneficially and not as trustee or nominee for a non-Singapore citizen or a non-Singapore company or alternatively that he is applying for or purchasing the shares as a trustee or nominee for a Singapore citizen or for a Singapore company; or (in the case of a company): (a) that it is a company incorporated in Singapore, (b) that all its directors are Singapore citizen, (c) that each of its member is either a Singapore citizen or a Singapore company; and (d) that it is applying for or purchasing the shares beneficially and not as trustee or nominee for a non-Singapore citizen or a non-Singapore company or alternatively it is applying for or purchasing the shares as trustee or nominee for a Singapore citizen or for a Singapore company.

In respect of the allotments and issuances of an aggregate of 300,000 ordinary shares in ICFM carried out between 15 May 2009 and 1 April 2014, ICFM is unable to locate in its records the relevant statutory declarations made by these applicants and transferees of the shares in accordance with Articles 10(2) and 10(3) of the ICFM Articles governing the allotments and issuances and/or transfers of shares at the material times. In the circumstances, ICFM is unable to ascertain whether the said allotments and issuances and transfers of shares were in compliance with Articles 10(2) and 10(3) of the ICFM Articles governing the allotments and issuances of shares at the material times.

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There was also a change in the shareholding structure relating to the LHN Group (i.e. the sole shareholder of ICFM) on 27 September 2012 such that there was non-compliance with Article 10(2) of the ICFM Articles.

Pursuant to ICFM's application to the Court, the Court ordered on 24 February 2015 that the abovementioned allotments and issuances are valid notwithstanding any omission to comply with the Articles governing the allotments and issuances of shares at the material times.

(g) LHN Group

Allotments and issuances of shares which may have been made without compliance with Clause 5 of the LHN Group Memorandum and Articles 10(2) and 10(3) of the LHN Group Articles

Clause 5 of the Memorandum of Association of LHN Group ("**LHN Group Memorandum**") governing the allotments and issuances of shares at the material times provides that only Singapore citizens or Singapore companies shall be entitled to become and be admitted as members of the company.

Article 10(2) of the Articles of Association of LHN Group ("**LHN Group Articles**") governing the allotments and issuances of shares at the material times provides that notwithstanding any provision to the contrary contained in the LHN Group Articles, no shares shall be issued and/or transferred to (a) non-Singapore citizens or (b) non-Singapore Companies or (c) trustees or nominees on their behalf.

Article 10(3) of the LHN Group Articles governing the allotments and issuances of shares at the material times provides that every allotment and issuance or transfer of shares in LHN Group shall be made in a form approved by LHN Group and accompanied by a statutory declaration attached thereto made by the applicant or transferee stating (in the case of a natural person): (a) that he is a Singapore citizen, (b) identity card, citizen registration or birth certificate particulars and (c) that he is applying for or purchasing shares in LHN Group beneficially and not as trustee or nominee for a non-Singapore citizen or a non-Singapore company or alternatively that he is applying for or purchasing the shares as a trustee or nominee for a Singapore citizen or for a Singapore company; or (in the case of a company): (a) that it is a company incorporated in Singapore, (b) that all its directors are Singapore citizen, (c) that each of its member is either a Singapore citizen or a Singapore company; and (d) that it is applying for or purchasing the shares beneficially and not as trustee or nominee for a non-Singapore citizen or a non-Singapore company or alternatively it is applying for or purchasing the shares as trustee or nominee for a Singapore citizen or for a Singapore company.

In respect of the allotments and issuances of an aggregate of 2,000,000 ordinary shares in LHN Group to HNG carried out between 4 March 2005 and 15 August 2011, LHN Group is unable to locate in its records the relevant statutory declarations made by these applicants and transferees of the shares in accordance with Clause 5 of the LHN Group Memorandum and Articles 10(2) and 10(3) of the LHN Group Articles governing the allotments and issuances of shares at the material times. In the circumstances, LHN Group is unable to ascertain whether the said allotments and issuances and transfers of shares were in compliance with Clause 5 of the LHN Group Memorandum and Articles 10(2) and 10(3) of the LHN Group Articles governing the allotments and issuances of shares at the material times.

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There was also a change in the shareholding structure relating to the LHN Group on 27 September 2012 such that there was non-compliance with Clause 5 of the LHN Group Memorandum and/or Article 10(2) of the LHN Group Articles.

Pursuant to LHN Group's application to the Court, the Court ordered on 24 February 2015 that the abovementioned allotments and issuances of shares are valid notwithstanding any omission to comply with the Memorandum and/or the Articles governing the allotments and issuances of shares at the material times.

(h) LHN Space Resources

Allotments and issuances of shares which may have been made without compliance with Articles 10(2) and 10(3) of the LHN Space Resources Articles

Article 10(2) of the Articles of Association of LHN Space Resources ("**LHN Space Resources Articles**") governing the allotments and issuances of shares at the material times provides that notwithstanding any provision to the contrary contained in the LHN Space Resources Articles, no shares shall be issued and/or transferred to (a) non-Singapore citizens or (b) non-Singapore Companies or (c) trustees or nominees on their behalf.

Article 10(3) of the LHN Space Resources Articles governing the allotments and issuances of shares at the material times provides that every allotment and issuance or transfer of shares in LHN Space Resources shall be made in a form approved by LHN Space Resources and accompanied by a statutory declaration attached thereto made by the applicant or transferee stating (in the case of a natural person): (a) that he is a Singapore citizen, (b) identity card, citizen registration or birth certificate particulars and (c) that he is applying for or purchasing shares in LHN Space Resources beneficially and not as trustee or nominee for a non-Singapore citizen or a non-Singapore company or alternatively that he is applying for or purchasing the shares as a trustee or nominee for a Singapore citizen or for a Singapore company; or (in the case of a company): (a) that it is a company incorporated in Singapore, (b) that all its directors are Singapore citizen, (c) that each of its member is either a Singapore citizen or a Singapore company; and (d) that it is applying for or purchasing the shares beneficially and not as trustee or nominee for a non-Singapore citizen or a non-Singapore company or alternatively it is applying for or purchasing the shares as trustee or nominee for a Singapore citizen or for a Singapore company.

In respect of the allotments and issuances of an aggregate of 1,200,000 ordinary shares in LHN Space Resources carried out between 15 July 2009 and 9 March 2012, LHN Space Resources is unable to locate in its records the relevant statutory declarations made by these applicants and transferees of the shares in accordance with Articles 10(2) and 10(3) of the LHN Space Resources Articles governing the allotments and issuances and/or transfers of shares at the material times. In the circumstances, LHN Space Resources is unable to ascertain whether the said allotments and issuances and transfers of shares were in compliance with Articles 10(2) and 10(3) of the LHN Space Resources Articles governing the allotments and issuances of shares at the material times.

There was also a change in the shareholding structure relating to the LHN Group (i.e. the sole shareholder of LHN Space Resources) on 27 September 2012 such that there was non-compliance with Article 10(2) of the LHN Space Resources Articles.

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Pursuant to LHN Space Resources' application to the Court, the Court ordered on 24 February 2015 that the abovementioned allotments and issuances are valid notwithstanding any omission to comply with the Articles governing the allotments and issuances of shares at the material times.

(i) Singapore Handicrafts

Allotments and issuances of shares in breach of Article 43 of the Singapore Handicrafts Articles

Articles 43 of the Articles of Association of Singapore Handicrafts ("**Singapore Handicrafts Articles**") governing the allotments and issuances of shares at the material times provides that subject to any direction to the contrary that may be given by Singapore Handicrafts in general meeting, all new shares shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from Singapore Handicrafts of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the directors may dispose of those shares in such manner as they think most beneficial to Singapore Handicrafts.

In respect of the allotments and issuances of ordinary shares in Singapore Handicrafts carried out between 2 February 1981 and 26 November 2013, Singapore Handicrafts is unable to locate in its records documents to ascertain whether the relevant notices to offer the shares for subscription were given to the members of the company prior to the allotments and issuances and whether the members of the company did in fact waive their first rights to subscribe for these shares. In the circumstances, Singapore Handicrafts is unable to ascertain whether the said allotments and issuances of shares were in compliance with Article 43 of the Singapore Handicrafts Articles governing the allotment and issuances of shares in Singapore Handicrafts at the material times.

Transfers of shares which may have been made without compliance with Section 126(1) of the Companies Act (1990 Rev Ed) and Articles 22 and 23 of the Singapore Handicrafts Articles

Section 126(1) of the Companies Act (1990 Rev Ed) in force at the material times provides that notwithstanding anything in its articles, a company shall not register a transfer of shares or debentures unless a proper instrument of transfer has been delivered to the company.

Article 22 of the Singapore Handicrafts Articles governing the transfers of shares at the material times provides that subject to the Singapore Handicrafts Articles, any member may transfer all or any of his shares by instrument in writing in any usual or common form or in any other form which the directors may approve. The instrument shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the register of members in respect thereof.

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Article 23 of the Singapore Handicrafts Articles governing the transfers of shares at the material times provides that the instrument of transfer must be left for registration at the registered office of Singapore Handicrafts and thereupon Singapore Handicrafts shall, subject to the powers vested in the directors by the Singapore Handicrafts Articles, register the transferee as a shareholder and retain the instrument of transfer.

In respect of the transfers of ordinary shares in Singapore Handicrafts on 3 June 1992 and 5 October 1993, Singapore Handicrafts is unable to locate in its records the relevant instruments of transfer in respect of the share transfers. In the circumstances, Singapore Handicrafts is unable to ascertain whether the said transfers of shares were in compliance with 126(1) of the Companies Act (Rev Ed 1990) in force at the material times and Articles 22 and 23 of the Singapore Handicrafts Articles governing the transfers of shares at the material times.

Allotments and issuances, and transfers, of shares which may have been made without compliance with Clause 5 of the Singapore Handicrafts Memorandum and Articles 10A(2) and 10A(3) of the Singapore Handicrafts Articles

Clause 5 of the Memorandum of Association of Singapore Handicrafts (“**Singapore Handicrafts Memorandum**”) governing the allotments and issuances and transfers of shares at the material times provides that only Singapore citizens or Singapore companies shall be entitled to become and be admitted as members of the company.

Article 10A(2) of Singapore Handicrafts Articles governing the allotments and issuances and transfers of shares at the material times provides that notwithstanding any provision to the contrary contained in the Singapore Handicrafts Articles, no shares shall be issued and/or transferred to (a) non-Singapore citizens or (b) non-Singapore Companies or (c) trustees or nominees on their behalf.

Article 10A(3) of the Singapore Handicrafts Articles governing the allotments and issuances and transfers of shares at the material times provides that every issuance or transfer of shares in Singapore Handicrafts shall be made in a form approved by Singapore Handicrafts and accompanied by a statutory declaration attached thereto made by the applicant or transferee stating (in the case of a natural person): (a) that he is a Singapore citizen, (b) his identity card/his citizen registration number or birth certificate registration number and (c) that he is applying for or purchasing the shares beneficially and not as trustee or nominee for a non-Singapore citizen or a non-Singapore company or alternatively that he is applying for or purchasing the shares as a trustee or nominee for a Singapore citizen or for a Singapore company; or (in the case of a company): (a) that it is a company incorporated in Singapore, (b) that all its directors are Singapore citizen, (c) that each of its member is either a Singapore citizen or a Singapore company; and (d) that it is applying for or purchasing the shares beneficially and not as trustee or nominee for a non-Singapore citizen or a non-Singapore company or alternatively it is applying for or purchasing the shares as trustee or nominee for a Singapore citizen or for a Singapore company.

In respect of the allotments and issuances of ordinary shares in Singapore Handicrafts carried out between 2 February 1981 and 26 November 2013 and the transfer of ordinary shares in Singapore Handicrafts carried out between 3 June 1992 and 2 November 2012, Singapore Handicrafts is unable to locate in its records the relevant statutory declarations made by these applicants and transferees of the shares in accordance with Clause 5 of the Singapore Handicrafts Memorandum and Articles

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10A(2) and 10A(3) of the Singapore Handicrafts Articles governing the allotments and issuances and transfers of shares at the material times. In the circumstances, Singapore Handicrafts is unable to ascertain whether the said allotments and issuances and transfers of shares were in compliance with Clause 5 of the Singapore Handicrafts Memorandum and Articles 10A(2) and 10A(3) of the Singapore Handicrafts Articles governing the allotments and issuances and transfers of shares at the material times. Further, there was also a change in the shareholding structure relating to the LHN Group (i.e. the sole shareholder of Singapore Handicrafts) on 27 September 2012 such that there was non-compliance with Clause 5 of the Singapore Handicrafts Memorandum and/or Article 10A(2) of the Singapore Handicrafts Articles.

Pursuant to Singapore Handicrafts' application to the Court, the Court ordered on 24 February 2015 that the abovementioned allotments and issuances and transfers of shares are valid notwithstanding any omission to comply with the relevant provisions in the Companies Act in force at the material times and the Memorandum and/or the Articles governing the allotments and issuances and transfers of shares at the material times.

(j) **Work Plus Store**

Allotments and issuances, and transfers, of shares which may have been made without compliance with Clause 5 of the Work Plus Store Memorandum and Articles 10(2) and 10(3) of the Work Plus Store Articles

Clause 5 of the Memorandum of Association of Work Plus Store ("**Work Plus Store Memorandum**") governing the allotments and issuances of shares at the material times provides that only Singapore citizens or Singapore companies shall be entitled to become and be admitted as members of the company.

Article 10(2) of the Articles of Association of Work Plus Store ("**Work Plus Store Articles**") governing the allotments and issuances of shares at the material times provides that notwithstanding any provision to the contrary contained in the LHN Group Articles, no shares shall be issued and transferred to (a) non-Singapore citizens or (b) non-Singapore Companies or (c) trustees or nominees on their behalf.

Article 10(3) of the Work Plus Store Articles governing the allotments and issuances and transfers of shares at the material times provides that every allotment and issuance or transfer of shares in Work Plus Store shall be made in a form approved by Work Plus Store and accompanied by a statutory declaration attached thereto made by the applicant or transferee stating (in the case of a natural person): (a) that he is a Singapore citizen, (b) identity card, citizen registration or birth certificate particulars and (c) that he is applying for or purchasing shares in Work Plus Store beneficially and not as trustee or nominee for a non-Singapore citizen or a non-Singapore company or alternatively that he is applying for or purchasing the shares as a trustee or nominee for a Singapore citizen or for a Singapore company; or (in the case of a company): (a) that it is a company incorporated in Singapore, (b) that all its directors are Singapore citizen, (c) that each of its member is either a Singapore citizen or a Singapore company; and (d) that it is applying for or purchasing the shares beneficially and not as trustee or nominee for a non-Singapore citizen or a non-Singapore company or alternatively it is applying for or purchasing the shares as trustee or nominee for a Singapore citizen or for a Singapore company.

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Article 24(2) of the Work Plus Store Articles governing the transfers of shares at the material times provides that the directors shall refuse to register a transfer of any shares in Work Plus Store to any of the persons mentioned in Article 10(2) of the Work Plus Store Articles.

In respect of the allotments and issuances of an aggregate of 600,000 ordinary shares in Work Plus Store carried out between 21 September 2004 and 1 June 2010 and the transfers of an aggregate of three (3) ordinary shares in Work Plus Store carried out on 5 March 2005, Work Plus Store is unable to locate in its records the relevant statutory declarations made by these applicants and transferees of the shares in accordance with Clause 5 of the Work Plus Store Memorandum and Articles 10(2), 10(3) and/or 24(2) of the Work Plus Store Articles governing the allotments and issuances of shares and/or transfers at the material times. In the circumstances, Work Plus Store is unable to ascertain whether the said allotments and issuances and transfers of shares were in compliance with Clause 5 of the Work Plus Store Memorandum and Articles 10(2), 10(3) and/or 24(2) of the Work Plus Store Articles governing the allotments and issuances of shares and/or transfers at the material times.

Further, there was a change in the shareholding structure relating to the LHN Group (i.e. the sole shareholder of Work Plus Store) on 27 September 2012 such that there was non-compliance with Clause 5 of the Work Plus Store Memorandum and/or Article 10(2) of the Work Plus Store Articles.

The share transfer instruments and the Notice of Local Company of Transfer of Shares/List of Shareholders lodged with the Registrar in respect of certain transfers of shares do not reflect the correct date of the transfers

Section 126(1) of the Companies Act (1994 Rev Ed) in force at the material times provides that notwithstanding anything in its articles, a company shall not register a transfer of shares or debentures unless a proper instrument of transfer has been delivered to the company.

Article 22 of the Work Plus Store Articles governing the transfers of shares at the material times provides that the instrument of transfer of any shares shall be in writing in any usual or common form or in any other form which the directors may approve. The instrument shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the register of members in respect thereof.

Article 23 of the Work Plus Store Articles governing the transfers of shares at the material times provides that the instrument of transfer must be left for registration at the registered office of Work Plus Store and thereupon Work Plus Store shall, subject to the powers vested in the directors by the Work Plus Store Articles, register the transferee as a shareholder and retain the instrument of transfer.

In respect of the transfers of an aggregate of three (3) ordinary shares in Work Plus Store on 5 March 2005, the dates of transfers of shares were inaccurately recorded on the respective instruments of transfer. Therefore there may be non-compliance with Section 126(1) of the Companies Act (1994 Rev Ed) in force at the material times and Articles 22 and 23 of the Work Plus Store Articles governing the transfers of shares in Work Plus Store at the material times.

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Further, in the Notice of Local Company of Transfer of Shares/List of Shareholders lodged by the Company on 22 July 2005 it appears that the date of each of the transfers was not recorded.

Pursuant to Work Plus Store's application to the Court, the Court ordered on 24 February 2015 that the abovementioned allotments and issuances and transfers of shares are valid notwithstanding any omission to comply with the relevant provisions in the Companies Act in force at the material times and the Memorandum and/or the Articles governing the allotments and issuances and transfers of shares at the material times. The Court also ordered that the Registrar rectify the Notice of Local Company of Transfer of Shares/List of Shareholders lodged by the Company on 22 July 2005 to reflect the correct date of each of the transfers as 5 March 2005.

We have since put in place the following measures to mitigate possible contraventions of the relevant articles of association and the Companies Act, namely:

- (a) Aspire CS Pte Ltd ("**Aspire**"), which is a wholly-owned subsidiary of Boardroom Corporate & Advisory Services Pte. Ltd. ("**Boardroom**"), has been appointed by our Company to handle all corporate secretarial matters for our Group post-Listing. Boardroom is listed on the SGX-ST and has a track record of over 50 years in providing, *inter alia*, corporate secretarial services to both listed and private companies in various countries including Singapore. Aspire has a track record of over 40 years in providing corporate secretarial services to both listed and private companies in Singapore. Accordingly, we believe that Aspire will be familiar and has the experience in carrying out the due processes, maintaining proper corporate secretarial records for all our Group entities and ensuring due compliance with the relevant articles of association and the Companies Act;
- (b) Yeo Swee Cheng, who was promoted to Group Financial Controller in July 2014, will take on the additional responsibility to work closely with Aspire to implement and oversee the internal control and compliance procedures for our Group, which include the review of all allotments and issuances and transfers of shares for compliance with the relevant articles of association and the Companies Act prior to such allotments and issuances and transfers of shares; and
- (c) Post-Listing, we will appoint an executive who will report to Yeo Swee Cheng, to ensure that all allotments and issuances and transfers of shares to be undertaken by our Group (i) are in compliance with the relevant articles of association and the Companies Act; and (ii) all necessary approvals, documents and procedures in respect of such allotments and issuances and transfers of shares will be obtained and adhered to.

In addition, we will also establish an internal audit function by appointing a competent and reputable third-party internal audit firm to review our internal controls systems post-Listing.

MANAGEMENT AND PLACEMENT ARRANGEMENTS

13. Pursuant to the Management Agreement dated 1 April 2015 entered into between our Company and PPCF as the Sponsor and Issue Manager, our Company appointed PPCF to sponsor and manage the Listing. PPCF will receive a management fee for such services rendered.

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14. Pursuant to the Placement Agreement dated 1 April 2015 entered into between our Company and PPCF as the Placement agent, the Placement Agent has agreed to procure subscriptions for the Placement Shares for a placement commission of 3.5% of the aggregate Placement Price for the total number of Placement Shares which the Placement Agent has successfully subscribed for payable by our Company. Subject to any applicable laws and regulations, the Company agrees that the Placement Agent shall be at liberty at its own expense to appoint one or more sub-placement agents under the Placement Agreement upon such terms and conditions as the Placement Agent may deem fit.
15. Subject to the consent of the SGX-ST being obtained, the Management Agreement may be terminated by PPCF at any time before the close of the Application List on the occurrence of certain events including:
- (a) PPCF becomes aware of any breach by our Company and/or its agent(s) of any warranties, representations, covenants or undertakings given by our Company to PPCF in the Management Agreement;
 - (b) there shall have been, since the date of the Management Agreement, any change or prospective change in or any introduction or prospective introduction of any legislation, regulation, policy, directive, guideline, rule or byelaw by any relevant government or regulatory body, whether or not having the force of law, or any other occurrence of similar nature that would materially change the scope of work, responsibility or liability required of PPCF; or
 - (c) in the case of a conflict of interest for PPCF, or any dispute, conflict or disagreement with the Company or where the Company wilfully fails to comply with any advice from or recommendation of PPCF,

which has resulted or is in the reasonable opinion of the full sponsor likely to result in the conditions of the stock market being materially and adversely affected, or the success of the Placement being materially prejudiced.

16. The Placement Agreement and the obligations of the Placement Agent under the Placement Agreement are conditional upon:
- (a) the Offer Document having been registered by the SGX-ST, acting as agent on behalf of the Authority in accordance with the Catalist Rules;
 - (b) the notice of registration ("**Registration Notice**") being issued or granted by the SGX-ST, acting as agent on behalf of the Authority and such Registration Notice not being revoked or withdrawn on or prior to the date of settlement of subscriptions of Placement Shares ("**Closing Date**");
 - (c) the compliance by the Company to the satisfaction of the SGX-ST with all the conditions imposed by the SGX-ST in granting the Registration Notice (if any), where such conditions are required to be complied with by the Closing Date;
 - (d) such approvals as may be required for the transactions described in the Placement Agreement and in the Offer Document in relation to the Placement being obtained, and not withdrawn or amended, on or before the date on which the Company is admitted to Catalist (or such other date as the Company and the Placement Agent may agree in writing);

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- (e) there having been, in the reasonable opinion of the Placement Agent, no material adverse change or any development likely to result in a material adverse change in the financial or other condition of the Group between the date of the Placement Agreement and the Closing Date nor the occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any respect, as at the Closing Date, any of the warranties or representations contained in Clause 6 of the Placement Agreement nor any breach by the Company of any of their obligations thereunder;
- (f) the compliance by the Company with all applicable laws and regulations concerning the Placement, the listing of the Shares on the Catalist and the transactions contemplated in the Placement Agreement and the 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 Placement Agent, has or may have an adverse effect on the Placement and the listing of the Shares on the Catalist;
- (g) the delivery by the Company to the Placement Agent on the Closing Date of a certificate, in the form set out in Schedule 2 to the Placement Agreement, signed by a Director for and on behalf of the Company respectively;
- (h) the delivery to the Placement Agent of a copy of the legal due diligence reports prepared by Drew & Napier LLC in relation to the Placement and the Placement Agent being satisfied with the results, findings, advice, opinions and/or conclusions set out in such reports;
- (i) the letters of undertaking referred to in the Offer Document under the section entitled "Shareholders – Moratorium" being executed and delivered to the Sponsor and Issue Manager and the Placement Agent before the date of registration of the Offer Document; and
- (j) the Management Agreement not being terminated or rescinded pursuant to the provisions of the Management Agreement.

MISCELLANEOUS

- 17. There has not been any public takeover offer by a third party in respect of our Shares or by our Company in respect of shares of another corporation or units of a business trust which has occurred between the end of FY2014 and the Latest Practicable Date.
- 18. No expert is employed on a contingent basis by our Company or our subsidiaries, or has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.
- 19. No amount of cash or securities or benefit has been paid or given to any promoter within the two (2) years preceding the Latest Practicable Date or is proposed or intended to be paid or given to any promoter at any time.
- 20. Save as disclosed in the section entitled "General and Statutory Information – Management and Placement Agreements" of this Offer Document, no commission, discount or brokerage has been paid or other special terms granted within the two (2) years preceding the Latest

GENERAL AND STATUTORY INFORMATION

Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or our subsidiaries.

21. Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with the Receiving Banker. In the ordinary course of business, the Receiving Banker will deploy these monies in the inter-bank money market. All profits derived from the deployment of such monies will accrue to the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.
22. Save as disclosed in this Offer Document, our Directors are not aware of any relevant material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company and our subsidiaries.
23. Save as disclosed in this Offer Document, the financial condition and operations of our Group are not likely to be affected by any of the following:
 - (i) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
 - (ii) material commitments for capital expenditure;
 - (iii) unusual or infrequent events or transactions or any significant economic changes that will materially affect the amount of reported income from operations; and
 - (iv) known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues or operating income.
24. Save as disclosed in this Offer Document, our Directors are not aware of any event which has occurred since the end of FY2014 to the Latest Practicable Date which may have a material effect on the financial position and results of our Group or the financial information provided in this Offer Document.
25. Details, including the name, address and professional qualifications including membership in a professional body of the auditors of our Company since the incorporation of our Company are as follows:

Name, professional qualification and address	Professional body	Partner-in-charge/ Professional qualification
Foo Kon Tan LLP/Public Accountants and Chartered Accountants/47 Hill Street, #05-01, Singapore Chinese Chamber of Commerce & Industry Building, Singapore 179365	Institute of Singapore Chartered Accountants	Yeo Boon Chye/a member of the Institute of Singapore Chartered Accountants

GENERAL AND STATUTORY INFORMATION

We currently have no intention of changing our auditors after the listing of our Company on Catalist.

CONSENTS

26. The Independent Auditor and Reporting Accountant, Foo Kon Tan LLP, has given and has not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of the “Report of the Independent Auditor on the Audited Combined Financial Statements of the Group for the financial years ended 30 September 2012, 2013 and 2014” as set out in Appendix A of this Offer Document and the “Compilation Report of the Independent Auditor on the Pro Forma Financial Information of the Group for the financial year ended 30 September 2014” as set out in Appendix B of this Offer Document and all references thereto in the form and context in which they are respectively included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
27. The Sponsor, Issue Manager and Placement Agent has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which it appear in this Offer Document and to act in such capacity in relation to this Offer Document.
28. The Sub-Placement Agent has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and reference thereto in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
29. Each of the Solicitors to the Placement and Legal Adviser to our Company on Singapore Law, the Legal Adviser to our Company on BVI Law, the Legal Adviser to our Company on Indonesian Law, the Legal Adviser to our Company on Thai Law, the Legal Adviser to our Company on Myanmar Law, the Share Registrar and Transfer Agent, the Principal Bankers and the Receiving Banker has each given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and reference thereto in the form and context in which they respectively appear in this Offer Document and to act in such respective capacities in relation to this Offer Document.
30. Each of the Sub-Placement Agent, the Solicitors to the Placement and Legal Adviser to our Company on Singapore Law, the Legal Adviser to our Company on BVI Law, the Legal Adviser to our Company on Indonesian Law, the Legal Adviser to our Company on Thai Law, the Legal Adviser to our Company on Myanmar Law, the Share Registrar and Transfer Agent, the Principal Bankers and the Receiving Banker do not make or purport to make any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and each of them makes no representation regarding any statement in this Offer Document and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.
31. The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of the “Letter from the Independent Financial Adviser” set out in Appendix E of this Offer Document in the form and the context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.

GENERAL AND STATUTORY INFORMATION

32. The Industry Consultant has given and has not withdrawn its consent to the issue of this Offer Document with the inclusion herein of its name and all reference thereto in the form and context in which they respectively appear in this Offer Document and to act in such respective capacity in relation to this Offer Document.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

33. This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Placement, our Company and our subsidiaries and associated companies, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

DOCUMENTS FOR INSPECTION

34. The following documents or copies thereof may be inspected at our registered office during normal business hours for a period of six (6) months from the date of registration of this Offer Document with the SGX-ST (acting as agent on behalf of the Authority):
- (i) the Memorandum and Articles of Association of our Company;
 - (ii) the Report of the Independent Auditor on the Audited Combined Financial Statements of the Group for the financial years ended 30 September 2012, 2013 and 2014;
 - (iii) the Compilation Report of the Independent Auditor on the Pro Forma Financial Information of the Group for the financial year ended 30 September 2014;
 - (iv) the audited financial statements of each entity in our Group (excluding the Company, and being entities which have audited financial statements) for FY2012, FY2013 and FY2014;
 - (v) the Letter from the Independent Financial Adviser as set out in Appendix E of this Offer Document;
 - (vi) the Service Agreements referred to in this Offer Document;
 - (vii) the material contracts referred to in this Offer Document;
 - (viii) the letters of consent referred to in this Offer Document;
 - (ix) the LHN Performance Share Plan; and
 - (x) the Industry Report.

**APPENDIX A – REPORT OF THE INDEPENDENT AUDITOR ON
THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR
THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2012, 2013 AND 2014**

Report of the Independent Auditor on the Audited Combined Financial Statements
of the Group for the Financial Years Ended 30 September 2012, 2013 and 2014

**APPENDIX A – REPORT OF THE INDEPENDENT AUDITOR ON
THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR
THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2012, 2013 AND 2014**

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**APPENDIX A – REPORT OF THE INDEPENDENT AUDITOR ON
THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR
THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2012, 2013 AND 2014**

INDEPENDENT AUDITOR’S REPORT

Date: 1 April 2015

The Board of Directors
LHN Limited
10 Raeburn Park #02-18
Singapore 088702

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of LHN Limited and its subsidiaries (collectively referred to as the “Group”) which comprise the combined statements of financial position as at 30 September 2012, 2013 and 2014, its combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Group for each of the financial years then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages A-27 to A-117.

These combined financial statements have been prepared solely in connection with the proposed listing of LHN Limited (the “Company”) on the Catalist of Singapore Exchange Securities Trading Limited. This report is made solely to you, as a body for this purpose and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Management’s Responsibility for the Combined Financial Statements

The Company’s management is responsible for the preparation and fair presentation of these combined financial statements in accordance with the Singapore Financial Reporting Standards (“FRS”), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Independent Auditor’s Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

**APPENDIX A – REPORT OF THE INDEPENDENT AUDITOR ON
THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR
THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2012, 2013 AND 2014**

INDEPENDENT AUDITOR’S REPORT (continued)

Independent Auditor’s Responsibility (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements of the Group present fairly, in all material respects, the state of affairs of the Group as at 30 September 2012, 2013 and 2014, and its results of operations, changes in equity and cash flows of the Group for each of the financial years ended 30 September 2012, 2013 and 2014 in accordance with FRS and the basis of preparation as set out in Note 2 to the combined financial statements.

Restriction on Distribution and Use

This report is made solely to you as a body and for the inclusion in the prospectus to be issued in relation to the proposed offering of the shares of the Company in connection with the Company’s listing on the Catalist of Singapore Exchange Securities Trading Limited.

Yours faithfully

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
Singapore

Yeo Boon Chye
Partner-in-charge

**APPENDIX A – REPORT OF THE INDEPENDENT AUDITOR ON
THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR
THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2012, 2013 AND 2014**

COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP

	Note	2012 \$	30 September 2013 \$	2014 \$
Assets				
Non-Current				
Property, plant and equipment	5	8,708,781	17,944,606	19,869,065
Investment properties	6	–	14,577,693	20,630,972
Investment in associated companies	7	171,083	37,959	62,230
Available-for-sale financial assets	8	1	–	–
Fixed deposits	11(b)	111,567	1,857,150	–
Long-term prepayments	10	–	380,478	332,918
		8,991,432	34,797,886	40,895,185
Current				
Inventories		7,956	230,499	256,461
Work-in-progress		159,611	280,951	58,159
Trade and other receivables	9	9,978,714	13,055,882	10,221,952
Prepayments	10	494,605	1,430,935	985,150
Cash and bank balances	11(a)	16,861,536	12,140,251	14,417,165
Fixed deposits	11(b)	4,838,241	4,194,046	5,583,389
		32,340,663	31,332,564	31,522,276
Assets of disposal group classified as held for sale	33	9,293,333	1,691,601	–
		41,633,996	33,024,165	31,522,276
Total assets		50,625,428	67,822,051	72,417,461
Equity				
Capital and Reserves				
Share capital	12	2,000,000	2,000,000	2,000,001
Reserves	13	22,343,804	18,271,848	30,726,559
Premium paid on acquisition of non-controlling interests		(70,315)	–	–
		24,273,489	20,271,848	32,726,560
Non-controlling interests		(12,331)	(77,483)	(130,548)
Total equity		24,261,158	20,194,365	32,596,012
Liabilities				
Non-Current				
Deferred tax liabilities	14	176,000	231,000	223,143
Other payables	15	–	1,127,656	165,552
Obligations under finance lease	16	1,123,978	3,049,586	2,869,898
Bank borrowings	17	277,795	10,247,148	9,246,007
		1,577,773	14,655,390	12,504,600
Current				
Trade and other payables	15	20,299,705	26,342,540	23,596,526
Obligations under finance lease	16	491,961	1,165,607	1,331,465
Bank borrowings	17	668,863	2,179,485	823,922
Current tax payable		2,127,618	1,167,060	1,564,936
		23,588,147	30,854,692	27,316,849
Liabilities directly associated with disposal group classified as held for sale	33	1,198,350	2,117,604	–
		24,786,497	32,972,296	27,316,849
Total equity and liabilities		50,625,428	67,822,051	72,417,461

The annexed notes form an integral part of and should be read in conjunction with these combined financial statements.

**APPENDIX A – REPORT OF THE INDEPENDENT AUDITOR ON
THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR
THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2012, 2013 AND 2014**

**COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF
THE GROUP**

	Note	Financial years ended 30 September		
		2012 \$	2013 \$	2014 \$
Continuing operations				
Revenue	4	75,123,575	83,748,333	90,739,712
Cost of sales		(49,236,629)	(61,394,666)	(65,709,061)
Gross profit		25,886,946	22,353,667	25,030,651
Other operating income	18	897,006	1,609,914	2,193,779
Selling and distribution expenses	19	(1,569,458)	(1,671,118)	(974,606)
Administrative expenses	20	(15,559,194)	(17,145,747)	(17,236,310)
Other operating expenses	21	(193,260)	(221,708)	(110,422)
Finance costs	22	(106,914)	(282,753)	(707,452)
Share of associated companies' results, net of tax	7	(61,659)	2,763	24,271
Profit from operations		9,293,467	4,645,018	8,219,911
Fair value gain on investment properties	6	–	825,361	5,784,352
Gain on disposal of subsidiaries	30	–	1,429,029	–
Profit before taxation from continuing operations	24	9,293,467	6,899,408	14,004,263
Taxation	25	(1,822,395)	(730,896)	(1,300,842)
Profit after taxation from continuing operations for the year		7,471,072	6,168,512	12,703,421
Discontinued operations				
(Loss)/profit from discontinued operations, net of tax	33	(427,329)	1,940,798	–
Profit for the year, net of tax		7,043,743	8,109,310	12,703,421
Other comprehensive (expense)/income after tax				
Item that will be reclassified subsequently to combined profit or loss				
Currency translation differences arising from consolidation				
– Losses	27	–	(600,600)	(135,722)
Item that will not be reclassified subsequently to combined profit or loss				
Revaluation gains on leasehold building	27	–	355,015	1,833,947
Other comprehensive (expense)/income after tax		–	(245,585)	1,698,225
Total comprehensive income for the year, net of tax		7,043,743	7,863,725	14,401,646
Profit attributable to:				
Equity owners of the Company				
Profit from continuing operations, net of tax		7,521,349	6,297,765	12,755,551
(Loss)/profit from discontinued operations, net of tax		(427,329)	1,940,798	–
Profit attributable to equity owners of the Company		7,094,020	8,238,563	12,755,551
Non-controlling interests				
Loss from continuing operations, net of tax		(50,277)	(129,253)	(52,130)
Loss from discontinued operations, net of tax		–	–	–
Loss attributable to the non-controlling interests		(50,277)	(129,253)	(52,130)
		7,043,743	8,109,310	12,703,421
Total comprehensive income attributable to:				
Equity owners of the Company				
		7,094,020	7,998,359	14,454,711
Non-controlling interests		(50,277)	(134,634)	(53,065)
		7,043,743	7,863,725	14,401,646

The annexed notes form an integral part of and should be read in conjunction with these combined financial statements.

**APPENDIX A – REPORT OF THE INDEPENDENT AUDITOR ON
THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR
THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2012, 2013 AND 2014**

COMBINED STATEMENTS OF CHANGES IN EQUITY OF THE GROUP

	Note	Share capital	Retained profits	Premium paid on acquisition of non-controlling interests	Reserve on disposal of non-controlling interests	Asset revaluation reserve	Exchange fluctuation reserve	Total attributable to equity holders of the parent	Non-controlling interests	Total equity
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 October 2011		2,000,000	15,841,094	(45,848)	268,690	–	–	18,063,936	13,479	18,077,415
2012 tax-exempt (one-tier) dividend of \$0.43 per share	28	–	(860,000)	–	–	–	–	(860,000)	–	(860,000)
Effect on acquired additional interest in a subsidiary		–	–	(24,467)	–	–	–	(24,467)	24,467	–
Profit/(loss) for the year		–	7,094,020	–	–	–	–	7,094,020	(50,277)	7,043,743
Other comprehensive income		–	–	–	–	–	–	–	–	–
Total comprehensive income for the year		–	7,094,020	–	–	–	–	7,094,020	(50,277)	7,043,743
Balance at 30 September 2012		2,000,000	22,075,114	(70,315)	268,690	–	–	24,273,489	(12,331)	24,261,158
2013 tax-exempt (one-tier) dividend of \$6.00 per share	28	–	(12,000,000)	–	–	–	–	(12,000,000)	–	(12,000,000)
Effect on non-controlling interest on the newly incorporated subsidiaries		–	–	–	–	–	–	–	–	–
Transfer of premium paid on acquisition of non-controlling interest to retained earnings		–	(70,315)	70,315	–	–	–	–	–	–
Profit/(loss) for the year		–	8,238,563	–	–	355,015	(595,219)	8,238,563	(134,634)	8,103,929
Other comprehensive income/(expense)		–	–	–	–	–	–	(240,204)	–	(240,204)
Total comprehensive income/(expense) for the year		–	8,238,563	–	–	355,015	(595,219)	7,998,359	(134,634)	7,863,725
Balance at 30 September 2013		2,000,000	18,243,362	–	268,690	355,015	(595,219)	20,271,848	(77,483)	20,194,365
Effect on incorporation of Company	1	1	–	–	–	–	–	1	–	1
2014 tax-exempt (one-tier) dividend of \$1.00 per share	28	–	(2,000,000)	–	–	–	–	(2,000,000)	–	(2,000,000)
Profit/(loss) for the year		–	12,755,551	–	–	–	–	12,755,551	(53,065)	12,702,486
Other comprehensive income/(expense)		–	–	–	–	1,833,947	(134,787)	1,699,160	–	1,699,160
Total comprehensive income/(expense) for the year		–	12,755,551	–	–	1,833,947	(134,787)	14,454,711	(53,065)	14,401,646
Balance at 30 September 2014		2,000,001	28,998,913	–	268,690	2,188,962	(730,006)	32,726,560	(130,548)	32,596,012

The annexed notes form an integral part of and should be read in conjunction with these combined financial statements.

**APPENDIX A – REPORT OF THE INDEPENDENT AUDITOR ON
THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR
THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2012, 2013 AND 2014**

COMBINED STATEMENTS OF CASH FLOWS OF THE GROUP

	Financial years ended 30 September		
	2012 \$	2013 \$	2014 \$
Cash flows from Operating Activities			
Profit before taxation from continuing operations	9,293,467	6,899,408	14,004,263
(Loss)/profit before taxation from discontinued operations	(191,429)	1,951,485	–
Profit before tax, total	9,102,038	8,850,893	14,004,263
Share of associated companies' results	77,144	(2,763)	(24,271)
Adjustments for:			
Depreciation of property, plant and equipment	4,146,647	4,587,477	5,191,174
(Gain)/loss on disposal of property, plant and equipment (Note D)	(86,994)	4,026	108,294
Property, plant and equipment written off	319,430	1,263	36,516
Fair value gain on investment properties	–	(825,361)	(5,784,352)
Negative goodwill on acquisition of a subsidiary (Note B)	–	(62,262)	–
Gain on disposal of subsidiaries (Note C)	–	(1,429,029)	–
Interest income	(65,155)	(228,472)	(70,332)
Interest expense	121,497	282,753	707,452
Operating profit before working capital changes	13,614,607	11,178,525	14,168,744
Increase in inventories	(107,799)	(222,543)	(25,962)
Decrease/(increase) in work-in-progress	282,105	(121,340)	222,792
(Increase)/decrease in operating receivables	(2,146,942)	(2,189,003)	2,552,088
Increase/(decrease) in operating payables	4,925,114	8,640,910	(4,233,593)
Cash generated from operations	16,567,085	17,286,549	12,684,069
Interest expense paid	(121,497)	(282,753)	(707,452)
Income tax paid	(2,112,434)	(2,568,078)	(1,847,527)
Income tax refunded	631,205	786,916	1,066,086
Net cash generated from operating activities	14,964,359	15,222,634	11,195,176
Cash flows from Investing Activities			
Acquisition of property, plant and equipment (Note A)	(8,568,897)	(6,934,949)	(4,833,670)
Purchase of investment properties (Note E)	–	(2,950,784)	(500,509)
Proceeds from disposal of property, plant and equipment (Note D)	596,620	228,196	532,117
Disposal of unquoted equity investment	1	1	–
Acquisition of a subsidiary, net of cash acquired (Note B)	–	(1,106,088)	–
Net cash outflow on disposal of investment in subsidiaries (Note C)	–	(306,447)	(619,692)
Proceeds from disposal of an associated company	–	135,887	–
Advances from associated company	8,300	–	–
Interest received	65,155	228,472	70,332
Net cash used in investing activities	(7,898,821)	(10,705,712)	(5,351,422)

The annexed notes form an integral part of and should be read in conjunction with these combined financial statements.

**APPENDIX A – REPORT OF THE INDEPENDENT AUDITOR ON
THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR
THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2012, 2013 AND 2014**

COMBINED STATEMENTS OF CASH FLOWS OF THE GROUP (continued)

	Financial years ended		
	30 September		
	2012	2013	2014
	\$	\$	\$
Cash flows from Financing Activities			
Repayment of obligations under hire-purchase contracts	(756,938)	(711,213)	(1,126,055)
Uplift/(placements) of deposits pledged			
– current	(2,422,679)	1,136,643	1,857,150
– non-current	2,417,117	(1,857,150)	(1,873,871)
Effect on non-controlling interest on newly incorporated subsidiaries	–	69,482	–
Bank borrowings obtained	–	3,223,745	3,000,000
Bank borrowings repaid	(666,660)	(668,863)	(5,356,704)
Amount owing/(repayment) to immediate holding company	552,494	2,949,999	(2,914,999)
Amount owing/(repayment) by fellow subsidiaries, net	–	(2,937,590)	2,937,590
Amount owing to related parties, net	24,824	47,943	4,869
Amount owing/(repayment) to a director	–	167,000	(417,000)
Amount owing/(repayment) to a director of subsidiaries	–	2,136,870	(866,141)
Dividends paid	(860,000)	(12,000,000)	–
Net cash used in financing activities	(1,711,842)	(8,443,134)	(4,755,161)
Net increase/(decrease) in cash and cash equivalents	5,353,696	(3,926,212)	1,088,593
Exchange differences on translation of cash and bank balances at beginning	–	–	(15,899)
Cash and cash equivalents at beginning of year	11,924,907	17,278,603	13,352,391
Cash and cash equivalents at end of year	17,278,603	13,352,391	14,425,085

The annexed notes form an integral part of and should be read in conjunction with these combined financial statements.

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COMBINED STATEMENTS OF CASH FLOWS OF THE GROUP (continued)

	Note	Financial years ended 30 September		
		2012 \$	2013 \$	2014 \$
The cash and cash equivalents comprise:				
Cash and bank balances				
– continuing operations	11(a)	16,861,536	12,140,251	14,417,165
– discontinued operations	33	305,500	719,692	–
Bank balances		17,167,036	12,859,943	14,417,165
Fixed deposits	11(b)	4,949,808	6,051,196	5,583,389
		22,116,844	18,911,139	20,000,554
Less:				
Pledged fixed deposits that mature within one year	11(b)	(4,838,241)	(3,701,598)	(5,575,469)
Pledged fixed deposits that mature after one year	11(b)	–	(1,857,150)	–
		17,278,603	13,352,391	14,425,085

Notes:

A Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$5,945,897 (2013 – \$10,284,116, 2012 – \$10,236,801) of which \$1,112,227 (2013 – \$3,310,467, 2012 – \$1,667,904) was acquired by means of hire-purchase. Cash payments of \$4,833,670 (2013 – \$6,934,949, 2012 – \$8,568,897) was made to purchase property, plant and equipment. The remaining balance amount of \$38,700 is payable to a supplier of property, plant and equipment as at 30 September 2013.

B Acquisition of a subsidiary

The Group acquired a subsidiary, Singapore Handicrafts Pte. Ltd., and its subsidiary, Singapore Handicrafts (2012) Pte. Ltd. during the financial year ended 30 September 2013. The carrying value of assets acquired and liabilities assumed were as follows:

	30 September 2013 \$
<u>Net assets/(liabilities) acquired</u>	
Property, plant and equipment	3,635,865
Investment property	7,428,035
Trade and other receivables	45,914
Cash and bank balances	37,768
Trade and other payables	(4,389,884)
Bank borrowings	(5,551,580)
Identifiable net assets acquired	1,206,118
Negative goodwill on acquisition	(62,262)
Purchase consideration	1,143,856
Less: cash and cash equivalent of subsidiary acquired	(37,768)
Cash outflow on acquisition	1,106,088

The annexed notes form an integral part of and should be read in conjunction with these combined financial statements.

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COMBINED STATEMENTS OF CASH FLOWS OF THE GROUP (continued)

C Disposal of subsidiaries

FY2013

The Group disposed of certain subsidiaries, namely HN Holdings Pte. Ltd. (formerly known as Hean Nerng Holdings Pte. Ltd.), LHN Culinary Concepts Pte. Ltd., Parco Caffe Holdings Pte. Ltd., Australasian Wine Distributors Pte. Ltd. and Alkaff Mansion Ristorante Pte. Ltd. during the financial year ended 30 September 2013. The carrying value of assets disposed of and liabilities discharged were as follows:

	30 September 2013 \$
<u>Net assets/(liabilities) disposed of</u>	
Property, plant and equipment	8,251,778
Associated company	148,706
Inventories	145,393
Trade and other receivables	615,616
Cash and bank balances	306,449
Trade and other payables	(10,893,852)
Current tax payable	(3,117)
	(1,429,027)
Identifiable net liabilities disposed of	(1,429,027)
Sales proceeds received	2
Less: cash and cash equivalent of subsidiaries disposed of	(306,449)
Cash outflow on disposal	(306,447)
The gain on disposal of subsidiaries is computed as follows:	
Sales proceeds received	2
Less:	
Identifiable net liabilities disposed of	1,429,027
Gain on disposal of subsidiaries	1,429,029

FY2014

The Group disposed of a subsidiary, HN Management Pte. Ltd. (formerly known as LHN Logistics Management Pte. Ltd.) during the financial year ended 30 September 2014. The carrying value of assets disposed of and liabilities discharged were as follows:

	30 September 2014 \$
<u>Net assets/(liabilities) disposed of</u>	
Property, plant and equipment	67,954
Trade and other receivables	1,429,956
Cash and bank balances	719,692
Trade and other payables	(2,105,920)
Current tax payable	(11,682)
	100,000
Identifiable net assets disposed of	100,000
Sales proceeds received	100,000
Less: cash and cash equivalent of subsidiary disposed of	(719,692)
Cash outflow on disposal	(619,692)
The gain on disposal of a subsidiary is computed as follows:	
Sales proceeds received	100,000
Less:	
Identifiable net assets disposed of	100,000
Gain on disposal of a subsidiary	-

The annexed notes form an integral part of and should be read in conjunction with these combined financial statements.

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COMBINED STATEMENTS OF CASH FLOWS OF THE GROUP (continued)

D Proceeds from disposal of property, plant and equipment

During the financial year, the Group disposed property, plant and equipment with a net book value of \$640,411 (2013 – \$235,222, 2012 – \$509,626) of which proceeds of \$532,117 (2013 – \$228,196, 2012 – \$596,620) was received. An amount of Nil (2013 – \$3,000, 2012 – Nil) remains receivable from a buyer. The resulting loss on disposal of property, plant and equipment is therefore \$108,294 (2013 – loss of \$4,026, 2012 – gain of \$86,994).

E Investment properties

During the financial year, the Group acquired investment properties with an aggregate cost of \$500,509 (2013 – \$6,324,297, 2012 – Nil) of which Nil (2013 – \$3,373,513, 2012 – Nil) was acquired by means of bank borrowings. Cash payments of \$500,509 (2013 – \$2,950,784, 2012 – Nil) was made to purchase investment properties.

F Incorporation of new subsidiaries

During the financial year ended 30 September 2013, the cash considerations paid for the newly incorporated subsidiaries were as follows:

	\$
(1) Maple Creek Global Inc.	480,000
(2) HLA Containers Pte. Ltd.	480,000
(3) PT Hean Nerng Group	3,706,321
(4) PT Hub Hijau Serviced Offices	434,290
(5) Greenhub Serviced Offices Yangon Limited	31,501
	5,132,112
	5,132,112

During the financial year ended 30 September 2014, the cash consideration paid for the newly incorporated subsidiary, Pickjunction Pte. Ltd. was \$1.

The annexed notes form an integral part of and should be read in conjunction with these combined financial statements.

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NOTES TO THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP

1 General information

These combined financial statements of the Company and its subsidiaries (collectively referred as the “Group”) are prepared for the financial years ended 30 September 2012, 2013 and 2014.

The Company (Registration No. 201420225D) was incorporated in Singapore on 10 July 2014 under the name of LHN Pte. Ltd. as a private limited company. The registered office is located at 10 Raeburn Park #02-18, Singapore 088702. The paid-up share capital is \$1 which represents cash balance.

On 16 March 2015, the Company was converted from a private limited company into a public limited company and assumed the present name, LHN Limited.

The principal activities of the Company is that of an investment holding.

The principal activities of the subsidiaries are as disclosed in Note 30 to the combined financial statements of the Group.

1(A) Restructuring Exercise

The Group was formed through the Restructuring Exercise. The rationale for the Restructuring Exercise was to streamline the corporate structure and business activities of the Group for the purposes of the Placement of shares. Pursuant to the Restructuring Exercise, the Company became the holding company of the subsidiaries. The Restructuring Exercise involved the following:

(a) Incorporation of the Company

The Company was incorporated on 10 July 2014 in Singapore in accordance with the Companies Act as a private company limited by shares with an issued and paid-up share capital of \$1 comprising one Share held by Hean Nerng Group Pte. Ltd.

(b) Sale of shares in LHN Culinary Concepts Pte. Ltd. to Hean Nerng Group Pte. Ltd. by LHN Group Pte. Ltd.

On 1 October 2012, LHN Group Pte. Ltd. sold 3,000,000 shares representing the entire issued and paid-up share capital of LHN Culinary Concepts Pte. Ltd. (“LHN Culinary”) to the controlling shareholder, Hean Nerng Group Pte. Ltd., for a nominal cash consideration of \$1. LHN Culinary was disposed of at a nominal cash consideration on the basis that the net tangible assets of LHN Culinary is negative.

The disposal of LHN Culinary and its subsidiaries, which are involved in the food and beverage business, was intended to enable the Group to focus on its Space Optimisation Business, its Facilities Management Business and its Logistics Services Business.

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1(A) Restructuring Exercise (continued)

(c) Sale of shares in HN Holdings Pte. Ltd. (formerly known as Hean Nerng Holdings Pte. Ltd.) to Lim Hean Nerng by LHN Group Pte. Ltd.

On 30 September 2013, LHN Group Pte. Ltd. sold 350,000 shares representing the entire issued and paid-up share capital of HN Holdings Pte. Ltd. (formerly known as Hean Nerng Holdings Pte. Ltd.) (“HN Holdings”) to Lim Hean Nerng, for a nominal cash consideration of \$1. HN Holdings was disposed of at a nominal cash consideration on the basis that the net tangible assets in HN Holdings is negative.

The disposal of HN Holdings, which is currently dormant, was intended to streamline the Group’s corporate structure.

(d) Sale of shares in HN Management Pte. Ltd. (formerly known as LHN Logistics Management Pte. Ltd.) to Lim Hean Nerng by LHN Group Pte. Ltd.

On 1 October 2013, LHN Group Pte. Ltd. sold 100,000 shares representing the entire issued and paid-up share capital of HN Management Pte. Ltd. (formerly known as LHN Logistics Management Pte. Ltd.) (“HN Management”) to Lim Hean Nerng, for a cash consideration of \$100,000. The consideration was based on the net tangible assets of HN Management at the time of disposal.

The disposal of HN Management, which is currently dormant, was intended to streamline the Group’s corporate structure.

(e) Sale of shares in HLA Holdings Pte. Ltd. (formerly known as Edulink Haven Pte. Ltd.) to LHN Group Pte. Ltd. by Lim Hean Nerng and Wang Jialu

In 1 October 2014, pursuant to a sale and purchase agreement dated 1 October 2014 entered into between LHN Group Pte. Ltd., Hew Chee Fatt, Lim Hean Nerng and Wang Jialu, Lim Hean Nerng and Wang Jialu collectively sold 715,680 shares representing the entire issued and paid-up share capital of HLA Holdings Pte. Ltd. to LHN Group Pte. Ltd. and Hew Chee Fatt for a total cash consideration of \$47,280 and \$31,520 respectively, representing 60% and 40% of the shareholding of HLA Holdings Pte. Ltd. respectively. The consideration was based on the audited net tangible assets of HLA Holdings Pte. Ltd. of approximately \$78,800 as at 30 September 2014.

The acquisition of HLA Holdings Pte. Ltd. by the Group was intended to consolidate all the entities involved in the Group’s Logistics Services Business within the Group’s corporate structure.

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1(A) Restructuring Exercise (continued)

(f) Purchase of shares in HLA Holdings (Thailand) Limited (“HLA Holdings (Thailand)”) by HLA Container Services Pte. Ltd. (“HLA”) and incorporation of HLA Container Services (Thailand) Limited (“HLA Container Services (Thailand)”)

HLA Holdings (Thailand), the associated company, was incorporated on 22 December 2014 in Thailand. The initial shareholders of HLA Holdings (Thailand) were Wasawatt Thongjoo (who subscribed for 19,999 ordinary shares at THB 25 each and 39,200 preference shares at THB 25 each), Somsri Puyatho (who subscribed for 20,800 ordinary shares at THB 25 each) and Pratumporn Somboonpoonpol (who subscribed for 1 ordinary share at THB 25 each). Somsri Puyatho is the spouse of one of the depot manager at HLA.

On 22 December 2014, Wasawatt Thongjoo transferred 38,400 preference shares and 800 preference shares to HLA and Hew Chee Fatt respectively, for a total cash consideration of THB 576,000 and THB 12,000 respectively. The consideration was based on the par value per share. On 22 December 2014, Pratumporn Somboonpoonpol transferred one ordinary share to Wasawatt Thongjoo. As at the Latest Practical Date, Wasawatt Thongjoo, Somsri Puyatho, HLA and Hew Chee Fatt each holds 20,000 ordinary shares, 20,800 ordinary shares, 38,400 preference shares and 800 preference shares respectively, representing approximately 25.0%, 26.0%, 48.0% and 1.0% of the equity interest in HLA Holdings (Thailand) respectively. As at the Latest Practicable Date, all ordinary and preference shares of HLA Holdings (Thailand) have been fully paid-up.

On 23 December 2014, HLA Container Services (Thailand) was incorporated with an issued and paid-up share capital of THB 2,000,000, comprising 40,800 ordinary shares at THB 25 each and 39,200 preference shares at THB 25 each. The initial shareholders of HLA Container Services (Thailand) were HLA Holdings (Thailand) (who subscribed for 40,799 ordinary shares), Wasawatt Thongjoo (who subscribed for 39,199 preference shares), Somsri Puyatho (who subscribed for 1 preference share) and Pratumporn Somboonpoonpol (who subscribed for 1 ordinary share).

On 23 December 2014, Wasawatt Thongjoo transferred 38,399 preference shares and 800 preference shares to HLA and Hew Chee Fatt respectively, for a total cash consideration of THB 959,975 and THB 20,000 respectively. The consideration was based on the par value per share. On 23 December 2014, Somsri Puyatho transferred one preference share to HLA for a total cash consideration of THB 25. The consideration was based on the par value per share. On 23 December 2014, Pratumporn Somboonpoonpol transferred one ordinary share to HLA Holdings (Thailand) at a total cash consideration of THB 25. The consideration was based on the par value per share. As at the Latest Practicable Date, HLA Holdings (Thailand), HLA and Hew Chee Fatt each holds 40,800 ordinary shares, 38,400 preference shares and 800 preference shares respectively, representing approximately 51.0%, 48.0% and 1.0% of the equity interest of HLA Container Services (Thailand) respectively. As at the Latest Practicable Date, the ordinary and preference shares of HLA Container Services (Thailand) have been fully paid-up.

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1(A) Restructuring Exercise (continued)

(f) Purchase of shares in HLA Holdings (Thailand) Limited (“HLA Holdings (Thailand)”) by HLA Container Services Pte. Ltd. (“HLA”) and incorporation of HLA Container Services (Thailand) Limited (“HLA Container Services (Thailand)”) (continued)

Through HLA Holdings (Thailand) and HLA Container Services (Thailand), the Group intends to expand the container depot management services business in Thailand.

(g) Acquisition of LHN Group Pte. Ltd. and its subsidiaries by the Company

Pursuant to a share swap agreement dated 10 March 2015 entered into between the Company and Hean Nerng Group Pte. Ltd., the Company acquired from Hean Nerng Group Pte. Ltd. the entire issued and paid-up share capital of LHN Group Pte. Ltd. held by Hean Nerng Group Pte. Ltd., comprising an aggregate of 2,000,000 ordinary shares for a total consideration of \$32,726,559 based on the audited net tangible assets of LHN Group Pte. Ltd. and its subsidiaries of approximately \$32,726,559 as at 30 September 2014.

The purchase consideration was satisfied by the allotment and issuance of an aggregate of 999,999 Shares in the capital of the Company to Hean Nerng Group Pte. Ltd., at an issue price of \$32.7 per Share, credited as fully paid-up and was arrived at on a willing buyer willing seller basis.

2 Basis of preparation

The combined financial statements for the financial years ended 30 September 2012, 2013 and 2014 (“the relevant period”) were prepared in a manner similar to the “pooling-of-interest” method as if the Restructuring Exercise had been completed on 1 October 2011. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were not established.

These combined financial statements for the financial years ended 30 September 2012, 2013 and 2014 were prepared based on the audited statutory financial statements.

All subsidiaries were incorporated in Singapore except as follows:

Name of subsidiaries	Country of incorporation	GAAP
PT. Hean Nerng Group	Indonesia	– Indonesia GAAP
PT. Hub Hijau Serviced Offices	Indonesia	– Indonesia GAAP
Maple Creek Global Inc.	British Virgin Islands	– International Financial Reporting Standards

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2 Basis of preparation (continued)

Name of subsidiaries	Country of incorporation	GAAP
Greenhub Serviced Offices Yangon Limited	Myanmar	– Myanmar Accounting and Financial Reporting Standards

These respective subsidiaries in various jurisdictions maintain their accounting records and prepare the relevant statutory financial statements in accordance with their accounting standards and legislations. The audited statutory financial statements of these subsidiaries in the Group were prepared in accordance with the accounting standards and regulations of its local Generally Accepted Accounting Principles (“GAAP”).

The accounting policies and bases adopted in the preparation of the financial statements of these companies differ in certain respects from Singapore Financial Reporting Standards (“FRS”). The differences arising from the restatement of the results of operations and the net assets for compliance with FRS are adjusted in the combined financial statements but are not taken up in the accounting records of these companies.

For the purpose of this report, the financial statements of these subsidiaries have been prepared for internal management purposes in accordance with the historical cost convention in accordance with Singapore Financial Reporting Standards (“FRS”) including related Interpretations (“INT FRS”) promulgated by the Accounting Standards Council (“ASC”) for the consolidation of LHN Limited.

The combined financial statements have been prepared solely to show the financial positions of the Group as at 30 September 2012, 2013 and 2014 and its combined results for the financial years then ended for inclusion in the Offer Document in connection with the initial public offering of LHN Limited.

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous financial year.

The combined financial statements of the Group for the financial years under review were prepared based on the audited financial statements of the Company and its subsidiaries which are the combined or aggregation of all the audited financial statements of the Company and its subsidiaries for the financial years ended 30 September 2012, 2013 and 2014.

All subsidiaries as disclosed in Note 30 to the combined financial statements of the Group were audited by Foo Kon Tan LLP, a member of the Institute of Singapore Chartered Accountants other than those subsidiaries identified as below for the relevant financial period:

- (a) HN Management Pte. Ltd. (formerly known as LHN Logistics Management Pte. Ltd.) for the financial year ended 30 September 2013 was audited by Y C Tan & Co., Chartered Accountants, a member of the Institute of Singapore Chartered Accountants;

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2 Basis of preparation (continued)

- (b) HLA Containers Pte. Ltd. for the financial year ended 30 September 2013 was audited by Y C Tan & Co., Chartered Accountants, a member of the Institute of Singapore Chartered Accountants;
- (c) Singapore Handicrafts Pte. Ltd. for the financial year ended 30 September 2013 was audited by Cypress Singapore PAC, Chartered Accountants, a member of the Institute of Singapore Chartered Accountants;
- (d) Singapore Handicrafts (2012) Pte. Ltd. for the financial year ended 30 September 2013 was audited by Cypress Singapore PAC, Chartered Accountants, a member of the Institute of Singapore Chartered Accountants;
- (e) PT. Hean Nerng Group for the financial year ended 30 September 2014 was audited by Grant Thornton Gani Sigiuro & Handayani, Registered Public Accountants, a member of the Indonesian Institute of Accountants; *
- (f) PT. Hub Hijau Serviced Offices for the financial year ended 30 September 2014 was audited by Grant Thornton Gani Sigiuro & Handayani, Registered Public Accountants, a member of the Indonesian Institute of Accountants; *
- (g) Greenhub Serviced Offices Yangon Limited for the financial years ended 30 September 2013 and 2014 was unaudited as the statutory financial year-end is 31 March. Its statutory auditor is Ngwe Inzaly Audit Firm, Certified Public Accountants, a member of the Myanmar Institute of Certified Public Accountants. The Net Tangible Assets (“NTA”) was \$31,407 and \$31,352 as at 30 September 2013 and 2014 respectively, which in total representing less than 1% of consolidated NTA for both financial years. There is no trading activities carried out for the relevant financial years; and
- (h) Maple Creek Global Inc. for the financial years ended 30 September 2013 and 2014 was unaudited under the laws of incorporation and has a NTA of \$477,822 and \$479,966 respectively which comprise mainly the investment of \$480,000 in a subsidiary, HLA Containers Pte. Ltd. as at 30 September 2013 and 2014, which in total representing less than 1% of consolidated NTA for both financial years. There is no trading activities carried out for the relevant financial years.

* Not audited for the financial year ended 30 September 2013 as the statutory financial year-end is 31 December

For statutory purpose, Foo Kon Tan LLP has audited the consolidated financial statements of LHN Group Pte. Ltd. for the financial years ended 30 September 2012, 2013 and 2014.

These audited financial statements were not subject to any audit qualifications, modifications or disclaimers.

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2 Basis of preparation (continued)

For the purpose of this report, Foo Kon Tan LLP, a member of the Institute of Singapore Chartered Accountants was engaged to re-audit the above entities other than (e) to (h) for the relevant financial periods ended 30 September 2013 and 2014 prepared in accordance with FRS. The auditor's report on the financial statements of which Foo Kon Tan LLP, a member of the Institute of Singapore Chartered Accountants was the auditor was not subject to any qualifications, modifications and disclaimers. We have performed a review of the financial statements of the Indonesia subsidiaries; namely PT. Hean Nerng Group and PT. Hub Hijau Serviced Offices for the financial years ended 30 September 2013 and 2014.

In arriving at the combined financial statements, certain adjustments have been made to the statutory audited consolidated financial statements of LHN Group Pte. Ltd. and its subsidiaries for the financial years ended 30 September 2012 and 2013 (see Note 38).

These combined financial statements were authorised for issue by the directors of the Group on 1 April 2015.

Significant accounting estimates and judgements

The preparation of the combined financial statements of the Group in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements of the Group and the reported amounts of revenue and expenses during the financial years. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below:

Critical accounting estimates and assumptions used in applying accounting policies

Assumptions and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Allowance for inventory obsolescence

The Group reviews the ageing analysis of inventories at each reporting date, and makes provision for obsolete and slow moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

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2 Basis of preparation (continued)

If the net realisable value of the inventories increase/decrease by 10% from management estimate, the Group's profit will decrease/increase by \$800, \$23,000 and \$26,000 for the financial years ended 30 September 2012, 2013 and 2014 respectively.

Depreciation of property, plant and equipment (Note 5)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within the range as indicated in the accounting policy for property, plant and equipment and depreciation. The carrying amount of the Group's property, plant and equipment as at 30 September 2012, 2013 and 2014 are \$8,708,781, \$17,944,606 and \$19,869,065 respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, if any, therefore future depreciation charges could be revised. If depreciation on property, plant and equipment increases/decreases by 10% from management, the Group's profit for the financial years ended 30 September 2012, 2013 and 2014 will decrease/increase by approximately \$344,000, \$381,000 and \$431,000 respectively.

Revaluation of property, plant and equipment and investment properties (Notes 5 and 6)

The Group carries its leasehold buildings at fair value, with changes in fair value being recognised in combined statements of profit or loss for investment properties and asset revaluation reserve for property, plant and equipment respectively.

The fair value of leasehold buildings under property, plant and equipment and investment properties is determined by independent real estate valuation experts using recognised valuation technique, which is the Direct Market Comparison Method.

The determination of the fair value of the leasehold buildings requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams and the overall repair and condition of the property) and capitalisation rates applicable to those assets. These estimates are based on local market conditions existing at the end of each reporting date.

The above leasehold buildings were acquired by the Group during the financial year ended 30 September 2013.

The carrying amount and key assumptions used to determine the fair value of the investment properties are further explained in Notes 5 and 6 to the combined financial statements of the Group.

Significant judgements in applying accounting policies

In the process of applying the Group's accounting policy, which is described in Note 3, management has made the following judgements that have the most significant effect on the amounts recognised in the combined financial statements of the Group.

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2 Basis of preparation (continued)

Significant judgements in applying accounting policies (continued)

Allowance for bad and doubtful debts (Note 9)

The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

Income tax (Note 25)

The Group has exposure to income taxes in several jurisdictions, namely Singapore, Indonesia and Myanmar. Significant judgement is involved in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2(a) Interpretations and amendments to published standards effective 2012, 2013 and 2014

On 1 October 2011, the Group adopted the new or amended FRSs that are mandatory for application from that date. This includes the following FRSs, which are relevant to the Group:

Reference	Description
FRS 24	Related Party Disclosures
Amendments to FRS 107	Disclosures – Transfers of Financial Assets

The adoption of the above new or amended FRSs did not result in substantial changes to the Group's accounting policies nor any significant impact on these combined financial statements of the Group.

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2 Basis of preparation (continued)

2(a) Interpretations and amendments to published standards effective 2012, 2013 and 2014 (continued)

On 1 October 2012, the Group adopted the new or amended FRSs that are mandatory for application from that date. This includes the following FRSs, which are relevant to the Group:

Reference	Description
FRS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
FRS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

FRS 1 Presentation of items of Other Comprehensive Income

The amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* (OCI) are effective for financial periods beginning on or after 1 July 2012.

The amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be classified to combined profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

The adoption of the above new or amended FRSs did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

On 1 October 2013, the Group adopted the new or amended FRSs that are mandatory for application from that date. The following are the new or amended FRSs that are relevant to the Group:

Reference	Description
FRS 16	Property, Plant and Equipment
FRS 19	Employee Benefits
FRS 107	Disclosures – Offsetting Financial Assets and Financial Liabilities
FRS 113	Fair Value Measurement
Improvements to FRSs 2012	

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2 Basis of preparation (continued)

2(a) Interpretations and amendments to published standards effective 2012, 2013 and 2014 (continued)

FRS 107 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 107 provides disclosure requirements that are intended to help investors and other financial statement users better assess the effect or potential effect of offsetting arrangements on an entity’s financial position. The new disclosures require information about the gross amount of financial assets and liabilities before offsetting and the amounts set off in accordance with the offsetting model in FRS 32.

FRS 113 Fair Value Measurement

FRS 113 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of FRS 113 is broad and it applies for both financial and non-financial items for which other FRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances.

FRS 113 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application.

The adoption of the above new or amended FRSs did not result in substantial changes to the Group’s accounting policies nor any significant impact on these combined financial statements.

2(b) FRS issued but not yet effective

At the date of authorisation of these combined financial statements of the Group, the following FRSs were issued that were not yet effective, but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on or after)
Revised FRS 27	Separate Financial Statements	1 January 2014
Revised FRS 28	Investments in Associates and Joint Ventures	1 January 2014
FRS 110	Consolidated Financial Statements	1 January 2014
FRS 111	Joint Arrangements	1 January 2014
FRS 112	Disclosure of Interests in Other Entities	1 January 2014

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2 Basis of preparation (continued)

2(b) FRS issued but not yet effective (continued)

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 36	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 39	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
Amendments to FRS 19	Defined Benefit Plans Employee Contributions	1 July 2014
Improvements to FRSs 2014		
– Amendments to FRS 16	Property, Plant and Equipment	1 July 2014
– Amendments to FRS 24	Related Party Disclosures	1 July 2014
– Amendments to FRS 38	Intangible Assets	1 July 2014
– Amendments to FRS 40	Investment Property	1 July 2014
– Amendments to FRS 102	Share-based Payment	1 July 2014
– Amendments to FRS 103	Business Combinations	1 July 2014
– Amendments to FRS 108	Operating Segments	1 July 2014
– Amendments to FRS 113	Fair Value Measurement	1 July 2014
– Amendments to FRS 19	Employee Benefits	1 January 2016
– Amendments to FRS 34	Interim Financial Reporting	1 January 2016
– Amendments to FRS 105	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
– Amendments to FRS 107	Financial Instruments: Disclosures	1 January 2016
FRS 114	Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 111	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 16 and FRS 41	Agriculture: Bearer Plants	1 January 2016

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2 Basis of preparation (continued)

2(b) FRS issued but not yet effective (continued)

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 16 and FRS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 27	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 110 and FRS 28	Sale or Contribution of Assets between an Investor And its Associate or Joint Venture	1 January 2016
Improvement in FRSs Nov 2014	FRS 19, FRS 34, FRS 105, FRS 107	1 January 2016
FRS 115	Revenue from Contracts with Customers	1 January 2017

FRS 110 Consolidated Financial Statements

FRS 110 replaces all of the guidance on control and consolidation in IAS 27 “Consolidated and Separate Financial Statements” and SIC 12 “Consolidation – Special Purpose Entities”. The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. The Group will apply FRS 110, if applicable, from 1 October 2014, but this is not expected to have any significant impact on the financial statements of the Group.

FRS 111 Joint Arrangements

FRS 111 introduces a number of changes. The “types” of joint arrangements have been reduced to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated and equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations currently.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity’s interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities.

The Group will apply FRS 112, if applicable, prospectively from 1 October 2014. FRS 112 will not result in any changes to the Group’s accounting policies but will require more disclosures in the financial statements.

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2 Basis of preparation (continued)

2(b) FRS issued but not yet effective (continued)

Amendments to FRS 111

The amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations* state that:

- Where a joint operator acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, it must apply all of the principles on business combinations accounting as set out in FRS 103 Business Combinations, and other standards.
- In addition, the joint operator must disclose the information required by FRS 103 and other FRSs for business combinations.

These amendments are effective for annual periods beginning on or after 1 January 2016. The Group is currently assessing the impact to the financial statements.

FRS 115 Revenue from Contracts with Customers

FRS 115 *Revenue from Contracts with Customers* requires the entity to recognise revenue which depict transfer of promised goods or services to customers in an amount that reflects the consideration (payment) to which the entity expects to be entitled in exchange for those goods or services. FRS 115 is effective for annual periods beginning on or after 1 January 2017. The Group is currently assessing the impact to the financial statements.

Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* clarifies that the current requirements for the partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business, as defined in FRS 103 *Business Combination* and the gain or loss from the sale or contribution of assets that constitute a business between an investor and its associate or joint venture is recognised in full. These amendments are effective for annual periods beginning on or after 1 January 2016. The Group is currently assessing the impact to the financial statements.

FRS 109 Financial Instruments

FRS 109 replaces FRS 39 and it is a package of improvements introduced by FRS 109 includes a logical model for:

- classification and measurement,

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2 Basis of preparation (continued)

2(b) FRS issued but not yet effective (continued)

FRS 109 *Financial Instruments* (continued)

- a single, forward-looking “expected loss” impairment model and
- a substantially reformed approach to hedge accounting

FRS 109 is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the financial statements.

The management does not anticipate that the adoption of other FRSs in future periods will have a material impact on the combined financial statements of the Group in the period of their initial adoption.

3 Summary of significant accounting policies

Subsidiaries and principles of combination

Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

Details of its subsidiaries are given in Note 30 to the combined financial statements of the Group.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for line transactions and events in similar circumstances.

Combined financial statements of the Group

Common control

Acquisition of entities that are under common control have been consolidated using the pooling-of-interest method.

Under this method, all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements of the Group.

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3 Summary of significant accounting policies (continued)

Subsidiaries and principles of combination (continued)

Combined financial statements of the Group (continued)

Common control (continued)

In applying merger accounting, financial statement items of the combining entities or businesses for the relevant financial years of 2012, 2013 and 2014 in which the common control combination occurs are included in the combined financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognised the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the combined financial statements of the controlling party or parties prior to the common control combination.

The carrying amounts are included as if such combined financial statements of the Group had been prepared by the controlling party, including adjustments required for conforming the combined entity's accounting policies and applying those policies to all years presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the combined financial statements of the combined entity.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests.

The consolidated financial statements of LHN Group Pte. Ltd. (i.e. the "Consolidated Group") is prepared under the acquisition method of accounting.

Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Consolidated Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Consolidated Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

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3 Summary of significant accounting policies (continued)

Subsidiaries and principles of combination (continued)

Combined financial statements of the Group (continued)

Acquisition of businesses (continued)

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Consolidated Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill, if any, is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Disposals of subsidiaries

When a change in LHN Group Pte. Ltd.'s ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to combined statements of profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in combined statements of profit or loss.

Non-controlling interests are the part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of LHN Group Pte. Ltd. They are shown separately in the combined statements of profit or loss, combined statements of changes in equity and combined statements of financial position. Total comprehensive income is attributed to the non-controlling interests based on the respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

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3 Summary of significant accounting policies (continued)

Subsidiaries and principles of combination (continued)

Combined financial statements of the Group (continued)

Transactions with non-controlling interests

Changes in LHN Group Pte. Ltd.'s ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of LHN Group Pte. Ltd.

Where accounting policies of a subsidiary do not conform with those of its holding company, adjustments are made on consolidation when the amounts involved are considered significant to the Consolidated Group.

Property, plant and equipment and depreciation

Leasehold building

Leasehold building is initially recognised at cost and subsequently stated at its revalued amount. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are carried out annually by independent professional valuers such that the carrying amount of these assets does not differ materially from that which would be determined using fair value at the end of reporting period.

When an asset is revalued, any increase in the carrying amount is credited directly to revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down.

Depreciation of leasehold building is computed using the straight-line method over its remaining estimated useful life.

When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to retained earnings when the asset is derecognised.

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3 Summary of significant accounting policies (continued)

Property, plant and equipment and depreciation (continued)

Other property, plant and equipment

All other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

Renovation works	3 – 15 years (on the basis of the tenure period)
Plant and machinery	5 years
Furniture and fittings	10 years
Office equipment, kitchen equipment, digital and visual equipment	3 – 10 years
Logistics equipment	5 years
Motor vehicles	5 years
Computers	1 year
Containers	1 – 5 years
Cutleries and utensils	1 year

No depreciation is provided on construction-in-progress.

The residual values, if any, and useful lives of property, plant and equipment are reviewed and adjusted as appropriate at the end of each reporting period. The useful lives and depreciation method are reviewed at each financial year-end to ensure that the method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefit embodied in the items of property, plant and equipment.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment, if any.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

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3 Summary of significant accounting policies (continued)

Property, plant and equipment and depreciation (continued)

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the combined statements of profit or loss in the financial period the asset is derecognised.

Investment properties

Investment properties include leasehold buildings that are held for long term rental yields and/or for capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use, and where an insignificant portion is held for the group's own occupation. Investment properties comprise completed investment properties and properties under construction or development for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in the combined statements of profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to combined statements of profit or loss. The cost of maintenance, repairs and minor improvement is charged to combined statements of profit or loss when incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in combined statements of profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development.

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3 Summary of significant accounting policies (continued)

Associated companies

An associated company is defined as a company, not being a subsidiary or jointly controlled entity, in which the Group has significant influence, but not control, over its financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% to 50% of the voting power of another entity.

In applying the equity method of accounting, the Group's share of the post-acquisition profit or loss of associates, based on the latest available unaudited financial statements, was included in the combined statements of profit or loss and its shares of post-acquisition other comprehensive income was recognised in other comprehensive income. Unrealised gains on transactions between the Group and its associates were eliminated to the extent of the Group's interest in the associates. Unrealised losses were eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Group's share of losses of an associated company equals or exceeds the carrying amount of an investment, the Group ordinarily discontinues the inclusion of its share of further losses. The investment is reported at nil value. Additional losses are provided for to the extent that the Group has incurred obligations or made payments on behalf of the associated company to satisfy obligations of the associated company that the Group has guaranteed or otherwise committed, for example, in the forms of loans. When the associated company subsequently reports profits, the Group resumes including its share of those profits only after its share of the profits equals the share of net losses recognised.

The Group's share of the net assets and post-acquisition retained profits and reserves of associated companies are reflected in the book values of the investments in the combined statements of financial position.

Where the accounting policies of an associated company do not conform with those of the Group, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

On acquisition of the investment, any difference between the cost of acquisition and the Group's share of the fair values of the net identifiable assets of the associated company is accounted for in accordance with the accounting policy on "Combined financial statements of the Group".

Financial assets

Financial assets include cash and financial instruments. Financial assets, other than hedging instruments, if any, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were

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3 Summary of significant accounting policies (continued)

Financial assets (continued)

acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount presented in the combined statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in the combined statements of profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

Other than available-for-sale financial assets and loan and receivables, the Group does not designate any financial assets at fair value through profit or loss or held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the reporting date.

Other than unquoted equity investments carried at cost, all financial assets within this category, if any, are subsequently measured at fair value with changes in value recognised in equity, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity is included in the combined statements of profit or loss for the financial years.

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3 Summary of significant accounting policies (continued)

Financial assets (continued)

Available-for-sale financial assets (continued)

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in the combined statements of profit or loss even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from the equity and recognised in combined statements of profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in combined statements of profit or loss.

Impairment losses recognised in combined statements of profit or loss for equity investments classified as available-for-sale are not subsequently reversed through combined statements of profit or loss. Impairment losses recognised in combined statements of profit or loss for debt instruments classified as available-for-sale are subsequently reversed in combined statements of profit or loss if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Impairment losses recognised in a previous period in respect of available-for-sale equity investments are not reversed even if the impairment losses would have been reduced or avoided had the impairment assessment been made at a subsequent reporting period or end of reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables, related party balances and deposits held in banks. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the

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3 Summary of significant accounting policies (continued)

Financial assets (continued)

Loans and receivables (continued)

impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write-back is recognised in the combined statements of profit or loss.

Receivables are provided against when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis, and includes all costs in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity.

Provision is made, where necessary, for obsolete, slow-moving and defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Work-in-progress

Work-in-progress which comprises uncompleted jobs is stated at cost. Cost comprises materials, direct labour, sub-contractors' cost and other direct expenses less anticipated losses, if any.

Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

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3 Summary of significant accounting policies (continued)

Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies:

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate of joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third party and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employees are also related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); or
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions which are readily convertible to cash and which are subject to an insignificant risk of change in value.

For the purpose of presentation in the combined statements of cash flows, cash and cash equivalents are presented net of bank overdrafts, if any which are repayable on demand and which form an integral part of cash management and pledged fixed deposits.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

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3 Summary of significant accounting policies (continued)

Dividends (continued)

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Financial liabilities

The Group's financial liabilities include trade and other payables, related party balances, bank borrowings and obligations under finance lease.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance cost" in the combined statements of profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the combined statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the combined statements of profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in the combined statements of profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within twelve months after the end of reporting period are included in current liabilities in the combined statements of financial position even though the original terms was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of reporting period and before the combined financial statements of the Group are authorised for issue. Borrowings to be settled within the Group's normal operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the end of reporting period, if any, are included in non-current liabilities in the combined statements of financial position.

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on "Finance leases").

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3 Summary of significant accounting policies (continued)

Financial liabilities (continued)

Trade and other payables and related company balances are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Financial guarantees

The Company has issued corporate guarantees to banks for bank facilities granted to its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the respective parties fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts, if any, are initially recognised at their fair value plus transaction costs in the combined statements of financial position.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The management reviews the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Leases

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on “Property, plant and equipment and depreciation”.

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3 Summary of significant accounting policies (continued)

Leases (continued)

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Where the Group is the lessee

Rentals on operating leases are charged to the combined statements of profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination of lease, if any, are recognised in the combined statements of profit or loss when incurred.

Where the Group is the lessor

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the combined statements of profit or loss on a straight-line basis over the lease term.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial statements of the Group except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

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3 Summary of significant accounting policies (continued)

Income taxes (continued)

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the combined statements of profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

Employee benefits

Pension obligations

The Group contributes to the Central Provident Fund (“CPF”), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The Group’s contributions to CPF are charged to the combined statements of profit or loss in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for unconsumed leave as a result of services rendered by employees up to the end of reporting period.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Directors and certain managerial personnel are considered key management personnel.

Impairment of non-financial assets

The carrying amounts of the Group’s non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated.

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3 Summary of significant accounting policies (continued)

Impairment of non-financial assets (continued)

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the asset belongs will be identified.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units that include intangible assets, if any, with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss, if any, is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. The asset or cash-generating unit is subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the combined statements of profit or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss is recognised as income in the combined statements of profit or loss.

Government grant

Government grant is recognised as income over the periods necessary to match the grant with the related costs which they are intended to compensate. Government grant is not recognised as income until there is a reasonable assurance that the Group will comply with the conditions attaching to it.

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3 Summary of significant accounting policies (continued)

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. A component of the Group is classified as a “discontinued operation” when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents:

- a separate major line of business or geographical area of operations; or
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

In the combined statements of profit or loss of the relevant reporting period, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the combined statements of profit or loss.

Property, plant and equipment once classified as held for sale are not depreciated.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue excludes goods and services taxes and is arrived at after deduction of trade discounts, if any. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from sales of furniture is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from warehousing, logistics services, maintenance and facility services, security services, management services fee and parking income are recognised when services are rendered.

Rental income is recognised upon acceptance of the tenancy.

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NOTES TO THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Dividend income from investments is recognised when the right to receive payment has been established.

Interest income is recognised on a time-apportioned basis using the effective interest method.

Functional currency

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the primary economic environment in which the entity operates (“functional currency”). The combined financial statements of the Group are presented in Singapore dollar, which is also the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting period are recognised in the combined statements of profit or loss, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the other comprehensive income of the Group and transferred to the combined statements of profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates at the date of the transactions.

Group entities

The results and financial positions of all entities within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the end of reporting period;

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3 Summary of significant accounting policies (continued)

Conversion of foreign currencies (continued)

Group entities (continued)

- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Financial instruments

Financial instruments carried on the combined statements of financial position include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures on financial risk management objectives and policies are provided in Note 34 to the combined financial statements of the Group.

Operating segments

For management purposes, operating segments are organised based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers are directly accountable to the chief executive officer who regularly reviews the segment results in order to allocate resources to the segments and to assess segment performance.

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NOTES TO THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP

4 Revenue

The categories of revenue, excluding inter-company transactions and applicable goods and services tax, are as follows:

	Financial years ended 30 September		
	2012	2013	2014
	\$	\$	\$
Industrial group	29,782,347	39,138,795	40,483,682
Commercial group	15,701,589	18,817,682	21,198,417
Residential group	18,577,947	8,807,961	8,879,592
Space optimisation business	64,061,883	66,764,438	70,561,691
Logistics group	8,663,255	10,924,389	11,699,769
Facilities support group	2,398,437	6,059,506	8,478,252
	<u>75,123,575</u>	<u>83,748,333</u>	<u>90,739,712</u>

Included in the space optimisation business are industrial, commercial and residential group, specialising in space optimisation, which includes the design, refurbishment, leasing and management of properties. The scope of services covers the full spectrum of the property management process including land search, feasibility studies, design, liaison with the relevant governmental authorities, refurbishment and management, including management of tenants.

Logistics group provides four different modes of land transportation using Isotanks, Road Tankers, Bitumen Tankers and Containers to transport hazardous chemicals, bitumen and oil-related products from the refineries to customers' key commercial, retail, storage and blending destinations.

Facilities support group operates and provides management services to two major functions, namely facilities management and project management for commercial, industrial and residential properties.

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5 Property, plant and equipment

	Leasehold building At valuation \$	Renovation works At cost \$	Construction-in-progress At cost \$	Plant and machinery At cost \$	Furniture and fittings At cost \$	Office equipment, kitchen equipment, digital and visual equipment At cost \$	Logistics equipment At cost \$	Motor vehicles At cost \$	Computers At cost \$	Containers At cost \$	Cutleries and utensils At cost \$	Total \$
Cost or valuation												
At 1 October 2011	-	16,512,617	-	873,229	2,659,216	1,407,261	2,252,485	482,369	933,238	69,465	640	25,190,520
Transfer (to)/from	-	(114,628)	-	-	114,628	-	-	-	-	-	-	-
Additions	-	5,489,347	27,777	1,505,360	1,264,704	527,287	803,569	189,793	198,434	66,003	164,527	10,236,801
Written off	-	(2,091,603)	-	(6,677)	(1,199,704)	(3,946)	-	-	-	-	-	(3,301,930)
Disposals	-	(75,376)	-	(14,500)	(62,680)	(7,601)	(343,890)	(193,586)	-	(7,400)	-	(705,033)
Attributable to discontinued operations	-	(5,446,644)	(27,777)	-	(1,243,681)	(1,162,227)	-	-	(70,221)	(47,003)	(165,167)	(8,162,720)
At 30 September 2012	-	14,273,713	-	2,357,412	1,532,483	760,774	2,712,164	478,576	1,061,451	81,065	-	23,257,638
Additions	580,988	5,108,631	-	2,515,603	213,216	236,367	1,177,651	248,378	198,056	5,226	-	10,284,116
Written off	-	(519,469)	-	-	(2,462)	(5,000)	-	-	(200)	(1,800)	-	(528,931)
Disposals	-	(88,517)	-	(8,149)	(2,411)	(13,163)	(34,000)	(247,308)	(3,000)	(8,226)	-	(404,774)
Adjustment arising from revaluation	355,015	-	-	-	-	-	-	-	-	-	-	355,015
Acquisition of subsidiary	3,529,443	101,290	-	-	-	5,132	-	-	-	-	-	3,635,865
Disposal of subsidiaries classified as held for sale	-	(110,145)	-	-	-	(3,111)	-	-	-	-	-	(113,256)
Attributable to discontinued operations	-	(23,251)	-	(33,700)	(9,742)	(8,256)	-	-	-	-	-	(74,949)

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5 Property, plant and equipment (continued)

	Leasehold building At valuation	Renovation works At cost	Construction-in-progress At cost	Plant and machinery At cost	Furniture and fittings At cost	Office equipment, kitchen equipment, digital and visual equipment At cost	Logistics equipment At cost	Motor vehicles At cost	Computers At cost	Containers At cost	Cutlery and utensils At cost	Total
At 30 September 2013	\$ 4,465,446	\$ 18,742,252	\$ -	\$ 4,831,166	\$ 1,731,084	\$ 972,743	\$ 3,855,815	\$ 479,646	\$ 1,256,307	\$ 76,265	\$ -	\$ 36,410,724
Additions	641,886	2,969,650	45,000	625,001	342,296	204,969	780,641	67,983	268,471	-	-	5,945,897
Written off	-	(2,464,575)	-	-	(108,406)	(94,767)	-	-	-	-	-	(2,667,748)
Disposals	-	(702,907)	-	(24,000)	(337,002)	(21,058)	(67,339)	(19,386)	-	(12,779)	-	(1,184,471)
Adjustment arising from revaluation	1,833,947	-	-	-	-	-	-	-	-	-	-	1,833,947
Currency translation differences	-	(16,151)	-	-	(3,270)	(2,869)	-	(444)	(376)	-	-	(23,110)
At 30 September 2014	6,941,279	18,528,269	45,000	5,432,167	1,624,702	1,059,018	4,569,117	527,799	1,524,402	63,486	-	40,315,239
Accumulated depreciation												
At 1 October 2011	-	9,434,547	-	294,331	1,096,497	234,859	1,385,894	272,959	824,267	60,961	-	13,604,315
Depreciation for the year	-	2,601,837	-	345,022	452,940	98,906	370,770	67,037	201,505	8,630	-	4,146,647
Written off	-	(2,022,033)	-	(6,677)	(951,076)	(2,714)	-	-	-	-	-	(2,982,500)
Disposals	-	(13,930)	-	(599)	(42,857)	(280)	(93,829)	(36,512)	-	(7,400)	-	(195,407)
Attributable to discontinued operations	-	-	-	-	25	280	-	19,311	(43,814)	-	-	(24,198)
At 30 September 2012	-	10,000,421	-	632,077	555,529	331,051	1,662,835	322,795	981,958	62,191	-	14,548,857
Depreciation for the year	114,142	2,769,559	-	714,897	178,175	130,115	478,587	51,827	144,770	5,405	-	4,587,477
Written off	-	(519,469)	-	-	(1,199)	(5,000)	-	-	(200)	(1,800)	-	(527,668)
Disposals	-	(85,295)	-	-	(1)	(7,439)	(18,400)	(55,843)	-	(2,574)	-	(169,552)
Attributable to discontinued operations	-	26,843	-	-	(1,145)	1,306	-	-	-	-	-	27,004

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5 Property, plant and equipment (continued)

	Leasehold building At valuation	Renovation works At cost	Construction-in-progress At cost	Plant and machinery At cost	Furniture and fittings At cost	Office equipment, kitchen equipment, digital and visual equipment At cost	Logistics equipment At cost	Motor vehicles At cost	Computers At cost	Containers At cost	Cutlery and utensils At cost	Total
At 30 September 2013	\$ 114,142	\$ 12,192,059	\$ -	\$ 1,346,974	\$ 731,359	\$ 450,033	\$ 2,123,022	\$ 318,779	\$ 1,126,528	\$ 63,222	\$ -	\$ 18,466,118
Depreciation for the year	162,709	2,736,800	-	1,009,582	179,941	164,215	555,662	69,159	308,679	4,427	-	5,191,174
Written off	-	(2,456,933)	-	-	(79,532)	(94,767)	-	-	-	-	-	(2,631,232)
Disposals	-	(297,011)	-	(14,513)	(125,555)	(21,669)	(67,339)	(5,194)	-	(12,779)	-	(544,060)
Disposal of a subsidiary classified as held for sale	-	(28,220)	-	(617)	(652)	(4,510)	-	-	-	-	-	(33,999)
Currency translation differences	-	(1,346)	-	-	(164)	(120)	-	(44)	(153)	-	-	(1,827)
At 30 September 2014	276,851	12,145,349	-	2,341,426	705,397	493,182	2,611,345	382,700	1,435,054	54,870	-	20,446,174
Net book value	6,664,428	6,382,920	45,000	3,090,741	919,305	565,836	1,957,772	145,099	89,348	8,616	-	19,869,065
At 30 September 2013	4,351,304	6,550,193	-	3,484,192	999,725	522,710	1,732,793	160,867	129,779	13,043	-	17,944,606
At 30 September 2012	-	4,273,292	-	1,725,335	976,954	429,723	1,049,329	155,781	79,493	18,874	-	8,708,781
Representing:												
Cost	-	6,382,920	45,000	3,090,741	919,305	565,836	1,957,772	145,099	89,348	8,616	-	13,204,637
Valuation	6,664,428	-	-	-	-	-	-	-	-	-	-	6,664,428
At 30 September 2014	6,664,428	6,382,920	45,000	3,090,741	919,305	565,836	1,957,772	145,099	89,348	8,616	-	19,869,065

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5 Property, plant and equipment (continued)

(a)

	Note	Financial years ended 30 September		
		2012 \$	2013 \$	2014 \$
Depreciation charged to administrative expenses	20	4,146,647	4,587,477	5,191,174

(b) As at the end of reporting period, certain plant and machinery, logistics equipment and motor vehicles are acquired under finance lease:

	30 September		
	2012 \$	2013 \$	2014 \$
At net book value,			
– plant and machinery	83,917	3,191,024	2,721,094
– logistics equipment	1,822,310	1,463,552	1,888,708
– motor vehicles	133,603	42,062	33,207
	<u>2,039,830</u>	<u>4,696,638</u>	<u>4,643,009</u>

(c) In respect of financial years ended 30 September 2013 and 30 September 2014, the leasehold building of the Group was revalued by Acres Property Consultants LLP and Jones Lang Lasalle respectively, firms of independent professional valuers. The open market value was \$4,351,304 for the financial year ended 30 September 2013 and \$6,664,428 for the financial year ended 30 September 2014 on an existing use basis. A revaluation surplus amounting to \$355,015 in FY2013 and \$1,833,947 in FY2014 have been recognised in the other comprehensive income and transferred to the asset revaluation reserve of the Group. The carrying amount of the leasehold building of the Group would have been \$3,835,000 and \$4,531,000 respectively had the leasehold building been carried at historical cost less depreciation and impairment loss.

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5 Property, plant and equipment (continued)

The leasehold building comprises:

Location & Description	Area sq.metres	Tenure	Fair value	
			2013	2014
			\$	\$
72 Eunos Avenue 7, Singapore* 6-storey multiple-user light industrial building	1,950.0	30 years lease commencing from 1 January 2011	4,351,304**	6,664,428***

* held by a wholly-owned subsidiary

** revalued as a whole to be \$13.4 million (property, plant and equipment of \$4.4 million and investment properties of \$9.0 million) for financial year ended 30 September 2013

*** revalued as a whole to be \$20.0 million (property, plant and equipment of \$6.7 million and investment properties of \$13.3 million) for financial year ended 30 September 2014

6 Investment properties

	Note	30 September		
		2012	2013	2014
		\$	\$	\$
At beginning of year		–	–	14,577,693
Acquisition during the year		–	6,324,297	500,509
Acquisition of subsidiary		–	7,428,035	–
Fair value gain recognised in the combined profit or loss	24	–	825,361	5,784,352
Currency translation differences		–	–	(231,582)
Fair value at the end of year		–	14,577,693	20,630,972

- (a) Investment properties are carried at fair values at the end of reporting period as determined by independent professional valuers. Valuations are made at least annually based on the properties' highest-and-best-use using the Direct Market Comparison Method in determining the open market values.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties.

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6 Investment properties (continued)

(b) The investment properties comprise:

Location & Description	Area sq.metres	Tenure	Fair value	
			2013	2014
			\$	\$
72 Eunos Avenue 7, Singapore* 6-storey multiple-user light industrial building	4,143.7	30 years lease commencing from 1 January 2011	(1)9,048,696**	(2)13,335,572***
38th floor, 88 Building, Jalan Casablanca Raya Kav, Jakarta, Indonesia# 4 units of office building	1,737.0	14 years lease commencing from 1 July 2013	(3)5,528,997	(3)7,295,400
			14,577,693	20,630,972

* held by a wholly-owned subsidiary

held by 99% owned subsidiary

** revalued as a whole to be \$13.4 million (property, plant and equipment of \$4.4 million and investment properties of \$9.0 million)

*** revalued as a whole to be \$20.0 million (property, plant and equipment of \$6.7 million and investment properties of \$13.3 million)

(1) Valued by Acres Property Consultants LLP on 22 October 2013 for FY2013

(2) Valued by Jones Lang Lasalle on 16 May 2014 for FY2014

(3) Valued by KJPP Sarwono, Indrastuti & Rekan on 22 July 2013 and 19 September 2014 for FY2013 and FY2014 respectively

(c) Industrial building at 72 Eunos Avenue 7, Singapore is mortgaged for bank borrowings [Note 17(b)].

(d) Four (4) units of office building at EightyEight@Kasablanka Office Tower, Lantai 38, Jl. Casablanca Raya Kav. 88, Kelurahan Menteng Dalam, Kecamatan Tebet, Kota Administrasi Jakarta Selatan, Indonesia were mortgaged for bank borrowings [Note 17(c)]. The bank loan was redeemed and fully repaid during the financial year ended 30 September 2014.

(e) The investment properties are leased to related and non-related parties. Please refer to Note 31 for operating leases to non-related parties.

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6 Investment properties (continued)

(f) The following amounts are recognised in combined statements of profit or loss:

	Financial years ended 30 September		
	2012	2013	2014
	\$	\$	\$
Rental income	–	339,643	806,260
Direct operating expenses arising from investment properties that generated rental income	–	142,782	293,110

7 Investment in associated companies

	30 September		
	2012	2013	2014
	\$	\$	\$
Unquoted equity investments, at cost	272,500	10,001	10,001
Share of post-acquisition reserves	(101,417)	27,958	52,229
	<u>171,083</u>	<u>37,959</u>	<u>62,230</u>
Share of associated companies' results, net of tax	(61,659)	2,763	24,271

The summarised information of the associated companies, not adjusted for the percentage ownership held by the Group, are as follows:

	30 September		
	2012	2013	2014
	\$	\$	\$
– Assets	361,490	102,462	154,904
– Liabilities	(20,594)	(29,582)	(30,444)
– Revenue	146,160	195,146	278,832
– Net (loss)/profit after taxation	(123,328)	11,138	48,542

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7 Investment in associated companies (continued)

The associated companies are as follows:

Name	Country of incorporation/ principal place of business	Cost of investments			Percentage of equity held			Principal activities
		2012	2013	2014	2012	2013	2014	
Luiz Fernando (Asia) Pte. Ltd. [^]	Singapore	\$ 262,500	\$ –	\$ –	% 50	% –	% –	Fashion designing services (Including accessories)
Nopest Pte. Ltd.*	Singapore	10,000	10,000	10,000	50	50	50	Pest control consultancy and pest consultancy services
SRM Capital Pte. Ltd.**	Singapore	–	1	1	–	50	50	Business and management
		272,500	10,001	10,001				

[^] Audited by CSI & Co. PAC

* Audited by YC Tan & Co., Singapore

** Struck off on 18 February 2015

[^] During the financial year ended 30 September 2013, the associated company has been de-registered with no loss reported.

8 Available-for-sale financial assets

The amount recognised in the combined statements of financial position comprises the following categories of financial assets and related investments types:

	30 September		
	2012	2013	2014
	\$	\$	\$
Unquoted equity investment	1	–	–

The unquoted equity investment carried at cost pertained to an investment in an unquoted company, HLA Holdings Pte. Ltd. (formerly known as Edulink Haven Pte. Ltd.), which is incorporated in Singapore, held by LHN Group Pte. Ltd. During the financial year ended 30 September 2013, the Group disposed of this unquoted investment at \$1 with a Net Tangible Assets of \$21,923 to its former director, Lim Hean Nerng for commercial reasons.

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9 Trade and other receivables

	Note	30 September		
		2012 \$	2013 \$	2014 \$
Trade receivables				
– external parties		4,154,342	4,916,583	5,249,536
– a fellow subsidiary ⁽¹⁾		–	634,447	11,785
– related parties		328,653	269,461	108,900
		4,482,995	5,820,491	5,370,221
– accrued billing		–	31,100	–
– accrued rental income		739,048	1,050,361	744,544
		739,048	1,081,461	744,544
		5,222,043	6,901,952	6,114,765
Less:				
Impairment loss on trade receivables				
Balance at beginning of year		253,911	352,188	783,182
Allowance for the year	21	209,019	189,399	110,422
Allowance utilised		(41,222)	(38,683)	(100,224)
Allowance no longer required	24	(69,520)	(3,336)	(485,683)
Balance at end of year		352,188	499,568	307,697
Net trade receivables	(i)	4,869,855	6,402,384	5,807,068
GST/VAT receivables		26,078	561,292	635,436
Non-trade amount owing by				
– immediate holding company		35,000	85,000	–
– fellow subsidiaries ⁽¹⁾		–	2,938,852	–
– related parties		51,391	3,341	2,536
		86,391	3,027,193	2,536
Advance payments to suppliers		69,992	36,221	8,990
Advances to staff		8,025	15,500	2,700
Deposits with external parties		4,270,415	2,121,029	2,660,552
Unpaid deposits from customers		–	391,910	700,519
Unpaid deposits from a related party		–	24,000	–
Tax recoverable		–	145,703	16,321
Other receivables		647,958	360,987	387,830
		5,108,859	6,683,835	4,414,884
Less:				
Impairment loss on other receivables				
Balance at beginning of year		–	–	30,337
Allowance for the year	21	–	30,337	–
Allowance no longer required	24			(30,337)
Balance at end of year		–	30,337	–
Net other receivables	(ii)	5,108,859	6,653,498	4,414,884
	(i)+(ii)	9,978,714	13,055,882	10,221,952

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9 Trade and other receivables (continued)

Trade and other receivables are denominated in the following currencies:

	30 September		
	2012	2013	2014
	\$	\$	\$
Singapore dollar	9,978,714	13,031,136	9,121,439
Indonesian Rupiah	–	24,746	1,100,513
	9,978,714	13,055,882	10,221,952
	9,978,714	13,055,882	10,221,952

Trade receivables are usually due within 30 days and do not bear any effective interest rate.

(1) This refers to LHN Culinary Concepts Pte. Ltd. and a subsidiary of LHN Culinary Concepts Pte. Ltd.

All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regards to trade receivables, as the amounts recognised resemble a large number of receivables from various customers. Impairment on trade receivables is made when certain debtors are identified to be irrecoverable. Impairment on trade receivables is made on specific debts for which the directors of the Group are of the opinion that debts are not recoverable.

(i) Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially customers with a good collection track record with the Group is as follows:

	30 September		
	2012	2013	2014
	\$	\$	\$
Current	3,395,980	3,775,344	3,778,589
	3,395,980	3,775,344	3,778,589
	3,395,980	3,775,344	3,778,589

(ii) Financial assets that are past due but not impaired

The aging analysis of trade receivables past due but not impaired is as follows:

	30 September		
	2012	2013	2014
	\$	\$	\$
Past due over 1 month but not over 2 months	361,758	430,025	495,329
Past due over 2 months but not over 3 months	126,149	156,476	155,580
More than 3 months	246,920	959,078	633,026
	734,827	1,545,579	1,283,935
	734,827	1,545,579	1,283,935

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9 Trade and other receivables (continued)

(iii) Financial assets that are past due and impaired

Trade receivables

The aging analysis of trade receivables past due and impaired is as follows:

	30 September		
	2012	2013	2014
	\$	\$	\$
Past due over 1 month but not over 2 months	–	–	93
Past due over 2 months but not over 3 months	–	–	1,990
More than 3 months	352,188	499,568	305,614
	<u>352,188</u>	<u>499,568</u>	<u>307,697</u>

Other receivables

The carrying amount of other receivables individually determined to be impaired is as follows:

	30 September		
	2012	2013	2014
	\$	\$	\$
Gross amount	–	30,337	–
Provision for impairment	–	(30,337)	–
	<u>–</u>	<u>–</u>	<u>–</u>

Impairment on trade and other receivables is made on specific debts for which the directors of the Group are of the opinion that debts are not recoverable.

The accrued rental income relates to the apportionment of the free rental period for the remaining period of the lease term.

The non-trade amounts owing by immediate holding company, LHN Culinary Concepts Pte. Ltd. and its subsidiaries and related parties represent advances which are unsecured and interest-free. They have no fixed terms of repayment and are repayable only when the cash flows of the borrowers permit.

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9 Trade and other receivables (continued)

Other receivables (continued)

Related parties refer to:

- (1) China International Investments Pte. Ltd., a company with a common shareholder with the Group; and
- (2) SRM Capital Pte. Ltd., an associated company of the Group.

Other receivables comprise mainly warehouse storage fee and sundry receivables.

10 Prepayments

	30 September		
	2012	2013	2014
	\$	\$	\$
<u>Prepaid operating expenses</u>			
Current	494,605	1,430,935	985,150
Non-current	–	380,478	332,918
	494,605	1,811,413	1,318,068

The non-current relates to prepayment for rental of a site of lease expiring on 30 September 2022.

11(a) Cash and bank balances

	30 September		
	2012	2013	2014
	\$	\$	\$
Cash on hand	8,300	16,781	13,948
Cash at banks	16,853,236	12,123,470	14,403,217
	16,861,536	12,140,251	14,417,165

Cash and bank balances are denominated in the following currencies:

	30 September		
	2012	2013	2014
	\$	\$	\$
Singapore dollar	16,861,536	11,858,232	14,078,246
Indonesian Rupiah	–	248,135	294,964
United States dollar	–	33,884	43,955
	16,861,536	12,140,251	14,417,165

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11(b) Fixed deposits

	30 September		
	2012	2013	2014
	\$	\$	\$
Fixed deposits mature within one year	4,838,241	4,194,046	5,583,389
Fixed deposits mature after one year	111,567	1,857,150	–
	<u>4,949,808</u>	<u>6,051,196</u>	<u>5,583,389</u>

The fixed deposits mature between:

<u>Fixed deposits that mature within a year</u>			
Earliest date	13.10.2012	10.10.2013	10.10.2014
Latest date	25.06.2013	13.09.2014	25.06.2015
<u>Fixed deposits that mature one year later</u>			
Earliest date	13.09.2014	08.06.2015	–
Latest date	13.09.2014	08.06.2015	–

Interest rates range between 0.25% and 1.20% (2013 – between 0.25% and 7.00%, 2012 – between 0.45% and 1.13%) per annum.

Certain fixed deposits have been pledged to financial institutions for providing term loan facilities [Note 17(a), 17(d) and 17(e)] and banker guarantees facilities:

	30 September		
	2012	2013	2014
	\$	\$	\$
Pledged fixed deposits			
– mature within one year	4,838,241	3,701,598	5,575,469
– mature after one year	–	1,857,150	–
	<u>4,838,241</u>	<u>5,558,748</u>	<u>5,575,469</u>

Fixed deposits are denominated in the following currencies:

	30 September		
	2012	2013	2014
	\$	\$	\$
Singapore dollar	4,949,808	5,670,315	5,583,389
Indonesian Rupiah	–	380,881	–
	<u>4,949,808</u>	<u>6,051,196</u>	<u>5,583,389</u>

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12 Share capital

	30 September		
	2012	2013	2014
	\$	\$	\$
Issued and fully paid ordinary shares,			
The Company	–	–	1
The subsidiary	2,000,000	2,000,000	2,000,000
Balance at beginning and at end of year	2,000,000	2,000,000	2,000,001
	← No. of shares →		
The Company	–	–	1
The subsidiary	2,000,000	2,000,000	2,000,000
Balance at beginning and at end of year	2,000,000	2,000,000	2,000,001

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

13 Reserves

	30 September		
	2012	2013	2014
	\$	\$	\$
Reserve on disposal of non-controlling interests	268,690	268,690	268,690
Exchange fluctuation reserve	–	(595,219)	(730,006)
Asset revaluation reserve	–	355,015	2,188,962
Retained profits	22,075,114	18,243,362	28,998,913
	22,343,804	18,271,848	30,726,559
Represented by:			
Distributable	22,343,804	18,512,052	29,267,603
Non-distributable	–	(240,204)	1,458,956
	22,343,804	18,271,848	30,726,559

Reserve on disposal of non-controlling interests arises from the consideration received on disposal of part of a subsidiary.

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13 Reserves (continued)

Exchange fluctuation reserve arises from the translation of the financial statements of foreign entities whose functional currencies are different from the functional currency of the Group.

Asset revaluation reserve arises from surplus on revaluation of leasehold building as at the end of the reporting period.

14 Deferred tax liabilities

		30 September		
	Note	2012	2013	2014
		\$	\$	\$
Balance at beginning of year		121,000	176,000	231,000
Transfer to income statement	25	55,000	55,000	(7,857)
Balance at end of year		<u>176,000</u>	<u>231,000</u>	<u>223,143</u>

Deferred tax liabilities are to be settled after one year.

The balance comprises tax on excess of net book value over tax written down value of qualifying property, plant and equipment.

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15 Trade and other payables

	30 September		
	2012	2013	2014
	\$	\$	\$
<u>Current</u>			
Trade payables			
– external parties	1,278,121	1,686,377	1,389,334
– a fellow subsidiary ⁽¹⁾	–	510	–
– related parties	11,572	758,854	27,688
– a director of subsidiaries	–	33,938	12,388
	(i)		
	1,289,693	2,479,679	1,429,410
GST payables	600,170	731,945	613,385
Non-trade amount owing to			
– immediate holding company	–	2,999,999	–
– a fellow subsidiary ⁽¹⁾	–	1,262	–
– a related party	–	267	4,331
	–	3,001,528	4,331
Amount owing to a director of subsidiaries	–	1,009,214	1,105,177
Provision for directors' fees	250,000	417,000	–
Accruals	3,979,043	3,368,944	2,761,318
Accrued rental expense	905,784	824,850	551,390
Rental deposits received from customers	11,869,826	12,380,142	12,082,693
Rental deposits received from related parties ⁽²⁾	70,884	202,660	221,784
Rental in advance	780,625	37,619	835,725
Advances received from customers	–	1,242,345	891,700
Unpaid deposits – external parties	400,906	469,527	778,545
Unpaid deposit – a related party ⁽³⁾	–	24,000	–
Dividend payable	–	–	2,000,000
Withholding tax	–	–	5,352
Sundry creditors	152,774	153,087	315,716
	(ii)		
	19,010,012	23,862,861	22,167,116
Total	(i)+(ii)		
	20,299,705	26,342,540	23,596,526
<u>Non-Current</u>			
Other payables	–	1,127,656	165,552

(1) This refers to a subsidiary of LHN Culinary Concepts Pte. Ltd.

(2) This refers to Master Care Services Pte. Ltd., a non-controlling shareholder of a subsidiary and Cafe @ Phoenix Pte. Ltd., wholly owned by the spouse of a director

(3) This refers to DJ Culinary Concepts Pte. Ltd., wholly owned by the spouse of a director

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15 Trade and other payables (continued)

Trade and other payables are denominated in the following currencies:

	30 September		
	2012	2013	2014
	\$	\$	\$
Singapore dollar	20,299,705	27,354,975	21,475,629
Indonesian Rupiah	–	115,221	2,285,940
United States dollar	–	–	509
	<u>20,299,705</u>	<u>27,470,196</u>	<u>23,762,078</u>

The fair value of trade and other payables have not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the combined statements of financial position to be reasonable approximation of their fair values.

The non-trade amounts owing to immediate holding company, a subsidiary of LHN Culinary Concepts Pte. Ltd. and a related party represent advances which are unsecured and interest-free. They have no fixed terms of repayment and are repayable only when the cash flow of the Group permits.

A related party refers to Nopest Pte. Ltd., an associated company of a subsidiary.

Amount owing to a director of subsidiaries comprise the following:

	30 September		
	2012	2013	2014
	\$	\$	\$
Interest-free advances (current)*	–	100,610	143,073
Notional interest advances:			
– Current	–	908,604	962,104
	–	1,009,214	1,105,177
– Non-current	–	1,127,656	165,552
	–	<u>2,136,870</u>	<u>1,270,729</u>

* The non-trade amount owing to a director of subsidiaries represents advances which is unsecured and interest-free. It has no fixed terms of repayment and is repayable only when the cash flow of the Group permits.

A director of two of the subsidiaries has granted the Group to repay the consideration sum of \$3,000,000 owing to him for the acquisition of interest in Singapore Handicrafts Pte. Ltd. and its subsidiary in 36 monthly equal instalments of \$83,333 commencing December 2012. This loan was outstanding at the time of acquisition.

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15 Trade and other payables (continued)

Notional interest advances is presented as follows:

	30 September		
	2012	2013	2014
	\$	\$	\$
Notional interest advances:			
– Current	–	908,604	962,104
– Non-current	–	1,127,656	165,552
	–	2,036,260	1,127,656
		2,036,260	1,127,656

A notional discounted rate of 5.35% has been applied to calculate the liability to its fair value on the monthly repricing basis. In the opinion of the directors of the Group, this discounted rate reflect the prevailing average banking prime lending rate of the group local banks. On this premise, the notional interest income of \$130,406 was reported in FY2013 and notional interest expense of \$91,396 was reported in FY2014.

The table below analyses the maturity profile of the amount owing to a director of subsidiaries based on contractual undiscounted cash flows:

	30 September					
	2012		2013		2014	
	Carrying amount	Contractual cash flows	Carrying amount	Contractual cash flows	Carrying amount	Contractual cash flows
	\$	\$	\$	\$	\$	\$
Less than one year	–	–	908,604	1,000,000	962,104	1,000,000
Between one to five years	–	–	1,127,656	1,166,667	165,552	166,667
	–	–	2,036,260	2,166,667	1,127,656	1,166,667
			2,036,260	2,166,667	1,127,656	1,166,667

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16 Obligations under finance lease

	2012	30 September	
	\$	2013	2014
		\$	\$
Minimum instalments payable			
Due not later than one year	538,710	1,252,364	1,418,035
Due later than one year and not later than five years	1,174,272	3,153,594	2,954,107
Due later than five years	–	–	–
	<u>1,712,982</u>	<u>4,405,958</u>	<u>4,372,142</u>
Finance charges allocated to future periods	(97,043)	(190,765)	(170,779)
Present value of minimum lease payments	<u>1,615,939</u>	<u>4,215,193</u>	<u>4,201,363</u>
Present value of minimum lease payments			
Due not later than one year	491,961	1,165,607	1,331,465
Due later than one year and not later than five years	1,123,978	3,049,586	2,869,898
Due later than five years	–	–	–
	<u>1,615,939</u>	<u>4,215,193</u>	<u>4,201,363</u>

The Group leases property, plant and equipment from non-related parties under finance lease. The lease agreement do not have renewal clause but provide the Group with options to purchase the leased asset at nominal value at the end of the lease term. The obligations under finance lease are secured by the underlying assets of certain plant and machinery, logistics equipment and motor vehicles (Note 5), personal guarantees provided by directors of the Group and corporate guarantee provided by LHN Group Pte. Ltd.

The effective interest rate on hire purchase contracts ranged between 1.99% and 5.0% (2013 – between 2.59% and 5.03%, 2012 – between 2.59% and 8.44%) per annum which reflect the prevailing market rate.

The amount payable within one year is included under current liabilities whilst that payable after one year is included under non-current liabilities.

The obligations under finance lease are denominated in Singapore dollar.

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17 Bank borrowings

	Note	30 September		
		2012 \$	2013 \$	2014 \$
Bank loan				
– #1 (secured)	(a)	946,658	277,795	–
– #2 (secured)	(b)	–	7,575,325	10,069,929
– #3 (secured)	(c)	–	3,373,513	–
		946,658	11,226,633	10,069,929
Revolving credit facility	(d)	–	200,000	–
Temporary specific advance facility	(e)	–	1,000,000	–
		–	1,200,000	–
		946,658	12,426,633	10,069,929
Amount repayable:				
Not later than one year		668,863	2,179,485	823,922
Later than one year and not later than five years		277,795	3,229,037	3,321,992
Later than five years		–	7,018,111	5,924,015
		277,795	10,247,148	9,246,007
		946,658	12,426,633	10,069,929

Bank borrowings are denominated in the following currencies:

	As at 30 September		
	2012 \$	2013 \$	2014 \$
Singapore dollar	946,658	9,053,120	10,069,929
Indonesian Rupiah	–	3,373,513	–
	946,658	12,426,633	10,069,929

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17 Bank borrowings (continued)

- (a) The bank loan facility #1 of \$2,000,000 was repayable in 36 monthly instalments of \$55,555 commencing March 2011 and was secured by:

- (i) Deed of Subordination;
- (ii) joint and several guarantee provided by the directors of LHN Group Pte. Ltd.; and
- (iii) certain fixed deposits [Note 11(b)].

Interest was charged between 3.0% and 3.14% (2013 – between 3.0% and 3.12%, 2012 – between 3.0% and 3.13%) per annum. The interest rate was repriced monthly.

The bank loan was fully repaid during the financial year ended 30 September 2014.

- (b) The bank loan facility #2 comprises two loans of \$10,300,000 granted to a subsidiary by a bank. The first loan of \$7,300,000 is repayable in 180 monthly instalments commencing 2 November 2012 and the second loan of \$3,000,000 is repayable in 96 monthly instalments commencing 1 August 2014.

The bank loans are secured by:

- (i) legal mortgage of leasehold property at 72 Eunos Avenue 7 [Note 6(c)];
- (ii) corporate guarantee by LHN Group Pte. Ltd; and
- (iii) joint and several guarantee provided by the directors of LHN Group Pte. Ltd.

Interest is charged between 1.45% and 4.25% (2013 – between 1.45% and 4.25%, 2012 – Nil) per annum. The interest rate is repriced monthly.

- (c) The bank loan facility #3 of IDR31,000,000,000 (\$3,821,000) was granted to a subsidiary by a bank and was repayable in 114 instalments of IDR271,929,825 (\$33,000) commencing 29 July 2013, with the first six months being interest repayment only.

The bank loan was secured by a legal mortgage of the 4 units of office building of a subsidiary [Note 6(d)].

Interest was charged between 11.5% and 12.5% (2013 – between 10.0% and 11.5%, 2012 – Nil) per annum. The interest rate was repriced monthly.

The bank loan was redeemed and fully repaid during the financial year ended 30 September 2014.

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17 Bank borrowings (continued)

- (d) The revolving credit facility of \$200,000 was granted to LHN Group Pte. Ltd. The loan was repayable on demand.

Interest was charged between 2.47% and 2.50% (2013 – 2.47%, 2012 – Nil) per annum. The interest rate was repriced monthly.

The revolving credit facility was secured by:

- (i) joint and several guarantee provided by all of the directors of LHN Group Pte. Ltd.; and
- (ii) certain fixed deposits [Note 11(b)].

The revolving credit was fully repaid during the financial year ended 30 September 2014.

- (e) The temporary specific advance facility of \$1,000,000 was granted to LHN Group Pte. Ltd. The loan was repayable on demand.

Interest was charged between 2.04% and 2.09% (2013 – 2.04%, 2012 – Nil) per annum. The interest rate was repriced monthly.

The temporary specific advance facility was secured by:

- (i) Deed of Subordination;
- (ii) joint and several guarantee provided by all of the directors of LHN Group Pte. Ltd.; and
- (iii) certain fixed deposits [Note 11(b)].

The temporary specific advance was fully repaid during the financial year ended 30 September 2014.

The amount repayable within one year is included under current liabilities whilst the amount repayable after one year is included under non-current liabilities.

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17 Bank borrowings (continued)

The table below analyses the maturity profile of the Group's borrowings based on contractual undiscounted cash flows:

	30 September					
	2012		2013		2014	
	Carrying amount*	Contractual cash flows	Carrying amount*	Contractual cash flows	Carrying amount*	Contractual cash flows
	\$	\$	\$	\$	\$	\$
Less than one year	668,863	684,225	2,179,485	2,699,429	823,922	1,103,540
Between one to five years	277,795	279,712	3,229,037	5,314,262	3,321,992	4,520,798
More than five years	–	–	7,018,111	8,608,157	5,924,015	6,837,380
	277,795	279,712	10,247,148	13,922,419	9,246,007	11,358,178
	946,658	963,937	12,426,633	16,621,848	10,069,929	12,461,718

As at the end of reporting period, the Group has unutilised bank facilities of \$8,752,000 (2013 – \$8,700,000, 2012 – \$12,642,000).

* The monthly repricing of the bank loans, revolving credit facility and temporary specific advance facility represents the fair value of these loans at the end of each reporting date.

18 Other operating income

	Note	Financial years ended 30 September		
		2012	2013	2014
		\$	\$	\$
Deposits received from customers written off		16,468	–	–
Administrative charges		102,784	117,816	217,763
Gain on disposal of property, plant and equipment		73,992	2,482	–
Interest income	24	65,155	228,472	70,332
Vehicle rental and parking		145,052	222,771	132,724
Government grant		27,359	8,779	99,058
Special employment credit		18,354	50,864	252,649
Negative goodwill on consolidation	24	–	62,262	–
Waiver of debt from a director of subsidiaries		–	–	81,348
Other income		447,842	916,468	1,339,905
		897,006	1,609,914	2,193,779

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19 Selling and distribution expenses

	Financial years ended 30 September		
	2012	2013	2014
	\$	\$	\$
Advertising	534,272	559,952	412,483
Commission	952,251	721,077	276,646
Entertainment	82,341	163,539	171,671
Marketing	–	224,235	111,077
Others	594	2,315	2,729
	<u>1,569,458</u>	<u>1,671,118</u>	<u>974,606</u>

20 Administrative expenses

	Note	Financial years ended 30 September		
		2012	2013	2014
		\$	\$	\$
Depreciation of property, plant and equipment	5	4,146,647	4,587,477	5,191,174
Employee benefit costs	23	7,395,073	8,701,785	7,833,616
Professional fees		395,649	540,441	787,918
Consultancy fees		92,025	193,032	643,723
Insurance		256,551	342,704	419,450
Directors' fee	24	250,000	427,933	12,000
Property, plant and equipment written off		319,430	1,263	36,516
Loss on disposal of property, plant and equipment		–	6,508	108,294
Rental expenses	24	796,939	240,676	394,632
Vehicle related expenses		200,677	240,423	114,702
Bank charges		78,950	104,002	39,865
Others		1,627,253	1,759,503	1,654,420
		<u>15,559,194</u>	<u>17,145,747</u>	<u>17,236,310</u>

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21 Other operating expenses

	Note	Financial years ended 30 September		
		2012 \$	2013 \$	2014 \$
Impairment loss on trade receivables				
– continuing operations	24	192,340	189,399	110,422
– discontinued operations	33(b)	16,679	274,635	–
		209,019	464,034	110,422
Impairment loss on other receivables	9, 24	–	30,337	–
Bad debts				
– continuing operations	24	920	1,752	–
– discontinued operations	33(b)	6,615	–	–
		7,535	1,752	–
Others		–	220	–
		216,554	496,343	110,422

For the purpose of disclosure in the statements of profit or loss and other comprehensive income:

Other operating expenses				
– continuing operations		193,260	221,708	110,422
– discontinued operations		23,294	274,635	–
		216,554	496,343	110,422

22 Finance costs

	Financial years ended 30 September		
	2012 \$	2013 \$	2014 \$
Interest expense			
– bank loans	42,588	194,832	553,766
– finance lease	64,326	87,921	153,686
	106,914	282,753	707,452

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23 Employee benefit costs

	Note	Financial years ended 30 September		
		2012 \$	2013 \$	2014 \$
Directors				
– Salaries and related costs		1,569,596	1,973,003	1,492,761
– CPF contributions		25,018	44,432	33,394
Key management personnel (other than directors)				
– Salaries and related costs		929,397	576,209	583,014
– CPF contributions		89,941	61,640	53,003
Other than directors and key management personnel				
– Salaries and related costs		9,883,885	11,862,921	13,046,411
– CPF contributions		767,221	898,854	816,004
		<u>13,265,058</u>	<u>15,417,059</u>	<u>16,024,587</u>
Charged to:				
Cost of sales		5,869,985	6,715,274	8,190,971
Administrative expenses	20	7,395,073	8,701,785	7,833,616
		<u>13,265,058</u>	<u>15,417,059</u>	<u>16,024,587</u>

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24 Profit before taxation from continuing operations

	Note	Financial years ended 30 September		
		2012 \$	2013 \$	2014 \$
Profit before taxation from continuing operations has been arrived at after charging:				
Depreciation of property, plant and equipment	5	4,146,647	4,587,477	5,191,174
Property, plant and equipment written off		319,430	1,263	36,516
Directors' fees	20	250,000	427,933	12,000
Impairment loss on				
– trade receivables	21	192,340	189,399	110,422
– other receivables	9, 21	–	30,337	–
Bad debts	21	920	1,752	–
Loss on disposal of property, plant and equipment		–	4,026	108,294
Operating lease rental charged to				
– cost of sales		37,121,349	46,739,540	44,949,405
– administrative expenses	20	796,939	240,676	394,632
		37,918,288	46,980,216	45,344,037
and crediting:				
Fair value gain of investment properties recognised in the combined profit or loss	6	–	825,361	5,784,352
Impairment loss on trade receivables no longer required	9	69,520	3,336	485,683
Impairment loss on other receivables no longer required	9	–	–	30,337
Gain on disposal of property, plant and equipment		73,992	–	–
Interest income	18	65,155	228,472	70,332
Negative goodwill on consolidation	18	–	62,262	–

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25 Taxation

	Note	Financial years ended 30 September		
		2012 \$	2013 \$	2014 \$
<u>Continuing operations</u>				
Current taxation		1,832,000	1,133,095	1,531,612
Under/(over) provision of current taxation in respect of prior years		226,787	(124,727)	101,895
Group relief utilised		(291,392)	(332,472)	(324,808)
		1,767,395	675,896	1,308,699
Deferred taxation	14	55,000	55,000	(7,857)
Taxation attributable to continuing operations		1,822,395	730,896	1,300,842
Taxation attributable to discontinued operations		235,900	10,687	–
Net tax charge		2,058,295	741,583	1,300,842

The tax expense on the results of the financial years vary from the amount of income tax determined by applying the Singapore's statutory rate of income tax on the Group's results as a result of the following:

	Financial years ended 30 September		
	2012 \$	2013 \$	2014 \$
Profit from continuing operations	9,293,467	6,899,408	14,004,263
(Loss)/profit from discontinued operations	(191,429)	1,951,485	–
Profit before taxation, total	9,102,038	8,850,893	14,004,263
Tax at the domestic rates applicable to the profits in the countries concerned ⁽¹⁾	1,547,348	1,506,931	2,302,168
Tax effect on non-taxable income	(16,450)	(58,903)	(1,221,359)
Tax effect on non-deductible expenses	290,070	293,113	1,055,518
Group relief utilised	(291,392)	(332,472)	(324,808)
Enhanced PIC deduction	(239,172)	(740,873)	(483,791)
Deferred tax assets on temporary differences not recognised	981,908	754,718	468,677
Utilisation of deferred tax assets not recognised in prior years	(130,401)	(41,516)	(62,038)
Singapore statutory stepped income exemption	(304,636)	(477,747)	(537,341)
Under/(over) provision of current taxation in respect of prior years	227,787	(162,040)	101,895
Others	(6,667)	372	1,921
Net tax charge	2,058,295	741,583	1,300,842

(1) This is prepared by aggregating separate reconciliations for each national jurisdiction.

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25 Taxation (continued)

Subject to agreement with Tax Authority, the Group has unutilised tax losses and unabsorbed capital allowances of \$1,790,000 (2013 – \$3,983,000, 2012 – \$6,880,000) and \$2,973,000 (2013 – \$2,909,000, 2012 – \$1,109,000) respectively, available for offset against future taxable profits provided that the provision of tax legislation are complied with. The related tax benefits of \$810,000 (2013 – \$1,172,000, 2012 – \$1,358,000) have not been recognised in the combined financial statements of the Group as the losses are incurred by the subsidiaries who have not been making profit.

The Myanmar subsidiary has no income to be subject to tax as it has incurred losses during the financial years.

In the financial years ended 30 September 2014, 2013 and 2012, the Group has utilised the available tax losses of \$1,924,000, \$1,825,000 and \$1,787,000 in respect of financial years ended 30 September 2012, 2011 and 2010 respectively under the group tax relief scheme from its subsidiaries.

Expenses not deductible for tax purposes comprise exchange loss arising from revaluation of non-trade balances and restricted deductions for entertainment and transportation expenses incurred.

The Group is not exposed to any significant deferred tax on foreign subsidiaries in Indonesia as the business relates mainly to owning of investment properties.

26 Contingent liabilities (unsecured)

The following are unsecured contingent liabilities not provided for in the combined financial statements of the Group:

- (a) LHN Group Pte. Ltd. has given letters of undertaking to provide financial support for the following subsidiaries which had aggregate net tangible deficits at 30 September 2014 of \$2.9 million (2013 – \$1.6 million, 2012 – \$32.9 million) and for subsidiaries with aggregate net current liabilities of \$10.4 million (2013 – \$5.0 million, 2012 – \$16.5 million) to enable them to continue to operate as going concern and to meet their respective obligations as and when they fall due:

LHN Management Services Pte. Ltd.
LHN Industrial Space Pte. Ltd. (Formerly known as LHN Residence (Central) Pte. Ltd.)
LHN Vehicle Parking Management Pte. Ltd.
Chua Eng Chong Holdings Pte. Ltd.
HLA Container Services Pte. Ltd.
LHN Residences Pte. Ltd.
PT. Hub Hijau Serviced Offices
Pickjunction Pte. Ltd.
GREENHUB Suited Offices Pte. Ltd.
Singapore Handicrafts Pte. Ltd.
Singapore Handicrafts (2012) Pte. Ltd.
LHN Properties Investments Pte. Ltd.

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26 Contingent liabilities (unsecured) (continued)

In respect of the above subsidiaries, all obligations owing to the banks for hire-purchase and credit facilities and liabilities to the third parties, if any, are settled by the respective subsidiaries, with the financial support from LHN Group Pte. Ltd. Other than as disclosed elsewhere in this report, there is no other commitments by the subsidiaries which needs to be disclosed in the combined financial statements.

- (b) Corporate guarantees of \$4.2 million (2013 – \$4.2 million, 2012 – \$1.6 million) and \$10.1 million (2013 – \$7.6 million, 2012 – Nil) provided to institutions for hire-purchase facilities (Note 16) and bank loan facilities (Note 17) respectively as at 30 September 2014.

In respect of item (b), there is no effect on the financial guarantees as to the interest cost since the variable interest rate debt obligations are at prevailing market interest rates.

- (c) In respect of FY2013, there was a fire incident at one of the sites belonging to HN Management Pte. Ltd. (formerly known as LHN Logistics Management Pte. Ltd.) (“HNM”) due to negligence of a sub-tenant where the Group has public liability cover to insure against this claim. The insurance company has issued a letter of demand to HNM for a claim of \$1,237,813.05. HNM’s insurer has sent out a holding letter in response to the letter of demand. As at the date of this report, there is no outcome on this claim as HNM’s insurer is currently liaising with the insurance company in respect of the letter of demand. HNM has been disposed of during FY2014. Please refer to Note 33(b) for details.
- (d) In respect of FY2014, an ex-employee of Industrial and Commercial Security Pte. Ltd. (“ICS”) had filed a suit in respect of negligence (industrial accidents with injury) against ICS and is seeking to claim, amongst others, \$219,365.18 from ICS. ICS has filed a defence. As at the date of this report, there is no outcome on this claim.

27 Other comprehensive income

	Financial years ended 30 September 2014		
	Before tax	Tax expense	Net of tax
	\$	\$	\$
Item that will be reclassified subsequently to combined profit or loss			
Currency translation differences arising from consolidation – losses	(135,722)	–	(135,722)
Item that will not be reclassified subsequently to combined profit or loss			
Revaluation gains on leasehold building	1,833,947	–	1,833,947
Total other comprehensive income	1,698,225	–	1,698,225

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27 Other comprehensive income (continued)

	Financial years ended 30 September 2013		
	Before tax	Tax expense	Net of tax
	\$	\$	\$
Item that will be reclassified subsequently to combined profit or loss			
Currency translation differences arising from consolidation – losses	(600,600)	–	(600,600)
Item that will not be reclassified subsequently to combined profit or loss			
Revaluation gains on leasehold building	355,015	–	355,015
Total other comprehensive income	(245,585)	–	(245,585)

	Financial years ended 30 September 2012		
	Before tax	Tax expense	Net of tax
	\$	\$	\$
Total other comprehensive income	–	–	–

28 Dividends

	Financial years ended 30 September		
	2012	2013	2014
	\$	\$	\$
Interim tax-exempt (one-tier) dividend in respect of the current financial year of \$1.00 (2013 – \$6.00, 2012 – \$0.43) per share	860,000	12,000,000	2,000,000

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29 Significant related party transactions

Other than the related party information disclosed elsewhere in the combined financial statements of the Group, the following are significant related party transactions entered into by the Group and the related parties at agreed rates:

	30 September		
	2012	2013	2014
	\$	\$	\$
Administrative fee charged to			
– a fellow subsidiary ⁽¹⁾	–	500	–
– related parties	1,800	700	200
Security services charged to			
– fellow subsidiaries ⁽¹⁾	–	114,966	93,892
– related parties	39,675	7,470	66,798
Facility management fees charged to			
– fellow subsidiaries ⁽¹⁾	–	56,461	10,680
– related parties	20,544	7,864	46,227
Sale of property, plant and equipment to a fellow subsidiary ⁽¹⁾	–	4,500	584
Foods and beverages charged to a related party	2,526	–	–
General contract works charged to			
– fellow subsidiaries ⁽¹⁾	–	222,135	32,935
– related parties	266,537	17,774	18,570
Rental charged to			
– fellow subsidiaries ⁽¹⁾	–	131,276	–
– related parties	819,343	1,131,100	785,916
Utilities charged to			
– fellow subsidiaries ⁽¹⁾	–	28,168	–
– related parties	9,368	46,545	59,883
Management fee charged to related parties	–	438,466	2,869,844
Container trucking charged to fellow subsidiaries ⁽¹⁾	–	1,384	578

(1) This refers to LHN Culinary Concepts Pte. Ltd. and its subsidiaries.

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29 Significant related party transactions (continued)

	2012	30 September 2013	2014
	\$	\$	\$
Parking coupon charged to a fellow subsidiary ⁽¹⁾	–	6,379	–
Rubbish collection fee charged to a fellow subsidiary ⁽¹⁾	–	400	–
Contract services charged to a fellow subsidiary ⁽¹⁾	–	28,667	–
Dividend paid to immediate holding company	860,000	12,000,000	2,000,000
Repair and maintenance service charged by			
– a fellow subsidiary ⁽¹⁾	–	95	–
– related parties	45,700	–	140,412
Pest control services charged by a related party	57,662	140,628	80,032
Purchase of property, plant and equipment from			
– fellow subsidiaries ⁽¹⁾	–	1,495,539	–
– a related party	–	–	50,944
Foods and beverages charged by			
– fellow subsidiaries ⁽¹⁾	–	96,790	89,560
– related parties	–	37,177	7,120
Rental charged by a fellow subsidiary ⁽¹⁾	–	2,400	–
Entertainment charged by			
– fellow subsidiaries ⁽¹⁾	–	48,247	65,687
– related parties	4,463	27,160	2,018
Staff welfare charged by			
– fellow subsidiaries ⁽¹⁾	–	48,543	23,873
– related parties	4,549	10,017	5,102
Delivery fee charged by a fellow subsidiary ⁽¹⁾	–	50	–

(1) This refers to LHN Culinary Concepts Pte. Ltd. and its subsidiaries.

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29 Significant related party transactions (continued)

	30 September		
	2012	2013	2014
	\$	\$	\$
Settlement of liabilities on behalf of			
– fellow subsidiaries ⁽¹⁾	–	5,974	24,413
– related parties	101,269	15,791	7,302
Settlement of liabilities on behalf by			
– fellow subsidiaries ⁽¹⁾	–	18,520	400,278
– related parties	–	–	215,460
Payroll costs backbilled to a related party	13,879	–	–
Receipt on behalf of a related party	–	1,041,090	4,976,167
<u>Income received from associated company</u>			
– Management fee	14,616	19,515	27,883
– Rental income	14,286	17,320	19,200
– Vehicle rental	510	1,100	–
– Settlement of liabilities on behalf of	–	5,350	1,613
<u>Expenses charged by associated company</u>			
– Cleaning and maintenance services	4,629	9,444	8,050
– Settlement of liabilities on behalf by	16,928	3,751	–

(1) This refers to LHN Culinary Concepts Pte. Ltd. and its subsidiaries.

30 Subsidiaries

The details of the subsidiaries are as follows:

Name	Country of incorporation/ principal place of business	Effective percentage of equity held			Principal activities
		2012	2013	2014	
		%	%	%	
LHN Group Pte. Ltd. ⁽¹⁾	Singapore	100	100	100	Other investment holding and space resource management
HN Holdings Pte. Ltd. (formerly known as Hean Nerng Holdings Pte. Ltd.) ⁽¹⁾	Singapore	100	–+	–	Space resource management and general warehousing
Hean Nerng Logistics Pte. Ltd. ⁽¹⁾	Singapore	100	100	100	Freight transport by road and warehousing logistics

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30 Subsidiaries (continued)

Name	Country of incorporation/ principal place of business	Effective percentage of equity held			Principal activities
		2012	2013	2014	
		%	%	%	
Work Plus Store Pte. Ltd. ⁽¹⁾	Singapore	100	100	100	Space resource management
GREENHUB Suited Offices Pte. Ltd. ⁽¹⁾	Singapore	100	100	100	Space resource management
Chua Eng Chong Holdings Pte. Ltd. ⁽¹⁾	Singapore	100	100	100	Space resource management
Hean Nerng Corporation Pte. Ltd. ⁽¹⁾	Singapore	100	100	100	Space resource management
Industrial and Commercial Security Pte. Ltd. ⁽¹⁾	Singapore	100	100	100	Commercial and industrial real estate management and security services
2IN1 Space Pte. Ltd. ⁽¹⁾	Singapore	100	100	100	Space resource management
Hean Nerng Facilities Management Pte. Ltd. ⁽¹⁾	Singapore	100	100	100	Space resource management and general warehousing
LHN Properties Investments Pte. Ltd. ⁽¹⁾	Singapore	100	100	100	Space resource management
LHN Management Services Pte. Ltd. ⁽¹⁾	Singapore	51	51	51	Space resource management
LHN Facilities Management Pte. Ltd. ⁽¹⁾	Singapore	100	100	100	Space resource management
LHN Industrial Space Pte. Ltd. ⁽¹⁾	Singapore	100	100	100	Lodging and boarding houses
LHN Residence Pte. Ltd. ⁽¹⁾	Singapore	100	100	100	Residential real estate management
Industrial and Commercial Facilities Management Pte. Ltd. ⁽¹⁾	Singapore	100	100	100	General contractors and facilities management services
LHN Space Resources Pte. Ltd. ⁽¹⁾	Singapore	100	100	100	Space resource management
HN Management Pte. Ltd. (formerly known as LHN Logistics Management Pte. Ltd.) ⁽²⁾	Singapore	100	100	-++	Freight transport by road, warehousing logistics
LHN Vehicle Parking Management Pte. Ltd. ⁽¹⁾	Singapore	100	100	100	Carpark management and operation services
LHN Culinary Concepts Pte. Ltd. ⁽¹⁾	Singapore	100	-+	-	Investment in companies, firms and business dealing in lifestyle and recreation
Competent Builders Pte. Ltd. ⁽¹⁾	Singapore	100	100	100	Renovation and general contractors
Soon Wing Investments Pte. Ltd. ⁽¹⁾	Singapore	100	100	100	Space resource management
Maple Creek Global Inc.	British Virgin Islands	-	100	100	Investment holding
Singapore Handicrafts Pte. Ltd. ^{(1)&(4)}	Singapore	-	100	100	Investment holding

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30 Subsidiaries (continued)

Name	Country of incorporation/ principal place of business	Effective percentage of equity held			Principal activities
		2012	2013	2014	
		%	%	%	
PT. Hean Nerng Group ⁽³⁾	Indonesia	-	99	99	Space resource management
Greenhub Serviced Offices Yangon Limited	Myanmar	-	1	1	Space resource management
<u>Subsidiaries held by GREENHUB Suited Offices Pte. Ltd.</u>					
PT. Hub Hijau Serviced Offices ⁽³⁾	Indonesia	-	99	99	Space resource management
Greenhub Serviced Offices Yangon Limited	Myanmar	-	99	99	Space resource management
<u>Subsidiaries held by LHN Culinary Concepts Pte. Ltd.</u>					
Parco Caffe Holdings Pte. Ltd. ⁽¹⁾	Singapore	100	-+	-	Operation of restaurants, cafes and bars
Australasian Wine Distributors Pte. Ltd. ⁽¹⁾	Singapore	100	-+	-	General wholesale trade, import, export and distribution of wines and other food products
Alkaff Mansion Ristorante Pte. Ltd. ⁽¹⁾	Singapore	100	-+	-	Operation of restaurants, cafes and bars
<u>Subsidiary held by Maple Creek Global Inc.</u>					
HLA Container Services Pte. Ltd. ^{(1)&(5)}	Singapore	-	60	60	Container maintenance and related services
Pickjunction Pte. Ltd. ⁽¹⁾	Singapore	-	-	100	Inactive
<u>Subsidiary held by Singapore Handicrafts Pte. Ltd.</u>					
Singapore Handicrafts (2012) Pte. Ltd. ^{(1)&(4)}	Singapore	-	100	100	Sales of furniture

(1) Audited by Foo Kon Tan LLP, Singapore

(2) Audited by YC Tan & Co, Singapore. However, for the purpose of this report, Foo Kon Tan LLP, Singapore has reperformed the audit for the financial year ended 30 September 2013

(3) Audited by Grant Thornton Gani Sigiro & Handayani, Indonesia

(4) Audited by Cypress Singapore PAC for the financial year ended 30 September 2013

(5) Audited by YC Tan & Co, Singapore for the financial year ended 30 September 2013

+ During the financial year ended 30 September 2013, the Group disposed of its subsidiaries, LHN Culinary Concepts Pte. Ltd. and its subsidiaries and HN Holdings Pte. Ltd. (formerly known as Hean Nerng Holdings Pte. Ltd.) for sale proceeds of \$1 each to its immediate holding company, Hean Nerng Group Pte. Ltd. and its former director, Lim Hean Nerng respectively and reported a total gain of \$1,429,029 in the combined financial statements of the Group. LHN Culinary Concepts Pte. Ltd. and its subsidiaries had been classified as discontinued operation for the financial year ended 30 September 2012.

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30 Subsidiaries (continued)

During the financial year ended 30 September 2013, the Group acquired interests in a subsidiary, Singapore Handicrafts Pte. Ltd., and its subsidiary, Singapore Handicrafts (2012) Pte. Ltd. for synergy in space resource management business.

The subsidiaries acquired during the financial year ended 30 September 2013 contributed positive \$231,764 to Group's profit for the financial year ended on that date. Had acquisition occurred on 1 October 2012, Group's revenue and profit after taxation would have been \$94,132,919 and \$8,020,391 respectively. The subsidiary's total assets and total liabilities at 30 September 2013 were \$14,345,555 and \$12,552,659 respectively.

++ During the financial year ended 30 September 2014, the Group disposed of its subsidiary, HN Management Pte. Ltd. (formerly known as LHN Logistics Management Pte. Ltd.) for sale proceeds of \$100,000 to its former director, Lim Hean Nerng. No gain or loss was reported in the combined financial statements of the Group. HN Management Pte. Ltd. had been classified as discontinued operation for the financial year ended 30 September 2013.

During the financial year ended 30 September 2014, the Group newly incorporated a subsidiary, Pickjunction Pte. Ltd. with an initial paid-up capital of \$1.

31 Commitments

31.1 Operating lease commitments (non-cancellable)

Where the Group is the lessor

As at the end of reporting period, the Group had the following rental income under non-cancellable lease for rental of premises with an original term of more than one year:

The Group	30 September		
	2012	2013	2014
	\$	\$	\$
Not later than one year	46,636,476	57,352,211	43,703,814
Later than one year and not later than five years	31,814,256	23,273,677	25,955,705
Later than five years	–	–	7,590,104

The leases on the Group's premises on which rentals are received will expire between 31 October 2014 (2013 – 4 October 2013, 2012 – 14 October 2012), the earliest date and 30 June 2019 (2013 – 31 December 2017, 2012 – 31 October 2015), the latest date, with renewals at the then prevailing rates.

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31 Commitments (continued)

31.1 Operating lease commitments (non-cancellable) (continued)

Where the Group is the lessee

As at the end of reporting period, the Group was committed to making the following rental payments in respect of non-cancellable operating lease for rental of premises with an original term of more than one year:

The Group	30 September		
	2012	2013	2014
	\$	\$	\$
Not later than one year	41,613,867	35,793,407	36,064,941
Later than one year and not later than five years	37,301,693	28,718,871	47,998,862
Later than five years	2,038,109	7,861,428	11,177,136

The leases on Group's premises on which rentals are payable will expire between 21 October 2014 (2013 – 15 December 2013, 2012 – 14 October 2012), the earliest date and 24 July 2023 (2013 – 24 July 2023, 2012 – 30 September 2022), the latest date. The current rent payable on the leases is between \$700 and \$330,062 (2013 – between \$900 and \$328,671, 2012 – between \$612 and \$773,608) per month, which is subject to revision on renewal of lease agreements.

31.2 Capital commitments

The Group	30 September		
	2012	2013	2014
	\$	\$	\$
Capital expenditure contracted but not provided in the combined financial statements	–	30,000	–

32 Operating segments

For management purposes, the Group is organised into the following reportable operating segments as follows:

- (1) Industrial group
- (2) Commercial group
- (3) Residential group
- (4) Logistics group

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32 Operating segments (continued)

31.1 Operating lease commitments (non-cancellable) (continued)

(5) Facilities support group

There are no other operating segments that have been aggregated to form the above reportable operating segments.

The management monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating combined profit or loss which in certain respects, as set out below, is measured differently from operating combined profit or loss in the combined financial statements of the Group.

Insofar as to the analysis of major customers, the Group does not have a single customer whose revenue reports more than 5% of the Group's total revenue.

Group's income taxes are managed on a group basis and are not allocated to operating segments.

Allocation basis and transfer pricing

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income tax expense and non-controlling interests.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transaction with third parties, if any.

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32 Operating segments (continued)

(a) Business segments

	2012 \$	Industrial		Commercial		Residential			
		2013 \$	2014 \$	2012 \$	2013 \$	2012 \$	2013 \$	2014 \$	
Continuing operations									
REVENUE									
Total sales	30,359,736	39,295,324	41,340,534	16,574,087	19,866,376	22,935,936	23,630,541	17,978,266	16,285,517
Inter-segment sales	(577,389)	(156,529)	(856,852)	(872,498)	(1,048,694)	(1,737,519)	(5,052,594)	(9,170,305)	(7,405,925)
External sales	29,782,347	39,138,795	40,483,682	15,701,589	18,817,682	21,198,417	18,577,947	8,807,961	8,879,592

RESULTS

Segment results	6,152,302	7,331,187	7,675,568	2,026,759	1,142,679	1,132,409	9,361,314	3,256,350	2,021,190
Fair value gain on investment properties	–	412,475	3,344,161	–	–	1,997,984	–	–	–
Finance costs	–	(108,533)	(240,025)	–	(109,928)	(407,099)	(52,415)	(23,532)	(5,089)
Share of associated companies' results, net of tax	6,152,302	7,635,129	10,779,704	2,026,759	1,032,751	2,723,294	9,308,899	3,232,818	2,016,101
	–	–	–	–	–	–	–	–	–
	6,152,302	7,635,129	10,779,704	2,026,759	1,032,751	2,723,294	9,308,899	3,232,818	2,016,101

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32 Operating segments (continued)

	Logistics		Facilities support	
	2012	2013	2012	2013
	\$	\$	\$	\$
Continuing operations				
REVENUE				
Total sales	8,683,783	11,336,170	12,062,902	10,751,625
Inter-segment sales	(20,528)	(411,781)	(363,133)	(8,353,188)
External sales	8,663,255	10,924,389	11,699,769	2,398,437
			6,059,506	8,478,252
RESULTS				
Segment results	(484,817)	(161,747)	786,470	862,514
Fair value gain on investment properties	–	–	–	–
Finance costs	(50,887)	(65,418)	(72,697)	(3,612)
	(535,704)	(227,165)	713,773	858,902
Share of associated companies' results, net of tax	–	–	–	3,085
	(535,704)	(227,165)	713,773	861,987
			(438,623)	(50,698)

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32 Operating segments (continued)

	2012 \$	Adjustment 2013 \$	2014 \$	2012 \$	2013 \$	2014 \$
Continuing operations						
REVENUE						
Total sales	–	–	–	89,999,772	104,104,143	108,288,125
Inter-segment sales	–	–	–	(14,876,197)	(20,355,810)	(17,548,413)
External sales	–	–	–	75,123,575	83,748,333	90,739,712
RESULTS						
Segment results	(8,456,032)	(4,786,132)	(2,673,207)	9,462,040	6,354,037	8,903,092
Fair value gain on investment properties	–	412,886	442,207	–	825,361	5,784,352
Finance costs	–	41,498	52,141	(106,914)	(282,753)	(707,452)
Share of associated companies' results, net of tax	(8,456,032)	(4,331,748)	(2,178,859)	9,355,126	6,896,645	13,979,992
	(64,744)	(3,754)	948	(61,659)	2,763	24,271
Taxation	(8,520,776)	(4,335,502)	(2,177,911)	9,293,467	6,899,408	14,004,263
Non-controlling interests				(1,822,395)	(730,896)	(1,300,842)
Net profit for the year after tax from continuing operations				50,277	129,253	52,130
Discontinued operations						
Loss from discontinued operation, net of tax				7,521,349	6,297,765	12,755,551
Net profit for the year, net of tax				(427,329)	1,940,798	–
				7,094,020	8,238,563	12,755,551

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32 Operating segments (continued)

	Industrial		Commercial		Residential	
	2012	2013	2012	2013	2012	2013
	\$	\$	\$	\$	\$	\$
OTHER INFORMATION						
Continuing operations						
Segment assets	15,276,118	34,706,999	45,906,279	8,978,331	20,822,907	24,220,106
Investment in associated companies	–	–	–	–	–	262,500
Combined total assets (excluding taxation)	15,276,118	34,706,999	45,906,279	8,978,331	20,822,907	24,220,106
Segment liabilities (excluding taxation)	6,904,349	24,301,943	26,535,234	8,146,157	14,791,516	15,953,079
Capital expenditure						
– property, plant and equipment	1,103,136	1,231,847	2,214,220	1,795,589	5,253,944	2,763,916
– investment properties	–	8,636,221	942,715	–	5,528,997	–
Depreciation of property, plant and equipment	1,103,136	9,868,068	3,156,935	1,795,589	10,782,941	2,763,916
	451,886	931,051	1,058,210	898,031	1,493,734	2,558,781
						1,275,067
						267,013

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32 Operating segments (continued)

	Logistics			Facilities support		
	2012	2013	2014	2012	2013	2014
	\$	\$	\$	\$	\$	\$
OTHER INFORMATION						
Continuing operations						
Segment assets	8,982,043	7,061,621	7,023,551	7,090,427	11,940,548	7,805,786
Investment in associated companies	–	–	–	32,390	38,906	62,230
Combined total assets (excluding taxation)	8,982,043	7,061,621	7,023,551	7,122,817	11,979,454	7,868,016
Segment liabilities (excluding taxation)	6,515,304	5,379,758	4,478,935	4,273,283	9,416,040	5,100,306
Capital expenditure – property, plant and equipment	2,506,677	1,261,398	1,274,465	65,291	2,934,498	73,545
– investment properties	–	–	–	–	–	–
	2,506,677	1,261,398	1,274,465	65,291	2,934,498	73,545
Depreciation of property, plant and equipment	632,212	832,830	993,234	87,579	393,872	752,590

	Adjustment			Total		
	2012	2013	2014	2012	2013	2014
	\$	\$	\$	\$	\$	\$
OTHER INFORMATION						
Continuing operations						
Segment assets	(38,340,680)	(47,951,073)	(46,988,013)	41,134,934	65,385,496	71,703,474
Investment in associated companies	(123,807)	(948)	(1)	171,083	37,959	62,230
Combined total assets (excluding taxation)	(38,464,487)	(47,952,021)	(46,988,014)	41,306,017	65,423,455	71,765,704
Segment liabilities (excluding taxation)	(22,029,115)	(37,723,377)	(35,905,459)	22,262,132	43,380,077	37,414,633
Capital expenditure – property, plant and equipment	(570,097)	(632,755)	(628,810)	5,246,698	10,221,265	5,945,897
– investment properties	–	(412,886)	(442,206)	–	13,752,332	500,509
	(570,097)	(1,045,641)	(1,071,016)	5,246,698	23,973,597	6,446,406
Depreciation of property, plant and equipment	(142,907)	(339,077)	(438,654)	4,146,647	4,587,477	5,191,174

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32 Operating segments (continued)

(b) Geographical segment

(i) Combined sales

The following table shows the distribution of the Group's combined sales based on geographical location of customers:

Sales Revenue by Geographical Market

	Financial years ended 30 September		
	2012	2013	2014
	\$	\$	\$
Continuing operations			
Singapore	75,123,575	83,748,333	90,677,842
Indonesia	–	–	61,870
	75,123,575	83,748,333	90,739,712
Discontinued operations			
Singapore	15,380,763	10,510,630	–
	90,504,338	94,258,963	90,739,712

(ii) Non-current assets

The following table shows the Group's non-current assets information other than financial instruments by geographical areas in which the assets are located:

Non-current Assets by Geographical Areas

	30 September		
	2012	2013	2014
	\$	\$	\$
Continuing operations			
Singapore	8,879,864	27,410,189	32,483,855
Indonesia	–	5,530,547	8,411,330
	8,879,864	32,940,736	40,895,185
Discontinued operations			
Singapore	8,287,228	101,953	–
	17,167,092	33,042,689	40,895,185

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32 Operating segments (continued)

- (a) Additions to property, plant and equipment and investment properties by geographical areas

The following table shows the carrying amount of additions to property, plant and equipment and investment properties by geographical areas in which the assets are located:

	30 September		
	2012	2013	2014
	\$	\$	\$
Continuing operations			
Singapore	5,246,698	18,854,829	5,213,049
Indonesia	–	5,118,768	1,233,357
	5,246,698	23,973,597	6,446,406
Discontinued operations			
Singapore	4,990,103	62,851	–
	10,236,801	24,036,448	6,446,406

- (b) Reconciliation of segments' total assets and total liabilities

	30 September		
	2012	2013	2014
	\$	\$	\$
Reportable segments' assets are reconciled to total assets:			
Segment assets	41,134,934	65,385,496	71,703,474
Investment in associated companies	171,083	37,959	62,230
GST/VAT receivables	26,078	561,292	635,436
Tax recoverable	–	145,703	16,321
Reportable segments	41,332,095	66,130,450	72,417,461
Assets of disposal group classified as held for sale	9,293,333	1,691,601	–
Total assets	50,625,428	67,822,051	72,417,461

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32 Operating segments (continued)

(b) Reconciliation of segments' total assets and total liabilities (continued)

	30 September		
	2012	2013	2014
	\$	\$	\$
Reportable segments' liabilities are reconciled to total liabilities:			
Segment liabilities	22,262,132	43,380,077	37,414,633
Deferred tax liabilities	176,000	231,000	223,143
GST payables	600,170	731,945	613,385
Withholding tax	–	–	5,352
Current tax payable	2,127,618	1,167,060	1,564,936
Reportable segments	25,165,920	45,510,082	39,821,449
Liabilities directly associated with disposal group classified as held for sale	1,198,350	2,117,604	–
Total liabilities	26,364,270	47,627,686	39,821,449

33 Discontinued operations and disposal group classified as held for sale

(a) In respect of FY2012

On 1 October 2012, LHN Group Pte. Ltd. (“LHNG”) disposed of 3,000,000 ordinary shares in LHN Culinary Concepts Pte. Ltd. and its subsidiaries (“LHNCC”) to its then immediate holding company, Hean Nerng Group Pte. Ltd. (“HNG”) for a consideration sum of \$1. LHNCC was 100% owned by LHNG. Upon completion of the sale, LHNCC is now a subsidiary of HNG and a fellow subsidiary of LHNG. LHNG does not intend to continue with its food and beverage business and remains focus in its space optimisation business.

As at 30 September 2012, the assets and liabilities related to LHNCC have been presented in the combined statements of financial position as “Assets of disposal group classified as held for sale” and “Liabilities directly associated with disposal group held for sale”, and its results are presented separately on the combined statements of profit or loss as “Loss from discontinued operation, net of tax”. The sale has been completed on 1 October 2012 and upon completion of the sale, LHNCC therefore ceased to be a subsidiary of LHNG.

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33 Discontinued operations and disposal group classified as held for sale (continued)

(a) In respect of FY2012 (continued)

Combined statements of financial position disclosures

The major classes of assets and liabilities of LHNCC classified as held for sale as at 30 September 2012 are as follows:

	30 September 2012 \$
Assets:	
Plant and equipment	8,138,522
Associated company	148,706
Inventories	145,393
Trade and other receivables	555,212
Cash and bank balances	305,500
	9,293,333
Liabilities:	
Trade and other payables	(1,195,233)
Current tax payable	(3,117)
	(1,198,350)
Liabilities directly associated with disposal group classified as held for sale	(1,198,350)
	8,094,983
Net assets directly associated with disposal group classified as held for sale	8,094,983

Details of assets in non-current assets classified as held for sale are as follows:

	30 September 2012 \$
Plant and equipment	8,138,522
Associated company	148,706
	8,287,228
Non-current assets	8,287,228

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33 Discontinued operations and disposal group classified as held for sale (continued)

(a) In respect of FY2012 (continued)

Combined statements of profit or loss and other comprehensive income disclosures

The results of LHNCC for the financial year ended 30 September 2012 is as follows:

	30 September 2012
	\$
Revenue	4,442,858
Cost of sales	(2,676,800)
Gross profit	1,766,058
Other items of income	
Other operating income	34,242
Other items of expense	
Selling and distribution expenses	(86,327)
Administrative expenses	(4,064,365)
Finance costs	(14,583)
Share of associated company's results, net of tax	(15,485)
Loss before taxation	(2,380,460)
Taxation	(3,542)
Loss from discontinued operation, net of tax	<u>(2,384,002)</u>

Immediately before the classification of LHNCC as a discontinued operation, certain items of property, plant and equipment was estimated to be at their recoverable amount and therefore no impairment loss was identified.

Combined statements of cash flows disclosures

The impact of the discontinued operation on the cash flows of the Group is as follows:

	30 September 2012
	\$
Operating cash outflows	(1,581,090)
Investing cash outflows	(4,827,566)
Financing cash inflows	374
Total cash outflows	<u>(6,408,282)</u>

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33 Discontinued operations and disposal group classified as held for sale (continued)

(b) In respect of FY2013

On 1 October 2013, LHNG disposed of 100,000 ordinary shares in HN Management Pte. Ltd. (formerly known as LHN Logistics Management Pte. Ltd.) (“HNM”) to its former director, Lim Hean Nerng for a consideration sum of \$100,000. Towards the end of 2012, there was a change in business strategy by LHNG to focus on transportation logistics business instead of warehousing business. HNM was 100% owned by LHNG. Upon completion of the sale, HNM ceased to be a subsidiary of LHNG.

As at 30 September 2013, the assets and liabilities related to HNM have been presented in the combined statements of financial position as “Assets of disposal group classified as held for sale” and “Liabilities directly associated with disposal group held for sale”, and its results are presented separately on the combined statements of profit or loss as “Profit from discontinued operation, net of tax”. The sale has been completed on 1 October 2013 and upon completion of the sale, HNM therefore ceased to be a subsidiary of LHNG.

Combined statements of financial position disclosures

The major classes of assets and liabilities of HNM classified as held for sale as at 30 September 2013 are as follows:

	30 September 2013 \$
Assets:	
Plant and equipment	101,953
Trade and other receivables	869,956
Cash and bank balances	719,692
	1,691,601
Liabilities:	
Trade and other payables	(2,105,922)
Current tax payable	(11,682)
	(2,117,604)
Liabilities directly associated with disposal group classified as held for sale	(2,117,604)
Net liabilities directly associated with disposal group classified as held for sale	(426,003)

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33 Discontinued operations and disposal group classified as held for sale (continued)

(b) In respect of FY2013 (continued)

Combined statements of financial position disclosures (continued)

Details of asset in non-current assets classified as held for sale are as follows:

	30 September 2013 \$
Plant and equipment	101,953
Non-current asset	101,953

Combined statements of profit or loss and other comprehensive income disclosures

The results of HNM for the financial years ended 30 September 2012 and 2013 are as follows:

	30 September 2013 \$	30 September 2012 \$
Revenue	10,510,630	10,937,905
Cost of sales	(8,135,816)	(8,378,397)
Gross profit	2,374,814	2,559,508
Other items of income		
Other operating income	247,301	108,674
Other items of expense		
Selling and distribution expenses	(99,047)	(179,930)
Administrative expenses	(296,948)	(275,927)
Other operating expenses	(274,635)	(23,294)
Profit before taxation	1,951,485	2,189,031
Taxation	(10,687)	(232,358)
Profit from discontinued operation, net of tax	1,940,798	1,956,673

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33 Discontinued operations and disposal group classified as held for sale (continued)

(b) In respect of FY2013 (continued)

Combined statements of profit or loss and other comprehensive income disclosures
(continued)

For the purpose of disclosure in the statements of profit or loss and other comprehensive income:

	30 September 2013	30 September 2012
	\$	\$
Profit/(loss) from discontinued operation, net of tax	1,940,798	(427,329)

Immediately before the classification of HNM as a discontinued operation, certain items of property, plant and equipment was estimated to be at their recoverable amount and therefore no impairment loss was identified.

Other financial information

	30 September 2013	30 September 2012
	\$	\$
<u>Other operating expenses (Note 21)</u>		
Impairment loss on trade receivables	274,635	16,679
Bad debts	–	6,615
Operating lease rental charged to		
– cost of sales	7,670,265	7,817,050
– administrative expenses	38,413	1,038,446
	<u>7,708,678</u>	<u>8,855,496</u>

Combined statements of cash flows disclosures

The impact of the discontinued operation on the cash flows of the Group is as follows:

	30 September 2013	30 September 2012
	\$	\$
Operating cash inflows	1,989,624	1,823,855
Investing cash inflows/(outflows)	26,504	(15,862)
Financing cash outflows	–	(30,568)
Total cash inflows	<u>2,016,128</u>	<u>1,777,425</u>

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34 Financial risk management objectives and policies

The board of directors meets periodically to analyse and formulate measures to manage the Group’s exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Group employs a conservative strategy regarding its risk management. As the Group’s exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

As at the relevant financial period of 30 September 2012, 2013 and 2014, the Group’s financial instruments mainly consisted of cash and cash equivalents, receivables, payables, bank borrowings and obligations under finance lease.

34.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group operates in Singapore, Indonesia and Myanmar. Entities in the Group regularly transact in currencies other than their respective functional currencies (“foreign currencies”).

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Indonesian Rupiah (“IDR”) and United States dollar (“US\$”).

The Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group’s foreign operations in Indonesia and Myanmar are managed primarily through bank borrowings, denominated in the relevant foreign currencies to mitigate the risk of currency exposure. Exposure to Myanmar operations as to foreign currency is insignificant as there is no significant business yet.

However, the Group does not use any financial derivative such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes. The Group will continue to monitor its foreign exchange exposure and may employ forward currency contracts to manage its foreign exchange exposure should the need arise.

The exposure to major currencies of the Group is as follows:

At 30 September 2014	IDR	US\$
Financial assets		
Cash and bank balances	294,964	43,955
Trade and other receivables	1,100,513	–
	1,395,477	43,955

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34 Financial risk management objectives and policies (continued)

34.1 Currency risk (continued)

At 30 September 2014	IDR	US\$
Financial liabilities		
Trade and other payables	2,285,940	509
	2,285,940	509
Currency exposure on financial assets and liabilities	(890,463)	43,446
	(890,463)	43,446
At 30 September 2013	IDR	US\$
Financial assets		
Cash and bank balances	248,135	33,884
Fixed deposits	380,881	–
Trade and other receivables	24,746	–
	653,762	33,884
Financial liabilities		
Bank borrowings	3,373,513	–
Trade and other payables	115,221	–
	3,488,734	–
Currency exposure on financial assets and liabilities	(2,834,972)	33,884

There is minimal exposure to the foreign currencies for the financial year ended 30 September 2012.

Sensitivity analysis

With all other variables being held constant, a 5% strengthening/weakening of the IDR and US\$ against Singapore dollar at the reporting date would have either increased or decreased the Group's net profit after tax and equity by the amounts (nearest thousand) shown below:

	2012	2013	2014
	\$	\$	\$
IDR	–	(118,000)	(37,000)
US\$	–	1,000	2,000

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34 Financial risk management objectives and policies (continued)

34.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to fluctuations in interest rates relates primarily to its debt obligations to a director of subsidiaries (Note 15), obligations under finance lease (Note 16), debt obligations with financial institutions (Note 17) and cash placed with financial institutions [Note 11(b)]. The Group manages its interest cost by using a mix of fixed and variable rate debt and to obtain the most favourable interest rates available.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

	Within 1 year \$	1 – 5 years \$	More than 5 years \$	Total \$
<u>2014</u>				
Fixed rate				
Fixed deposits	5,583,389	–	–	5,583,389
Obligations under finance lease	1,331,465	2,869,898	–	4,201,363
Debt obligations to a director of subsidiaries	962,104	165,552	–	1,127,656
<hr/>				
Floating rate				
Bank borrowings	823,922	3,321,992	5,924,015	10,069,929
<hr/>				
<u>2013</u>				
Fixed rate				
Fixed deposits	4,194,046	1,857,150	–	6,051,196
Obligations under finance lease	1,165,607	3,049,586	–	4,215,193
Debt obligations to a director of subsidiaries	908,604	1,127,656	–	2,036,260
<hr/>				
Floating rate				
Bank borrowings	2,179,485	3,229,037	7,018,111	12,426,633
<hr/>				
<u>2012</u>				
Fixed rate				
Fixed deposits	4,838,241	111,567	–	4,949,808
Obligations under finance lease	491,961	1,123,978	–	1,615,939
<hr/>				
Floating rate				
Bank borrowings	668,863	277,795	–	946,658
<hr/>				

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34 Financial risk management objectives and policies (continued)

34.2 Interest rate risk (continued)

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rate increases/decreases by 1% per annum with all other variables held constant, the Group's profit net of tax and equity would have increased/decreased as follows:

	← Increase/(Decrease) Profit net of tax →		
	2012	2013	2014
	\$	\$	\$
Interest rate			
– decreased by 1% per annum	(20,000)	105,000	81,000
– increased by 1% per annum	20,000	(105,000)	(81,000)
	← Equity →		
	\$	\$	\$
Interest rate			
– decreased by 1% per annum	(20,000)	105,000	81,000
– increased by 1% per annum	20,000	(105,000)	(81,000)

This arises mainly as a result of lower/higher interest expense on debt obligations to a director of subsidiaries, bank borrowings and obligations under finance lease and higher/lower interest income from fixed deposits.

34.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group manages the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and by ensuring the availability of funding through an adequate amount of credit facilities from financial institutions as disclosed in Note 17 to the combined financial statements of the Group.

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34 Financial risk management objectives and policies (continued)

34.3 Liquidity risk (continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year \$	Between 1 to 5 years \$	More than 5 years \$	Total \$
<u>As at 30 September 2012</u>				
Obligations under finance lease	538,710	1,174,272	–	1,712,982
Bank borrowings	684,225	279,712	–	963,937
Trade and other payables	20,299,705	–	–	20,299,705
	<u>21,522,640</u>	<u>1,453,984</u>	<u>–</u>	<u>22,976,624</u>
<u>As at 30 September 2013</u>				
Obligations under finance lease	1,252,364	3,153,594	–	4,405,958
Bank borrowings	2,699,429	5,314,262	8,608,157	16,621,848
Trade and other payables	26,433,936	1,166,667	–	27,600,603
	<u>30,385,729</u>	<u>9,634,523</u>	<u>8,608,157</u>	<u>48,628,409</u>
<u>As at 30 September 2014</u>				
Obligations under finance lease	1,418,035	2,954,107	–	4,372,142
Bank borrowings	1,103,540	4,520,798	6,837,380	12,461,718
Trade and other payables	23,634,422	166,667	–	23,801,089
	<u>26,155,997</u>	<u>7,641,572</u>	<u>6,837,380</u>	<u>40,634,949</u>

34.4 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Cash terms, advance payments, and letter of credits are required for customers of lower credit standing.

The Group has no significant concentration of credit risks. The maximum exposure to credit risk in relation to each class of recognised financial assets is represented by the carrying amount of each financial asset as indicated in the combined statements of financial position.

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34 Financial risk management objectives and policies (continued)

34.4 Credit risk (continued)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the services sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	2012		30 September 2013		2014	
	\$	% of total	\$	% of total	\$	% of total
<u>By groups:</u>						
Industrial group	918,934	22.2%	661,927	12.4%	1,312,223	25.9%
Commercial group	408,964	9.9%	1,018,714	19.1%	923,402	18.2%
Residential group	183,975	4.5%	96,884	1.8%	33,984	0.7%
Logistics group	2,218,369	53.7%	2,601,005	48.9%	2,437,566	48.2%
Facilities support group	400,565	9.7%	942,393	17.8%	355,349	7.0%
	<u>4,130,807</u>	<u>100.0%</u>	<u>5,320,923</u>	<u>100.0%</u>	<u>5,062,524</u>	<u>100.0%</u>

The five largest debtors accounted about 22% (2013 – 17%, 2012 – 28%) of the total receivables at the end of the reporting period. A single customer reported less than 5% of the Group's revenue.

Cash is held with reputable financial institutions.

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35 Fair value measurement

Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

35.1 Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 30 September 2013 and 2014:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
At 30 September 2014				
Investment properties:				
Commercial – Offices	–	20,630,972	–	20,630,972
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
At 30 September 2013				
Investment properties:				
Commercial – Offices	–	14,577,693	–	14,577,693

The Group has no investment properties as at 30 September 2012.

Measurement of fair value of non-financial assets

Fair value of the Group's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the directors at each reporting date.

Further information is set out below.

Investment properties – Commercial offices (Level 2)

Commercial investment properties are carried at fair values at the end of reporting period as determined by independent professional valuers. Valuations are made annually based on the properties' highest-and-best-use using the Direct Market Comparison Method that considers sales of similar properties that have been transacted in the open market. The most significant input into this valuation approach is selling price per square metre.

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36 Capital management

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern;
- (b) To support the Group's stability and growth;
- (c) To provide capital for the purpose of strengthening the Group's risk management capability; and
- (d) To provide an adequate return to shareholders.

Having regards to its gearing exposure, the Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

There were no changes in the Group's approach to capital management during the financial years ended 30 September 2012, 2013 and 2014. The Group is not subject to externally imposed capital requirements.

Gearing has a significant influence on the Group's capital structure and the Group monitors capital using a gearing ratio. The Group's policy to keep the gearing ratio between 0.2 and 0.6. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as the sum of bank borrowings, trade and other payables and obligations under finance lease less cash and cash equivalents and fixed deposits excluding discontinued operations.

	Note	2012	2013	2014
		\$	\$	\$
Obligations under finance lease	16	1,615,939	4,215,193	4,201,363
Bank borrowings	17	946,658	12,426,633	10,069,929
Trade and other payables	15	20,299,705	27,470,196	23,762,078
Less: Cash and bank balances	11(a)	(16,861,536)	(12,140,251)	(14,417,165)
Fixed deposits	11(b)	(4,949,808)	(6,051,196)	(5,583,389)
Net debt		1,050,958	25,920,575	18,032,816
Total equity		24,273,489	20,271,848	32,726,560
Total capital		25,324,447	46,192,423	50,759,376
Gearing ratio		0.04	0.56	0.36

Total capital is calculated as equity plus net debt.

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37 Financial instruments

Fair values

The carrying amount of the financial assets and financial liabilities with a maturity of less than one year is assumed to approximate their fair values.

The Group does not anticipate that the carrying amounts recorded at the end of reporting period would be significantly different from the values that would eventually be received or settled.

(i) Fair value hierarchy

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1	Level 2	Level 3	Total
The Company and The Group	\$	\$	\$	\$
At 30 September 2012				
Assets				
Available-for-sale financial assets	–	–	1	1
At 30 September 2013				
Assets				
Available-for-sale financial assets	–	–	–	–
At 30 September 2014				
Assets				
Available-for-sale financial assets	–	–	–	–

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37 Financial instruments (continued)

Fair values (continued)

(ii) Financial instruments by category

The carrying amount of the different categories of financial instrument is as disclosed on the face of the combined statements of financial position and in Note 9 to the combined financial statements of the Group excluding discontinued operations, except for the following:

	2012	2013	2014
	\$	\$	\$
Loans and receivables	31,763,980	30,540,334	29,570,749
Financial liabilities at amortised cost	22,262,132	43,380,077	37,414,633

38 Reconciliation to statutory financial statements

In the following section, reconciliation is performed between the statutory financial statements and the results and financial position of LHN Group Pte. Ltd. and its subsidiaries presented in the Independent Auditor's Report for the financial years ended 30 September 2012 and 2013 to reflect certain adjustments arising from an amount owing to a director of subsidiaries and non-current assets held for sale and discontinued operations in accordance with FRS 8 – Accounting Policies, Changes in Accounting Estimates and Errors and FRS 105 – Non-current Assets Held for Sale and Discontinued Operations respectively and reclassification from joint ventures to investment in associated companies.

In respect of the statement of profit or loss, the combined financial statements have been reclassified to conform with current year's presentation for the purpose of the use of financial information in the Offer Document as well as better disclosure and to provide more informative note on the combined financial statements.

**APPENDIX A – REPORT OF THE INDEPENDENT AUDITOR ON
THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR
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NOTES TO THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP

38 Reconciliation to statutory financial statements (continued)

Statement of financial position:

	Note	Statutory Financial Statements 2013 \$	Adjustments ⁽¹⁾ \$	Adjustments ^{(2)/ Reclassification \$}	Independent Auditor's Report 2013 \$
Assets					
Non-Current					
Property, plant and equipment		18,046,559	(101,953)	–	17,944,606
Investment properties		14,577,693	–	–	14,577,693
Investment in associated companies		–	–	37,959	37,959
Joint ventures		37,959	–	(37,959)	–
Fixed deposits		1,857,150	–	–	1,857,150
Long-term prepayment		380,478	–	–	380,478
		34,899,839	(101,953)	–	34,797,886
Current					
Inventories		230,499	–	–	230,499
Work-in-progress		280,951	–	–	280,951
Trade and other receivables		13,924,094	(868,212)	–	13,055,882
Prepayments		1,432,679	(1,744)	–	1,430,935
Cash and bank balances		12,859,943	(719,692)	–	12,140,251
Fixed deposits		4,194,046	–	–	4,194,046
		32,922,212	(1,589,648)	–	31,332,564
Assets of disposal group classified as held for sale		–	1,691,601	–	1,691,601
		32,922,212	–	–	33,024,165
Total assets		67,822,051	–	–	67,822,051
Equity					
Capital and Reserves					
Share capital		2,000,000	–	–	2,000,000
Reserves	(a)	18,316,422	–	(44,574)	18,271,848
		20,316,422	–	(44,574)	20,271,848
Non-controlling interests		(77,483)	–	–	(77,483)
Total equity		20,238,939	–	(44,574)	20,194,365
Liabilities					
Non-Current					
Deferred tax liabilities		231,000	–	–	231,000
Other payables		1,166,667	–	(39,011)	1,127,656
Obligations under finance lease		3,049,586	–	–	3,049,586
Bank borrowings		10,247,148	–	–	10,247,148
		14,694,401	–	(39,011)	14,655,390
Current					
Trade and other payables	(b)	28,364,877	(2,105,922)	83,585	26,342,540
Obligations under finance lease		1,165,607	–	–	1,165,607
Bank borrowings		2,179,485	–	–	2,179,485
Current tax payable		1,178,742	(11,682)	–	1,167,060
		32,888,711	(2,117,604)	83,585	30,854,692
Liabilities directly associated with disposal group classified as held for sale		–	2,117,604	–	2,117,604
		32,888,711	–	83,585	32,972,296
Total equity and liabilities		67,822,051	–	–	67,822,051

**APPENDIX A – REPORT OF THE INDEPENDENT AUDITOR ON
THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR
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NOTES TO THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP

38 Reconciliation to statutory financial statements (continued)

- (1) Effect on the adjustments arising from discontinued operation of HNM (see Note 33)
- (2) Effect on the reclassification from joint ventures to investment in associated companies and effect on the adjustments to reflect the amount owing to a director of subsidiaries carried at amortised cost and accruals of legal fees

Certain comparative figures have been reclassified to conform with current year's presentation. There is no impact on other notes to the combined financial statements as to the reclassification made thereon to the combined financial statements.

Statement of profit or loss:

	Statutory Financial Statements 2013 \$	Adjustments⁽¹⁾ \$	Adjustments^{(2)/ Reclassification \$}	Independent Auditor's Report 2013 \$
Continuing operations				
Revenue	93,969,397	(10,510,630)	289,566	83,748,333
Cost of sales	(69,530,482)	8,135,816	–	(61,394,666)
Gross profit	24,438,915	(2,374,814)	289,566	22,353,667
Other operating income	2,841,736	(247,301)	(984,521)	1,609,914
Selling and distribution expenses	(1,770,165)	99,047	–	(1,671,118)
Administrative expenses	(17,267,715)	296,948	(174,980)	(17,145,747)
Other operating expenses	(496,343)	274,635	–	(221,708)
Finance costs	(282,753)	–	–	(282,753)
Share of associated companies' results, net of tax	2,763	–	–	2,763
Profit from operations	7,466,438	(1,951,485)	(869,935)	4,645,018
Fair value gain on investment properties	–	–	825,361	825,361
Gain on disposal of subsidiaries	1,429,029	–	–	1,429,029
Profit before taxation	8,895,467	(1,951,485)	(44,574)	6,899,408
Taxation	(741,583)	10,687	–	(730,896)
Profit for the year, net of tax from continuing operations	8,153,884	(1,940,798)	(44,574)	6,168,512
Discontinued operations				
Profit from discontinued operations, net of tax	–	1,940,798	–	1,940,798
Profit for the year, net of tax	8,153,884	–	(44,574)	8,109,310

- (1) Effect on the adjustments arising from discontinued operation of HNM (see Note 33)
- (2) Effect on the reclassification from other operating income to revenue and effect on the adjustments to reflect the amount owing to a director of subsidiaries carried at amortised cost and accruals of legal fees

**APPENDIX A – REPORT OF THE INDEPENDENT AUDITOR ON
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NOTES TO THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP

38 Reconciliation to statutory financial statements (continued)

Note (a)

	2013 \$
Reserves as at 30 September 2013 per statutory financial statements	18,316,422
Adjustment to reflect the amount owing to a director of subsidiaries carried at amortised cost	130,406
Accruals – legal fees	(174,980)
	(44,574)
Reserves as at 30 September 2013 per Independent Auditor’s Report	18,271,848

Note (b)

	2013 \$
Trade and other payables as at 30 September 2013 per statutory financial statements	28,364,877
Liabilities directly associated with disposal group classified as held for sale	(2,105,922)
Accruals – legal fees	174,980
Adjustment to reflect the amount owing to a director of subsidiaries carried at amortised cost – current	(91,395)
	83,585
Trade and other payables as at 30 September 2013 per Independent Auditor’s Report	26,342,540

**APPENDIX A – REPORT OF THE INDEPENDENT AUDITOR ON
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THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2012, 2013 AND 2014**

NOTES TO THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP

38 Reconciliation to statutory financial statements (continued)

Statement of cash flows

Note	Statutory Financial Statements 2013 \$	Adjustments \$	Independent Auditor's Report 2013 \$
Cash flows from Operating Activities			
Profit before taxation from continuing operations	8,895,467	(1,996,059)	6,899,408
Profit before taxation from discontinued operations	–	1,951,485	1,951,485
	8,895,467	(44,574)	8,850,893
Share of associated companies' results	2,806	(5,569)	(2,763)
Share of joint ventures' results	(5,569)	5,569	–
Adjustments for:			
Depreciation of property, plant and equipment	4,587,629	(152)	4,587,477
Loss on disposal of property, plant and equipment	4,026	–	4,026
Property, plant and equipment written off	1,263	–	1,263
Fair value gain on investment properties	(825,361)	–	(825,361)
Negative goodwill on acquisition of a subsidiary	(62,262)	–	(62,262)
Gain on disposal of subsidiaries	(1,429,029)	–	(1,429,029)
Interest income	(98,066)	(130,406)	(228,472)
Interest expense	282,753	–	282,753
Operating profit before working capital changes	11,353,657	(175,132)	11,178,525
Increase in inventories	(222,543)	–	(222,543)
Increase in work-in-progress	(121,340)	–	(121,340)
Increase in operating receivables	(2,189,003)	–	(2,189,003)
Increase in operating payables (c)	9,632,445	(991,535)	8,640,910
Cash generated from operations	18,453,216	(1,166,667)	17,286,549
Interest expense paid	(282,753)	–	(282,753)
Income tax paid	(2,568,078)	–	(2,568,078)
Income tax refunded	786,916	–	786,916
Net cash generated from operating activities	16,389,301	(1,166,667)	15,222,634
Cash flows from Investing Activities			
Acquisition of property, plant and equipment	(6,934,949)	–	(6,934,949)
Purchase of investment properties	(2,950,784)	–	(2,950,784)
Proceeds from disposal of property, plant and equipment	228,196	–	228,196
Disposal of unquoted equity investment	1	–	1
Acquisition of a subsidiary, net of cash acquired	(1,106,088)	–	(1,106,088)
Net cash outflow on disposal of investment in subsidiaries	(306,447)	–	(306,447)
Proceeds from disposal of an associated company	135,887	–	135,887
Interest received	98,066	130,406 ⁽¹⁾	228,472
Net cash used in investing activities	(10,836,118)	130,406	(10,705,712)

**APPENDIX A – REPORT OF THE INDEPENDENT AUDITOR ON
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NOTES TO THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP

38 Reconciliation to statutory financial statements (continued)

Statement of cash flows (continued)

	Note	Statutory Financial Statements 2013 \$	Adjustments \$	Independent Auditor's Report 2013 \$
Cash flows from Financing Activities				
Repayment of obligations under hire-purchase contracts		(711,213)	–	(711,213)
Uplift/(placements) of deposits pledged				
– current		1,136,643	–	1,136,643
– non-current		(1,857,150)	–	(1,857,150)
Effect on non-controlling interest on newly incorporated subsidiaries		69,482	–	69,482
Bank borrowings obtained		3,223,745	–	3,223,745
Bank borrowings repaid		(668,863)	–	(668,863)
Amount owing to immediate holding company		2,949,999	–	2,949,999
Amount owing by fellow subsidiaries, net		(2,937,590)	–	(2,937,590)
Amount owing to related parties, net		47,943	–	47,943
Amount owing to a director		1,267,609	(1,100,609)	167,000
Amount owing to a director of subsidiaries		–	2,136,870	2,136,870
Dividends paid		(12,000,000)	–	(12,000,000)
Net cash used in financing activities		(9,479,395)	1,036,261 ⁽¹⁾	(8,443,134)
Net decrease in cash and cash equivalents		(3,926,212)	–	(3,926,212)
Cash and cash equivalents at beginning of year		17,278,603	–	17,278,603
Cash and cash equivalents at end of year		13,352,391	–	13,352,391

(1) See Note (c)

Note (c)

Adjustment to operating payables is due to:

	2013 \$
Increase in operating payables as at 30 September 2013 per statutory financial statements	9,632,445
Recognised under financing activities as at 30 September 2013 per Independent Auditor's Report:	
Amount owing to a director of subsidiaries – non-current	(1,166,667)
Accruals – legal fees	174,980
Other payables	152
	(991,535)
Increase in operating payables as at 30 September 2013 per Independent Auditor's Report	8,640,910

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NOTES TO THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP

38 Reconciliation to statutory financial statements (continued)

Statement of financial position:

	Note	Statutory Financial Statements 2012 \$	Adjustments ⁽¹⁾ \$	Adjustments ^{(2)/ reclassification \$}	Independent Auditor's Report 2012 \$
Assets					
Non-Current					
Property, plant and equipment	(a)	15,684,105	(8,138,522)	1,163,198	8,708,781
Investment in associated companies		287,399	(148,706)	32,390	171,083
Joint ventures		32,390	–	(32,390)	–
Fixed deposits		111,567	–	–	111,567
Available-for-sale financial assets		1	–	–	1
		16,115,462	(8,287,228)	1,163,198	8,991,432
Current					
Inventories		153,349	(145,393)	–	7,956
Work-in-progress		159,611	–	–	159,611
Trade and other receivables		10,399,321	(420,607)	–	9,978,714
Prepayments		629,210	(134,605)	–	494,605
Cash and bank balances		17,167,036	(305,500)	–	16,861,536
Fixed deposits		4,838,241	–	–	4,838,241
		33,346,768	(1,006,105)	–	32,340,663
Assets of disposal group classified as held for sale		–	9,293,333	–	9,293,333
		33,346,768	8,287,228	–	41,633,996
Total assets		49,462,230	–	1,163,198	50,625,428
Equity					
Capital and Reserves					
Share capital		2,000,000	–	–	2,000,000
Reserves		–	–	22,343,804	22,343,804
Retained profits		20,911,916	–	(20,911,916)	–
Reserve on disposal of non-controlling interests		268,690	–	(268,690)	–
Premium paid on acquisition of non-controlling interests		(70,315)	–	–	(70,315)
		23,110,291	–	1,163,198	24,273,489
Non-controlling interests		(12,331)	–	–	(12,331)
Total equity		23,097,960	–	1,163,198	24,261,158
Liabilities					
Non-Current					
Deferred tax liabilities		176,000	–	–	176,000
Obligations under finance lease		1,123,978	–	–	1,123,978
Bank borrowings		277,795	–	–	277,795
		1,577,773	–	–	1,577,773
Current					
Trade and other payables		21,494,938	(1,195,233)	–	20,299,705
Obligations under finance lease		491,961	–	–	491,961
Bank borrowings		668,863	–	–	668,863
Current tax payable		2,130,735	(3,117)	–	2,127,618
		24,786,497	(1,198,350)	–	23,588,147
Liabilities directly associated with disposal group classified as held for sale		–	1,198,350	–	1,198,350
		24,786,497	–	–	24,786,497
Total equity and liabilities		49,462,230	–	1,163,198	50,625,428

**APPENDIX A – REPORT OF THE INDEPENDENT AUDITOR ON
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NOTES TO THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP

38 Reconciliation to statutory financial statements (continued)

- (1) Effect on the adjustments arising from discontinued operation of LHNCC (see Note 33)
- (2) Effect on the reclassification from joint ventures to investment in associated companies and effect on the adjustment arising from property, plant and equipment classified as held for sale

Note (a)

	2012
	\$
Carrying amount of property, plant and equipment as at 30 September 2012	6,975,324
Effect on the adjustment arising from property, plant and equipment classified as held for sale	<u>1,163,198</u>
Property, plant and equipment as at 30 September 2012 (Note 33)	<u><u>8,138,522</u></u>

Certain comparative figures have been reclassified to conform with current year's presentation. There is no impact on other notes to the combined financial statements as to the reclassification made thereon to the combined financial statements.

**APPENDIX A – REPORT OF THE INDEPENDENT AUDITOR ON
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NOTES TO THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP

38 Reconciliation to statutory financial statements (continued)

Statement of profit or loss:

	Statutory Financial Statements 2012 \$	Adjustments⁽¹⁾ \$	Adjustments^{(2)/ Reclassification \$}	Independent Auditor's Report 2012 \$
Continuing operations				
Revenue	90,504,338	(15,380,763)	–	75,123,575
Cost of sales	(60,481,864)	11,055,197	190,038	(49,236,629)
Gross profit	30,022,474	(4,325,566)	190,038	25,886,946
Other operating income	1,039,922	(142,916)	–	897,006
Selling and distribution expenses	(1,835,715)	266,257	–	(1,569,458)
Administrative expenses	(20,872,646)	4,340,292	973,160	(15,559,194)
Other operating expenses	(216,554)	23,294	–	(193,260)
Finance costs	(121,497)	14,583	–	(106,914)
Share of associated companies' results, net of tax	(80,229)	15,485	3,085	(61,659)
Share of joint venture's results, net of tax	3,085	–	(3,085)	–
Profit before taxation	7,938,840	191,429	1,163,198	9,293,467
Taxation	(2,058,295)	235,900	–	(1,822,395)
Profit for the year, net of tax from continuing operations	5,880,545	427,329	1,163,198	7,471,072
Discontinued operations				
Loss from discontinued operations, net of tax	–	(427,329)	–	(427,329)
Profit for the year, net of tax	5,880,545	–	1,163,198	7,043,743

(1) Effect on the adjustments arising from discontinued operations of LHNCC and HNM (see Note 33)

(2) Effect on the adjustment arising from property, plant and equipment classified as held for sale

**APPENDIX A – REPORT OF THE INDEPENDENT AUDITOR ON
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NOTES TO THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP

Statement of cash flows (continued)

Statement of cash flows

	Statutory Financial Statements 2012 \$	Adjustments \$	Independent Auditor's Report 2012 \$
Cash flows from Operating Activities			
Profit before taxation from continuing operations	7,938,840	1,354,627	9,293,467
Profit before taxation from discontinued operations	–	(191,429)	(191,429)
	7,938,840	1,163,198	9,102,038
Share of associated companies' results	80,229	(3,085)	77,144
Share of joint ventures' results	(3,085)	3,085	–
Adjustments for:			
Depreciation of property, plant and equipment	5,309,845	(1,163,198)	4,146,647
Gain on disposal of property, plant and equipment	(86,994)	–	(86,994)
Property, plant and equipment written off	319,430	–	319,430
Interest income	(65,155)	–	(65,155)
Interest expense	121,497	–	121,497
Operating profit before working capital changes	13,614,607	–	13,614,607
Increase in inventories	(107,799)	–	(107,799)
Increase in work-in-progress	282,105	–	282,105
Increase in operating receivables	(2,146,942)	–	(2,146,942)
Increase in operating payables	4,925,114	–	4,925,114
Cash generated from operations	16,567,085	–	16,567,085
Interest expense paid	(121,497)	–	(121,497)
Income tax paid	(2,112,434)	–	(2,112,434)
Income tax refunded	631,205	–	631,205
Net cash generated from operating activities	14,964,359	–	14,964,359
Cash flows from Investing Activities			
Acquisition of property, plant and equipment	(8,568,897)	–	(8,568,897)
Proceeds from disposal of property, plant and equipment	596,620	–	596,620
Disposal of unquoted equity investment	1	–	1
Advances from joint venture	8,300	(8,300)	–
Advances from associated company	–	8,300	8,300
Fixed deposits placed with a financial institution	(111,567)	111,567 ⁽¹⁾	–
Interest received	65,155	–	65,155
Net cash used in investing activities	(8,010,388)	111,567	(7,898,821)
Cash flows from Financing Activities			
Repayment of obligations under hire-purchase contracts (Placements)/uplift of deposits pledged	(756,938)	–	(756,938)
– current	(2,422,679)	–	(2,422,679)
– non-current	2,417,117	–	2,417,117
Bank borrowings repaid	(666,660)	–	(666,660)
Amount owing to immediate holding company	552,494	–	552,494
Amount owing to related parties, net	24,824	–	24,824
Dividends paid	(860,000)	–	(860,000)
Net cash used in financing activities	(1,711,842)	–	(1,711,842)
Net increase in cash and cash equivalents	5,242,129	111,567	5,353,696
Cash and cash equivalents at beginning of year	11,924,907	–	11,924,907
Cash and cash equivalents at end of year	17,167,036	111,567	17,278,603

(1) Included as part of cash and cash equivalents at end of year as per independent auditor's report

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**APPENDIX B: COMPILATION REPORT OF THE INDEPENDENT AUDITOR
ON THE PRO FORMA FINANCIAL INFORMATION OF THE GROUP
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014**

Compilation Report of the Independent Auditor on the Pro Forma Financial Information of the Group for the Financial Year Ended 30 September 2014

**APPENDIX B: COMPILATION REPORT OF THE INDEPENDENT AUDITOR
ON THE PRO FORMA FINANCIAL INFORMATION OF THE GROUP
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014**

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**APPENDIX B: COMPILATION REPORT OF THE INDEPENDENT AUDITOR
ON THE PRO FORMA FINANCIAL INFORMATION OF THE GROUP
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014**

**INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS**

Date: 1 April 2015

The Board of Directors
LHN Limited
10 Raeburn Park #02-18
Singapore 088702

Report on the Compilation of Pro Forma Financial Information Included in a Prospectus

We have completed our assurance engagement to report on the compilation of pro forma financial information of LHN Limited (the "Company") by the management. The pro forma financial information consists of the pro forma statement of financial position of the Group as at 30 September 2014, the pro forma statement of profit or loss and other comprehensive income of the Group for the financial year ended 30 September 2014, the pro forma statement of cash flows of the Group for the financial year ended 30 September 2014, and related notes as set out on pages B-6 to B-88 of the prospectus issued by the Company. The applicable criteria on the basis of which the management has compiled the pro forma financial information are described in Note 2 of this report.

The pro forma financial information has been compiled by the management to illustrate the impact of the event or transaction on pages B-11 to B-14 on the Group's financial position as at 30 September 2014 and the Group's financial performance and cash flows for the financial year ended 30 September 2014 as if the event or transaction had taken place at 1 October 2011. As part of this process, information about the Group's financial position, financial performance and cash flows have been extracted by the management from the Group's financial statements for the financial year ended 30 September 2014, on which an audit report has been published.

Management's Responsibility for the Pro Forma Financial Information

Management is responsible for compiling the pro forma financial information on the basis described in Note 2 of this report.

Independent Auditor's Responsibilities

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material aspects, by the management on the basis in Note 2 of this report.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. This standard requires that the independent auditor comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the management has compiled, in all material respects, the pro forma financial information on the basis in Note 2 of this report.

**APPENDIX B: COMPILATION REPORT OF THE INDEPENDENT AUDITOR
ON THE PRO FORMA FINANCIAL INFORMATION OF THE GROUP
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014**

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS (continued)

Independent Auditor's Responsibilities (continued)

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2014 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material aspects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the management in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria in Note 2 of this report; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the independent auditor's judgement, having regard to the independent auditor's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) The pro forma financial information has been compiled:
 - (i) in a manner consistent with the accounting policies adopted by the Group in its latest audited financial statements, which are in accordance with Singapore Financial Reporting Standards.
 - (ii) on the basis of the applicable criteria stated in Note 2 of the pro forma financial information; and

**APPENDIX B: COMPILATION REPORT OF THE INDEPENDENT AUDITOR
ON THE PRO FORMA FINANCIAL INFORMATION OF THE GROUP
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014**

**INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA
FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS (continued)**

Opinion (continued)

- (b) Each material adjustment made to the information used in the preparation of the pro forma financial information is appropriate for the purpose of preparing such unaudited financial information.

Yours faithfully

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
Singapore

Yeo Boon Chye
Partner-in-charge

**APPENDIX B: COMPILATION REPORT OF THE INDEPENDENT AUDITOR
ON THE PRO FORMA FINANCIAL INFORMATION OF THE GROUP
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014**

UNAUDITED PRO FORMA STATEMENT OF FINANCIAL POSITION OF THE GROUP

	Note	30 September 2014 \$
Assets		
Non-Current		
Property, plant and equipment	5	19,869,065
Investment properties	6	20,630,972
Investment in associated companies	7	62,230
Long-term prepayments	9	332,918
		40,895,185
Current		
Inventories		256,461
Work-in-progress		58,159
Trade and other receivables	8	10,333,745
Prepayments	9	985,150
Cash and bank balances	10	17,055,815
Fixed deposits	11	5,583,389
		34,272,719
Total assets		75,167,904
Equity		
Capital and Reserves		
Share capital	12	4,000,001
Reserves	13	30,760,689
		34,760,690
Non-controlling interests		(99,026)
Total equity		34,661,664
Liabilities		
Non-Current		
Deferred tax liabilities	14	223,143
Other payables	15	165,552
Obligations under finance lease	16	2,869,898
Bank borrowings	17	9,246,007
		12,504,600
Current		
Trade and other payables	15	24,277,698
Obligations under finance lease	16	1,331,465
Bank borrowings	17	823,922
Current tax payable		1,568,555
		28,001,640
Total equity and liabilities		75,167,904

Notes to the pro forma adjustments and assumptions:

- effect of the acquisition of 60% equity interest in a company, HLA Holdings Pte. Ltd. (formerly known as Edulink Haven Pte. Ltd.) with a share capital of \$715,680 comprising 715,680 ordinary shares at purchase consideration of \$47,280
- effect of the pre-IPO proceeds of \$2 million

The annexed notes form an integral part of and should be read in conjunction with these pro forma financial statements.

**APPENDIX B: COMPILATION REPORT OF THE INDEPENDENT AUDITOR
ON THE PRO FORMA FINANCIAL INFORMATION OF THE GROUP
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014**

**UNAUDITED PRO FORMA STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME OF THE GROUP**

	Note	Financial year ended 2014 \$
Revenue	4	93,367,908
Cost of sales		(68,264,639)
Gross profit		25,103,269
Other operating income	18	2,193,779
Selling and distribution expenses	19	(974,606)
Administrative expenses	20	(17,249,503)
Other operating expenses	21	(110,422)
Finance costs	22	(707,452)
Share of associated companies' results, net of tax	7	24,271
Profit from operations		8,279,336
Fair value gain on investment properties	6	5,784,352
Profit before taxation	24	14,063,688
Taxation	25	(1,303,384)
Profit after taxation for the year		12,760,304
Other comprehensive (expense)/income after tax		
Item that will be reclassified subsequently to pro forma profit or loss		
Currency translation differences arising from consolidation		
– Losses	27	(135,722)
Item that will not be reclassified subsequently to pro forma profit or loss		
Revaluation gains on leasehold building	27	1,833,947
Other comprehensive expense after tax		1,698,225
Total comprehensive income for the year, net of tax		14,458,529
Profit attributable to:		
Equity owners of the Company		12,789,681
Non-controlling interests		(29,377)
		12,760,304
Total comprehensive income attributable to:		
Equity owners of the Company		14,488,841
Non-controlling interests		(30,312)
		14,458,529

Notes to the pro forma adjustments and assumptions:

- effect of the elimination of sales and purchases transactions between HLA Holdings Pte. Ltd. (formerly known as Edulink Haven Pte. Ltd.) and the Group's subsidiary
- effect of the non-controlling equity interest of 40% held by an unrelated individual

The annexed notes form an integral part of and should be read in conjunction with these pro forma financial statements.

**APPENDIX B: COMPILATION REPORT OF THE INDEPENDENT AUDITOR ON THE PRO FORMA FINANCIAL
INFORMATION OF THE GROUP
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014**

UNAUDITED PRO FORMA STATEMENT OF CHANGES IN EQUITY OF THE GROUP

	Note	Share capital	Retained profits	Reserve on disposal of non-controlling interests	Asset revaluation reserve	Exchange fluctuation reserve	Total attributable to equity holders of the parent	Non-controlling interests	Total equity
		\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 October 2013		2,000,000	18,243,362	268,690	355,015	(595,219)	20,271,848	(77,483)	20,194,365
Effect on incorporation of Company	1	1	-	-	-	-	1	-	1
2014 tax-exempt (one-tier) dividend of \$1.00 per share	28	-	(2,000,000)	-	-	-	(2,000,000)	-	(2,000,000)
Effect on non-controlling interest on the newly acquired subsidiary		-	-	-	-	-	-	8,769	8,769
Pre-IPO proceeds		2,000,000	-	-	-	-	2,000,000	-	2,000,000
Profit/(loss) for the year		-	12,789,681	-	-	-	12,789,681	(30,312)	12,759,369
Other comprehensive income/(expense)		-	-	-	1,833,947	(134,787)	1,699,160	-	1,699,160
Total comprehensive income/(expense) for the year		-	12,789,681	-	1,833,947	(134,787)	14,488,841	(30,312)	14,458,529
Balance at 30 September 2014		4,000,001	29,033,043	268,690	2,188,962	(730,006)	34,760,690	(99,026)	34,661,664

The annexed notes form an integral part of and should be read in conjunction with these pro forma financial statements.

**APPENDIX B: COMPILATION REPORT OF THE INDEPENDENT AUDITOR
ON THE PRO FORMA FINANCIAL INFORMATION OF THE GROUP
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014**

UNAUDITED PRO FORMA STATEMENT OF CASH FLOWS OF THE GROUP

	Financial year ended 2014 \$
Cash flows from Operating Activities	
Profit before taxation	14,063,688
Share of associated companies' results	(24,271)
Adjustments for:	
Depreciation of property, plant and equipment	5,191,174
Loss on disposal of property, plant and equipment (Note C)	108,294
Property, plant and equipment written off	36,516
Fair value gain on investment properties	(5,784,352)
Interest income	(70,332)
Interest expense	707,452
	14,228,169
Operating profit before working capital changes	14,228,169
Increase in inventories	(25,962)
Decrease in work-in-progress	222,792
Decrease in operating receivables	2,440,295
Decrease in operating payables	(3,549,776)
	13,315,518
Cash generated from operations	13,315,518
Interest expense paid	(707,452)
Income tax paid	(1,849,095)
Income tax refunded	1,066,086
	11,825,057
Net cash generated from operating activities	11,825,057
Cash flows from Investing Activities	
Acquisition of property, plant and equipment (Note A)	(4,833,670)
Purchase of investment properties	(500,509)
Proceeds from disposal of property, plant and equipment (Note C)	532,117
Net cash outflow on disposal of investment in subsidiaries (Note B)	(619,692)
Interest received	70,332
	(5,351,422)
Net cash used in investing activities	(5,351,422)
Cash flows from Financing Activities	
Repayment of obligations under hire-purchase contracts	(1,126,055)
Uplift/(placements) of deposits pledged	
– current	1,857,150
– non-current	(1,873,871)
Effect on non-controlling interest on the newly acquired subsidiary	8,769
Pre-IPO proceeds	2,000,000
Bank borrowings obtained	3,000,000
Bank borrowings repaid	(5,356,704)
Repayment to immediate holding company	(2,914,999)
Repayment by fellow subsidiaries, net	2,937,590
Amount owing to related parties, net	4,869
Repayment to a director	(417,000)
Repayment to a director of subsidiaries	(866,141)
	(2,746,392)
Net cash used in financing activities	(2,746,392)
Net increase in cash and cash equivalents	3,727,243
Exchange differences on translation of cash and bank balances at beginning	(15,899)
Cash and cash equivalents at beginning of year	13,352,391
	17,063,735

The annexed notes form an integral part of and should be read in conjunction with these pro forma financial statements.

**APPENDIX B: COMPILATION REPORT OF THE INDEPENDENT AUDITOR
ON THE PRO FORMA FINANCIAL INFORMATION OF THE GROUP
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014**

UNAUDITED PRO FORMA STATEMENT OF CASH FLOWS OF THE GROUP (continued)

	Note	Financial year ended 2014 \$
The cash and cash equivalents comprise:		
Bank balances	10	17,055,815
Fixed deposits	11	5,583,389
		22,639,204
Less:		
Pledged fixed deposits that mature within one year	11	(5,575,469)
		17,063,735

Notes:

A Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$5,945,897 of which \$1,112,227 was acquired by means of hire-purchase. Cash payments of \$4,833,670 was made to purchase property, plant and equipment.

B Disposal of a subsidiary

The Group disposed of a subsidiary, HN Management Pte. Ltd. (formerly known as LHN Logistics Management Pte. Ltd.) during the financial year ended 30 September 2014. The carrying value of assets disposed of and liabilities discharged were as follows:

	30 September 2014 \$
<u>Net assets/(liabilities) disposed of</u>	
Property, plant and equipment	67,954
Trade and other receivables	1,429,956
Cash and bank balances	719,692
Trade and other payables	(2,105,920)
Current tax payable	(11,682)
	100,000
Identifiable net assets disposed of	100,000
Sales proceeds received	100,000
Less: cash and cash equivalent of subsidiary disposed of	(719,692)
	(619,692)
Cash outflow on disposal	
The loss on disposal of a subsidiary is computed as follows:	
Sales proceeds received	100,000
Less:	
Identifiable net assets disposed of	100,000
	-
Gain on disposal of subsidiaries	

C Proceeds from disposal of property, plant and equipment

During the financial year, the Group disposed property, plant and equipment with a net book value of \$640,411 of which proceeds of \$532,117 was received. The resulting loss on disposal of property, plant and equipment is therefore \$108,294.

The annexed notes form an integral part of and should be read in conjunction with these pro forma financial statements.

**APPENDIX B: COMPILATION REPORT OF THE INDEPENDENT AUDITOR
ON THE PRO FORMA FINANCIAL INFORMATION OF THE GROUP
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014**

STATEMENTS OF ADJUSTMENTS

Statement of adjustments to the statement of financial position of the pro forma Group

The following adjustments have been made in arriving at the statement of financial position of the pro forma Group as at 30 September 2014:

As at 30 September 2014	Per aggregation of the statements of financial position of the Company and its subsidiaries \$	Effect of the pre-IPO proceeds \$	Effect of the acquisition of a company ⁽¹⁾ \$	Per pro forma statement of financial position \$
Assets				
Non-Current				
Property, plant and equipment	19,869,065	–	–	19,869,065
Investment properties	20,630,972	–	–	20,630,972
Investment in associated companies	62,230	–	–	62,230
Long-term prepayments	332,918	–	–	332,918
	40,895,185	–	–	40,895,185
Current				
Inventories	256,461	–	–	256,461
Work-in-progress	58,159	–	–	58,159
Trade and other receivables	10,221,952	–	111,793	10,333,745
Prepayments	985,150	–	–	985,150
Cash and bank balances	14,417,165	2,000,000	638,650	17,055,815
Fixed deposits	5,583,389	–	–	5,583,389
	31,522,276	2,000,000	750,443	34,272,719
Total assets	72,417,461	2,000,000	750,443	75,167,904
Equity				
Capital and Reserves				
Share capital	2,000,001	2,000,000	–	4,000,001
Reserves	30,726,559	–	34,130	30,760,689
	32,726,560	2,000,000	34,130	34,760,690
Non-controlling interests	(130,548)	–	31,522	(99,026)
Total equity	32,596,012	2,000,000	65,652	34,661,664
Liabilities				
Non-Current				
Deferred tax liabilities	223,143	–	–	223,143
Other payables	165,552	–	–	165,552
Obligations under finance lease	2,869,898	–	–	2,869,898
Bank borrowings	9,246,007	–	–	9,246,007
	12,504,600	–	–	12,504,600
Current				
Trade and other payables	23,596,526	–	681,172	24,277,698
Obligations under finance lease	1,331,465	–	–	1,331,465
Bank borrowings	823,922	–	–	823,922
Current tax payable	1,564,936	–	3,619	1,568,555
	27,316,849	–	684,791	28,001,640
Total equity and liabilities	72,417,461	2,000,000	750,443	75,167,904

(1) refers to the acquisition of 60% equity interest in HLA Holdings Pte. Ltd. (formerly known as Edulink Haven Pte. Ltd.)

The annexed notes form an integral part of and should be read in conjunction with these pro forma financial statements.

**APPENDIX B: COMPILATION REPORT OF THE INDEPENDENT AUDITOR
ON THE PRO FORMA FINANCIAL INFORMATION OF THE GROUP
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014**

STATEMENTS OF ADJUSTMENTS (continued)

Statement of adjustments to the statement of profit or loss and other comprehensive income of the pro forma Group

The following adjustments have been made in arriving at the statement of profit or loss and other comprehensive income of the pro forma Group for the financial year ended 30 September 2014:

For the financial year ended 30 September 2014	Per aggregation of the statements of profit or loss and other comprehensive income of the Company and its subsidiaries \$	Effect of the acquisition of a company⁽¹⁾ \$	Per pro forma statement of profit or loss and other comprehensive income \$
Revenue	90,739,712	2,628,196	93,367,908
Cost of sales	(65,709,061)	(2,555,578)	(68,264,639)
Gross profit	25,030,651	72,618	25,103,269
Other operating income	2,193,779	–	2,193,779
Selling and distribution expenses	(974,606)	–	(974,606)
Administrative expenses	(17,236,310)	(13,193)	(17,249,503)
Other operating expenses	(110,422)	–	(110,422)
Finance costs	(707,452)	–	(707,452)
Share of associated companies' results, net of tax	24,271	–	24,271
Profit from operations	8,219,911	59,425	8,279,336
Fair value gain on investment properties	5,784,352	–	5,784,352
Profit before taxation	14,004,263	59,425	14,063,688
Taxation	(1,300,842)	(2,542)	(1,303,384)
Profit after taxation for the year	12,703,421	56,883	12,760,304
Other comprehensive (expense)/income after tax			
Item that will be reclassified subsequently to pro forma profit or loss			
Currency translation differences arising from consolidation			
– Losses	(135,722)	–	(135,722)
Item that will not be reclassified subsequently to pro forma profit or loss			
Revaluation gains on leasehold building	1,833,947	–	1,833,947
Other comprehensive expense after tax	1,698,225	–	1,698,225
Total comprehensive income for the year, net of tax	14,401,646	56,883	14,458,529
Profit attributable to:			
Equity owners of the Company	12,755,551	34,130	12,789,681
Non-controlling interests	(52,130)	22,753	(29,377)
	12,703,421	56,883	12,760,304
Total comprehensive income attributable to:			
Equity owners of the Company	14,454,711	34,130	14,488,841
Non-controlling interests	(53,065)	22,753	(30,312)
	14,401,646	56,883	14,458,529

(1) refers to the acquisition of 60% equity interest in HLA Holdings Pte. Ltd. (formerly known as Edulink Haven Pte. Ltd.)

The annexed notes form an integral part of and should be read in conjunction with these pro forma financial statements.

**APPENDIX B: COMPILATION REPORT OF THE INDEPENDENT AUDITOR
ON THE PRO FORMA FINANCIAL INFORMATION OF THE GROUP
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014**

STATEMENTS OF ADJUSTMENTS (continued)

Statement of adjustments to the statement of cash flows of the pro forma Group

The following adjustments have been made in arriving at the statement of cash flows of the pro forma Group for the financial year ended 30 September 2014:

For the financial year ended 30 September 2014	Per aggregation of the statements of cash flows of the Company and its subsidiaries \$	Effect of the pre-IPO proceeds \$	Effect of the acquisition of a company ⁽¹⁾ \$	Per pro forma statement of cash flows \$
Cash flows from Operating Activities				
Profit before taxation	14,004,263	–	59,425	14,063,688
Share of associated companies' results	(24,271)	–	–	(24,271)
Adjustments for:				
Depreciation of property, plant and equipment	5,191,174	–	–	5,191,174
Loss on disposal of property, plant and equipment	108,294	–	–	108,294
Property, plant and equipment written off	36,516	–	–	36,516
Fair value gain on investment properties	(5,784,352)	–	–	(5,784,352)
Interest income	(70,332)	–	–	(70,332)
Interest expense	707,452	–	–	707,452
Operating profit before working capital changes	14,168,744	–	59,425	14,228,169
Increase in inventories	(25,962)	–	–	(25,962)
Decrease in work-in-progress	222,792	–	–	222,792
Decrease in operating receivables	2,552,088	–	(111,793)	2,440,295
Decrease in operating payables	(4,233,593)	–	683,817	(3,549,776)
Cash generated from operations	12,684,069	–	631,449	13,315,518
Interest expense paid	(707,452)	–	–	(707,452)
Income tax paid	(1,847,527)	–	(1,568)	(1,849,095)
Income tax refunded	1,066,086	–	–	1,066,086
Net cash generated from operating activities	11,195,176	–	629,881	11,825,057
Cash flows from Investing Activities				
Acquisition of property, plant and equipment	(4,833,670)	–	–	(4,833,670)
Purchase of investment properties	(500,509)	–	–	(500,509)
Proceeds from disposal of property, plant and equipment	532,117	–	–	532,117
Net cash outflow on disposal of investment in subsidiaries	(619,692)	–	–	(619,692)
Interest received	70,332	–	–	70,332
Net cash used in investing activities	(5,351,422)	–	–	(5,351,422)
Cash flows from Financing Activities				
Repayment of obligations under hire-purchase contracts	(1,126,055)	–	–	(1,126,055)
Uplift/(placements) of deposits pledged – current	1,857,150	–	–	1,857,150
– non-current	(1,873,871)	–	–	(1,873,871)
Effect on non-controlling interest on the newly acquired subsidiary	–	–	8,769	8,769
Pre-IPO proceeds	–	2,000,000	–	2,000,000
Bank borrowings obtained	3,000,000	–	–	3,000,000
Bank borrowings repaid	(5,356,704)	–	–	(5,356,704)
Repayment to immediate holding company	(2,914,999)	–	–	(2,914,999)
Repayment by fellow subsidiaries, net	2,937,590	–	–	2,937,590
Amount owing to related parties, net	4,869	–	–	4,869
Repayment to a director	(417,000)	–	–	(417,000)
Repayment to a director of subsidiaries	(866,141)	–	–	(866,141)

(1) refer to the acquisition of 60% equity interest in HLA Holdings Pte. Ltd. (formerly known as Edulink Haven Pte. Ltd.)

The annexed notes form an integral part of and should be read in conjunction with these pro forma financial statements.

**APPENDIX B: COMPILATION REPORT OF THE INDEPENDENT AUDITOR
ON THE PRO FORMA FINANCIAL INFORMATION OF THE GROUP
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014**

STATEMENTS OF ADJUSTMENTS (continued)

Statement of adjustments to the statement of cash flows of the pro forma Group (continued)

For the financial year ended 30 September 2014	Per aggregation of the statements of cash flows of the Company and its subsidiaries \$	Effect of the pre-IPO proceeds \$	Effect of the acquisition of a company⁽¹⁾ \$	Per pro forma statement of cash flows \$
Net cash used in financing activities	(4,755,161)	2,000,000	8,769	(2,746,392)
Net increase in cash and cash equivalents	1,088,593	2,000,000	638,650	3,727,243
Exchange differences on translation of cash and bank balances at beginning	(15,899)	–	–	(15,899)
Cash and cash equivalents at beginning of year	13,352,391	–	–	13,352,391
Cash and cash equivalents at end of year	14,425,085	2,000,000	638,650	17,063,735

(1) refers to the acquisition of 60% equity interest in HLA Holdings Pte. Ltd. (formerly known as Edulink Haven Pte. Ltd.)

The following adjustments have been made in arriving at the statement of cash flows of the pro forma Group for the financial year ended 30 September 2014:

	Note	Per aggregation of the statements of cash flows of the Company and its subsidiaries \$	Effect of the pre-IPO proceeds \$	Effect of the acquisition of a company \$	Per pro forma statement of cash flows \$
The cash and cash equivalents comprise:					
Bank balances	10	14,417,165	2,000,000	638,650	17,055,815
Fixed deposits	11	5,583,389	–	–	5,583,389
		20,000,554	2,000,000	638,650	22,639,204
Less:					
Pledged fixed deposits that mature within one year	11	(5,575,469)	–	–	(5,575,469)
		14,425,085	2,000,000	638,650	17,063,735

The annexed notes form an integral part of and should be read in conjunction with these pro forma financial statements.

**APPENDIX B: COMPILATION REPORT OF THE INDEPENDENT AUDITOR
ON THE PRO FORMA FINANCIAL INFORMATION OF THE GROUP
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014**

NOTES TO THE PRO FORMA FINANCIAL STATEMENTS OF THE GROUP

1 General information

These pro forma financial statements of the Company and its subsidiaries (collectively referred as the “Group”) are prepared for the financial year ended 30 September 2014.

The Company (Registration No. 201420225D) was incorporated in Singapore on 10 July 2014 under the name of LHN Pte. Ltd. as a private limited company. The registered office is located at 10 Raeburn Park #02-18, Singapore 088702. The paid-up share capital is \$1 which represents cash balance.

On 16 March 2015, the Company was converted from a private limited company into a public limited company and assumed the present name, LHN Limited.

The principal activities of the Company is that of an investment holding.

The principal activities of the subsidiaries are as disclosed in Note 30 to the pro forma financial statements of the Group.

Pursuant to Section 23 of Part IX of the Fifth Schedule of the Securities Futures Regulations, the pro forma financial statements for the financial year ended 30 September 2014 were prepared based on the audited financial statements of the Company and its subsidiaries for the financial year ended 30 September 2014.

The pro forma financial statements of the Group have been prepared for internal management purposes in accordance with Singapore Financial Reporting Standards (“FRS”) including related Interpretations promulgated by the Accounting Standards Council (“ASC”).

The respective subsidiaries in various jurisdictions maintain their accounting records and prepare the relevant statutory financial statements in accordance with their accounting standards and regulations. The audited statutory financial statements of the following subsidiaries in the Group maintain their accounting records and prepare financial statements in accordance with accounting standards and regulations of its local Generally Accepted Accounting Principles (“GAAP”) as follows:

Name of subsidiaries	Country of incorporation	GAAP
PT. Hean Nerng Group	Indonesia	– Indonesia GAAP
PT. Hub Hijau Serviced Offices	Indonesia	– Indonesia GAAP
Maple Creek Global Inc.	British Virgin Islands	– International Financial Reporting Standards
Greenhub Serviced Offices Yangon Limited	Myanmar	– Myanmar Accounting and Financial Reporting Standards

**APPENDIX B: COMPILATION REPORT OF THE INDEPENDENT AUDITOR
ON THE PRO FORMA FINANCIAL INFORMATION OF THE GROUP
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014**

NOTES TO THE PRO FORMA FINANCIAL STATEMENTS OF THE GROUP

1 General information (continued)

The accounting policies and bases adopted in the preparation of the financial statements of these companies differ in certain respects from Singapore Financial Reporting Standards (“FRS”). The differences arising from the restatement of the results of operations and the net assets for compliance with FRS are adjusted in the pro forma financial statements of the Group but are not taken up in the accounting records of these companies.

1(A) Restructuring Exercise

The Group was formed through the Restructuring Exercise. The rationale for the Restructuring Exercise was to streamline the corporate structure and business activities of the Group for the purposes of the Placement of shares. Pursuant to the Restructuring Exercise, the Company became the holding company of the subsidiaries. The Restructuring Exercise involved the following:

(a) Incorporation of the Company

The Company was incorporated on 10 July 2014 in Singapore in accordance with the Companies Act as a private company limited by shares with an issued and paid-up share capital of \$1 comprising one Share held by Hean Nerng Group Pte. Ltd.

(b) Sale of shares in LHN Culinary Concepts Pte. Ltd. to Hean Nerng Group Pte. Ltd. by LHN Group Pte. Ltd.

On 1 October 2012, LHN Group Pte. Ltd. sold 3,000,000 shares representing the entire issued and paid-up share capital of LHN Culinary Concepts Pte. Ltd. (“LHN Culinary”) to the controlling shareholder, Hean Nerng Group Pte. Ltd., for a nominal cash consideration of \$1. LHN Culinary was disposed of at a nominal cash consideration on the basis that the net tangible assets of LHN Culinary is negative.

The disposal of LHN Culinary and its subsidiaries, which are involved in the food and beverage business, was intended to enable the Group to focus on its Space Optimisation Business, its Facilities Management Business and its Logistics Services Business.

(c) Sale of shares in HN Holdings Pte. Ltd. (formerly known as Hean Nerng Holdings Pte. Ltd.) to Lim Hean Nerng by LHN Group Pte. Ltd.

On 30 September 2013, LHN Group Pte. Ltd. sold 350,000 shares representing the entire issued and paid-up share capital of HN Holdings Pte. Ltd. (formerly known as Hean Nerng Holdings Pte. Ltd.) (“HN Holdings”) to Lim Hean Nerng, for a nominal cash consideration of \$1. HN Holdings was disposed of at a nominal cash consideration on the basis that the net tangible assets in HN Holdings is negative.

The disposal of HN Holdings, which is currently dormant, was intended to streamline the Group’s corporate structure.

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NOTES TO THE PRO FORMA FINANCIAL STATEMENTS OF THE GROUP

1 General information (continued)

1(A) Restructuring Exercise (continued)

(d) Sale of shares in HN Management Pte. Ltd. (formerly known as LHN Logistics Management Pte. Ltd.) to Lim Hean Nerng by LHN Group Pte. Ltd.

On 1 October 2013, LHN Group Pte. Ltd. sold 100,000 shares representing the entire issued and paid-up share capital of HN Management Pte. Ltd. (formerly known as LHN Logistics Management Pte. Ltd.) (“HN Management”) to Lim Hean Nerng, for a cash consideration of \$100,000. The consideration was based on the net tangible assets of HN Management at the time of disposal.

The disposal of HN Management, which is currently dormant, was intended to streamline the Group’s corporate structure.

(e) Sale of shares in HLA Holdings Pte. Ltd. (formerly known as Edulink Haven Pte. Ltd.) to LHN Group Pte. Ltd. by Lim Hean Nerng and Wang Jialu

In 1 October 2014, pursuant to a sale and purchase agreement dated 1 October 2014 entered into between LHN Group Pte. Ltd., Hew Chee Fatt, Lim Hean Nerng and Wang Jialu, Lim Hean Nerng and Wang Jialu collectively sold 715,680 shares representing the entire issued and paid-up share capital of HLA Holdings Pte. Ltd. to LHN Group Pte. Ltd. and Hew Chee Fatt for a total cash consideration of \$47,280 and \$31,520 respectively, representing 60% and 40% of the shareholding of HLA Holdings Pte. Ltd. respectively. The consideration was based on the audited net tangible assets of HLA Holdings Pte. Ltd. of approximately \$78,800 as at 30 September 2014.

The acquisition of HLA Holdings Pte. Ltd. by the Group was intended to consolidate all the entities involved in the Group’s Logistics Services Business within the Group’s corporate structure.

(f) Purchase of shares in HLA Holdings (Thailand) Limited (“HLA Holdings (Thailand)”) by HLA Container Services Pte. Ltd. (“HLA”) and incorporation of HLA Container Services (Thailand) Limited (“HLA Container Services (Thailand)”)

HLA Holdings (Thailand), the associated company, was incorporated on 22 December 2014 in Thailand. The initial shareholders of HLA Holdings (Thailand) were Wasawatt Thongjoo (who subscribed for 19,999 ordinary shares at THB 25 each and 39,200 preference shares at THB 25 each), Somsri Puyatho (who subscribed for 20,800 ordinary shares at THB 25 each) and Pratumporn Somboonpoonpol (who subscribed for 1 ordinary share at THB 25 each). Somsri Puyatho is the spouse of one of the depot manager at HLA.

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1 General information (continued)

1(A) Restructuring Exercise (continued)

(f) Purchase of shares in HLA Holdings (Thailand) Limited (“HLA Holdings (Thailand)”) by HLA Container Services Pte. Ltd. (“HLA”) and incorporation of HLA Container Services (Thailand) Limited (“HLA Container Services (Thailand)”) (continued)

On 22 December 2014, Wasawatt Thongjoo transferred 38,400 preference shares and 800 preference shares to HLA and Hew Chee Fatt respectively, for a total cash consideration of THB 576,000 and THB 12,000 respectively. The consideration was based on the par value per share. On 22 December 2014, Pratumporn Somboonpoonpol transferred one ordinary share to Wasawatt Thongjoo. As at the Latest Practical Date, Wasawatt Thongjoo, Somsri Puyatho, HLA and Hew Chee Fatt each holds 20,000 ordinary shares, 20,800 ordinary shares, 38,400 preference shares and 800 preference shares respectively, representing approximately 25.0%, 26.0%, 48.0% and 1.0% of the equity interest in HLA Holdings (Thailand) respectively. As at the Latest Practicable Date, all ordinary and preference shares of HLA Holdings (Thailand) have been fully paid-up.

On 23 December 2014, HLA Container Services (Thailand) was incorporated with an issued and paid-up share capital of THB 2,000,000, comprising 40,800 ordinary shares at THB 25 each and 39,200 preference shares at THB 25 each. The initial shareholders of HLA Container Services (Thailand) were HLA Holdings (Thailand) (who subscribed for 40,799 ordinary shares), Wasawatt Thongjoo (who subscribed for 39,199 preference shares), Somsri Puyatho (who subscribed for 1 preference share) and Pratumporn Somboonpoonpol (who subscribed for 1 ordinary share).

On 23 December 2014, Wasawatt Thongjoo transferred 38,399 preference shares and 800 preference shares to HLA and Hew Chee Fatt respectively, for a total cash consideration of THB 959,975 and THB 20,000 respectively. The consideration was based on the par value per share. On 23 December 2014, Somsri Puyatho transferred one preference share to HLA for a total cash consideration of THB 25. The consideration was based on the par value per share. On 23 December 2014, Pratumporn Somboonpoonpol transferred one ordinary share to HLA Holdings (Thailand) at a total cash consideration of THB 25. The consideration was based on the par value per share. As at the Latest Practicable Date, HLA Holdings (Thailand), HLA and Hew Chee Fatt each holds 40,800 ordinary shares, 38,400 preference shares and 800 preference shares respectively, representing approximately 51.0%, 48.0% and 1.0% of the equity interest of HLA Container Services (Thailand) respectively. As at the Latest Practicable Date, the ordinary and preference shares of HLA Container Services (Thailand) have been fully paid-up.

Through HLA Holdings (Thailand) and HLA Container Services (Thailand), the Group intends to expand the container depot management services business in Thailand.

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NOTES TO THE PRO FORMA FINANCIAL STATEMENTS OF THE GROUP

1 General information (continued)

1(A) Restructuring Exercise (continued)

(g) Acquisition of LHN Group Pte. Ltd. and its subsidiaries by the Company

Pursuant to a share swap agreement dated 10 March 2015 entered into between the Company and Hean Nerng Group Pte. Ltd., the Company acquired from Hean Nerng Group Pte. Ltd. the entire issued and paid-up share capital of LHN Group Pte. Ltd. held by Hean Nerng Group Pte. Ltd., comprising an aggregate of 2,000,000 ordinary shares for a total consideration of \$32,726,559 based on the audited net tangible assets of LHN Group Pte. Ltd. and its subsidiaries of approximately \$32,726,559 as at 30 September 2014.

The purchase consideration was satisfied by the allotment and issuance of an aggregate of 999,999 Shares in the capital of the Company to Hean Nerng Group Pte. Ltd., at an issue price of \$32.7 per Share, credited as fully paid-up and was arrived at on a willing buyer willing seller basis.

2 Basis of preparation

The pro forma financial statements of the Group for the financial year ended 30 September 2014 were expressed in Singapore dollar (“\$”), being the functional and reporting currency of the principal companies within the Group, and have been prepared in accordance with the historical cost convention and in accordance with the accounting policies set out on pages B-28 to B-44 of this report. There have been no changes to the accounting policies of the companies within the Group during the financial year under review.

These pro forma financial statements of the Group for the financial year ended 30 September 2014 were prepared based on the audited statutory financial statements and in accordance with FRS.

The pro forma financial statements of the Group have been prepared on the assumption that the current group structure has been in existence throughout the period, or since the respective dates of incorporation/establishment of the companies in the Group, whichever is earlier, in a manner similar to the “pooling-of-interest” method as if the Restructuring Exercise had been completed on 1 October 2011. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidary relationships were not established.

The pro forma financial statements of the Group comprise the pro forma statement of financial position, pro forma statement of profit or loss and other comprehensive income, pro forma statement of changes in equity, pro forma statement of cash flows and notes to the pro forma financial statements of the Group.

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NOTES TO THE PRO FORMA FINANCIAL STATEMENTS OF THE GROUP

2 Basis of preparation (continued)

The objective of the pro forma financial statements of the Group is to show what the historical information might have been had the group structure existed throughout the financial year under review, or since the respective dates of incorporation/establishment of the companies in the Group, whichever is earlier, and thus they are for illustrative purposes only.

However, the pro forma financial statements of the Group are not necessarily indicative of the results of the operations, changes in shareholders' equity and cash flows that would have been attained had the Group actually existed earlier, and therefore may not give a true picture of the Group's actual results, changes in shareholders' equity and cash flows.

In arriving at the pro forma financial statements of the Group, adjustments have been made as considered necessary in order to present the financial statements on a consistent and comparable basis as if the Group existed throughout the year, or since the respective dates of incorporation/establishment of the companies in the Group, whichever is earlier. The pro forma adjustments are set out on pages B-11 to B-14 of this report.

All subsidiaries as disclosed in Note 30 to the pro forma financial statements of the Group were audited by Foo Kon Tan LLP, a member of the Institute of Singapore Chartered Accountants other than those subsidiaries identified as below for the relevant period:

- (a) PT. Hean Nerng Group for the financial year ended 30 September 2014 was audited by Grant Thornton Gani Sigiro & Handayani, Registered Public Accountants, a member of the Indonesian Institute of Accountants;
- (b) PT. Hub Hijau Serviced Offices for the financial year ended 30 September 2014 was audited by Grant Thornton Gani Sigiro & Handayani, Registered Public Accountants, a member of the Indonesian Institute of Accountants;
- (c) Greenhub Serviced Offices Yangon Limited for the financial year ended 30 September 2014 was unaudited as the statutory financial year-end is 31 March. Its statutory auditor is Ngwe Inzaly Audit Firm, Certified Public Accountants, a member of the Myanmar Institute of Certified Public Accountants. The Net Tangible Assets ("NTA") was \$31,352 as at 30 September 2014, which in total representing less than 1% of consolidated NTA. There is no trading activities carried out for the relevant financial year; and
- (d) Maple Creek Global Inc. for the financial year ended 30 September 2014 was unaudited under the laws of incorporation and has a NTA of \$479,966 which comprise mainly the investment of \$480,000 in a subsidiary, HLA Containers Pte. Ltd. as at 30 September 2014, which in total representing less than 1% of consolidated NTA. There is no trading activities carried out for the relevant financial year.

These audited financial statements were not subject to any audit qualifications, modifications or disclaimers.

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NOTES TO THE PRO FORMA FINANCIAL STATEMENTS OF THE GROUP

2 Basis of preparation (continued)

For the purpose of this report, the financial statements for the financial year ended 30 September 2014 have been prepared in accordance with FRS. Foo Kon Tan LLP, a member of the Institute of Singapore Chartered Accountants have performed a review of the financial statements of the Indonesia subsidiaries; namely PT. Hean Nereng Group and PT. Hub Hijau Serviced Offices for the financial year ended 30 September 2014. The auditor's report on the financial statements of which Foo Kon Tan LLP, a member of the Institute of Singapore Chartered Accountants was the auditor was not subject to any qualifications, modifications and disclaimers.

All material intra-group transactions and balances, if any, have been eliminated in the preparation of the pro forma financial statements of the Group.

Significant accounting estimates and judgements

The preparation of the pro forma financial statements of the Group in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the pro forma financial statements of the Group and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below:

Critical accounting estimates and assumptions used in applying accounting policies

Assumptions and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Allowance for inventory obsolescence

The Group reviews the ageing analysis of inventories at each reporting date, and makes provision for obsolete and slow moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

If the net realisable value of the inventories increase/decrease by 10% from management estimate, the Group's profit will decrease/increase by \$26,000 for the financial year ended 30 September 2014.

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NOTES TO THE PRO FORMA FINANCIAL STATEMENTS OF THE GROUP

2 Basis of preparation (continued)

Critical accounting estimates and assumptions used in applying accounting policies
(continued)

Depreciation of property, plant and equipment (Note 5)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within the range as indicated in the accounting policy for property, plant and equipment and depreciation. The carrying amount of the Group's property, plant and equipment as at 30 September 2014 is \$19,869,065. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, if any, therefore future depreciation charges could be revised. If depreciation on property, plant and equipment increases/decreases by 10% from management, the Group's profit for the financial year ended 30 September 2014 will decrease/increase by approximately \$431,000.

Revaluation of property, plant and equipment and investment properties (Notes 5 and 6)

The Group carries its leasehold buildings at fair value, with changes in fair value being recognised in pro forma statement of profit or loss for investment properties and asset revaluation reserve for property, plant and equipment respectively.

The fair value of leasehold buildings under property, plant and equipment and investment properties is determined by independent real estate valuation experts using recognised valuation technique, which is the Direct Market Comparison Method.

The determination of the fair value of the leasehold buildings requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams and the overall repair and condition of the property) and capitalisation rates applicable to those assets. These estimates are based on local market conditions existing at the end of each reporting date.

The carrying amount and key assumptions used to determine the fair value of the investment properties are further explained in Notes 5 and 6 to the pro forma financial statements of the Group.

Significant judgements in applying accounting policies

In the process of applying the Group's accounting policy, which is described in Note 3, management has made the following judgements that have the most significant effect on the amounts recognised in the pro forma financial statements of the Group.

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2 Basis of preparation (continued)

Significant judgements in applying accounting policies (continued)

Allowance for bad and doubtful debts (Note 8)

The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

Income tax (Note 25)

The Group has exposure to income taxes in several jurisdictions, namely Singapore, Indonesia and Myanmar. Significant judgement is involved in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2(a) Interpretations and amendments to published standards effective 2014

On 1 October 2013, the Group adopted the new or amended FRSs that are mandatory for application from that date. The following are the new or amended FRSs that are relevant to the Group:

Reference	Description
FRS 16	Property, Plant and Equipment
FRS 19	Employee Benefits
FRS 107	Disclosures – Offsetting Financial Assets and Financial Liabilities
FRS 113	Fair Value Measurement
Improvements to FRSs 2012	

FRS 107 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 107 provides disclosure requirements that are intended to help investors and other financial statement users better assess the effect or potential effect of offsetting arrangements on an entity's financial position. The new disclosures require information about the gross amount of financial assets and liabilities before offsetting and the amounts set off in accordance with the offsetting model in FRS 32.

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NOTES TO THE PRO FORMA FINANCIAL STATEMENTS OF THE GROUP

2 Basis of preparation (continued)

2(a) Interpretations and amendments to published standards effective 2014 (continued)

FRS 113 Fair Value Measurement

FRS 113 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of FRS 113 is broad and it applies for both financial and non-financial items for which other FRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances.

FRS 113 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application.

The adoption of the above new or amended FRSs did not result in substantial changes to the Group's accounting policies nor any significant impact on these pro forma financial statements.

2(b) FRS issued but not yet effective

At the date of authorisation of these pro forma financial statements of the Group, the following FRSs were issued that were not yet effective, but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on or after)
Revised FRS 27	Separate Financial Statements	1 January 2014
Revised FRS 28	Investments in Associates and Joint Ventures	1 January 2014
FRS 110	Consolidated Financial Statements	1 January 2014
FRS 111	Joint Arrangements	1 January 2014
FRS 112	Disclosure of Interests in Other Entities	1 January 2014
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 36	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 39	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
Amendments to FRS 19	Defined Benefit Plans Employee Contributions	1 July 2014

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2 Basis of preparation (continued)

2(b) FRS issued but not yet effective (continued)

Reference	Description	Effective date (Annual periods beginning on or after)
Improvements to FRSs 2014		
– Amendments to FRS 16	Property, Plant and Equipment	1 July 2014
– Amendments to FRS 24	Related Party Disclosures	1 July 2014
– Amendments to FRS 38	Intangible Assets	1 July 2014
– Amendments to FRS 40	Investment Property	1 July 2014
– Amendments to FRS 102	Share-based Payment	1 July 2014
– Amendments to FRS 103	Business Combinations	1 July 2014
– Amendments to FRS 108	Operating Segments	1 July 2014
– Amendments to FRS 113	Fair Value Measurement	1 July 2014
– Amendments to FRS 19	Employee Benefits	1 January 2016
– Amendments to FRS 34	Interim Financial Reporting	1 January 2016
– Amendments to FRS 105	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
– Amendments to FRS 107	Financial Instruments: Disclosures	1 January 2016
FRS 114	Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 111	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 16 and FRS 41	Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 16 and FRS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 27	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 110 and FRS 28	Sale or Contribution of Assets between an Investor And its Associate or Joint Venture	1 January 2016
Improvement in FRSs Nov 2014	FRS 19, FRS 34, FRS 105, FRS 107	1 January 2016
FRS 115	Revenue from Contracts with Customers	1 January 2017

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NOTES TO THE PRO FORMA FINANCIAL STATEMENTS OF THE GROUP

2 Basis of preparation (continued)

2(b) FRS issued but not yet effective (continued)

FRS 110 Consolidated Financial Statements

FRS 110 replaces all of the guidance on control and consolidation in IAS 27 “Consolidated and Separate Financial Statements” and SIC 12 “Consolidation – Special Purpose Entities”. The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. The Group will apply FRS 110, if applicable, from 1 October 2014, but this is not expected to have any significant impact on the financial statements of the Group.

FRS 111 Joint Arrangements

FRS 111 introduces a number of changes. The “types” of joint arrangements have been reduced to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated and equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations currently.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity’s interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities.

The Group will apply FRS 112, if applicable, prospectively from 1 October 2014. FRS 112 will not result in any changes to the Group’s accounting policies but will require more disclosures in the financial statements.

Amendments to FRS 111

The amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations* state that:

- Where a joint operator acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, it must apply all of the principles on business combinations accounting as set out in FRS 103 Business Combinations, and other standards.
- In addition, the joint operator must disclose the information required by FRS 103 and other FRSs for business combinations.

These amendments are effective for annual periods beginning on or after 1 January 2016. The Group is currently assessing the impact to the financial statements.

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2 Basis of preparation (continued)

2(b) FRS issued but not yet effective (continued)

FRS 115 *Revenue from Contracts with Customers*

FRS 115 *Revenue from Contracts with Customers* requires the entity to recognise revenue which depict transfer of promised goods or services to customers in an amount that reflects the consideration (payment) to which the entity expects to be entitled in exchange for those goods or services. FRS 115 is effective for annual periods beginning on or after 1 January 2017. The Group is currently assessing the impact to the financial statements.

Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* clarifies that the current requirements for the partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business, as defined in FRS 103 *Business Combination* and the gain or loss from the sale or contribution of assets that constitute a business between an investor and its associate or joint venture is recognised in full. These amendments are effective for annual periods beginning on or after 1 January 2016. The Group is currently assessing the impact to the financial statements.

FRS 109 *Financial Instruments*

FRS 109 replaces FRS 39 and it is a package of improvements introduced by FRS 109 includes a logical model for:

- classification and measurement,
- a single, forward-looking “expected loss” impairment model and
- a substantially reformed approach to hedge accounting

FRS 109 is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the financial statements.

The management does not anticipate that the adoption of other FRSs in future periods will have a material impact on the pro forma financial statements of the Group in the period of their initial adoption.

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NOTES TO THE PRO FORMA FINANCIAL STATEMENTS OF THE GROUP

3 Summary of significant accounting policies

Subsidiaries and principles of combination

Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

Details of its subsidiaries are given in Note 30 to the pro forma financial statements of the Group.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for line transactions and events in similar circumstances.

Pro forma financial statements of the Group

Common control

Acquisition of entities that are under common control have been consolidated using the pooling-of-interest method.

Under this method, all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the pro forma financial statements of the Group.

In applying merger accounting, financial statement items of the combining entities or businesses for the relevant financial year 2014 in which the common control combination occurs are included in the pro forma financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognised the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the pro forma financial statements of the controlling party or parties prior to the common control combination.

The carrying amounts are included as if such pro forma financial statements of the Group had been prepared by the controlling party, including adjustments required for conforming the combined entity's accounting policies and applying those policies to the year presented.

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NOTES TO THE PRO FORMA FINANCIAL STATEMENTS OF THE GROUP

3 Summary of significant accounting policies (continued)

Subsidiaries and principles of combination (continued)

Pro forma financial statements of the Group (continued)

Common control (continued)

There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the pro forma financial statements of the combined entity.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests.

The consolidated financial statements of LHN Group Pte. Ltd. (i.e. the "Consolidated Group") is prepared under the acquisition method of accounting.

Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Consolidated Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Consolidated Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Consolidated Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

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3 Summary of significant accounting policies (continued)

Subsidiaries and principles of combination (continued)

Pro forma financial statements of the Group (continued)

Acquisition of businesses (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill, if any, is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Disposals of subsidiaries

When a change in LHN Group Pte. Ltd.'s ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to pro forma statement of profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in pro forma statement of profit or loss.

Non-controlling interests are the part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of LHN Group Pte. Ltd. They are shown separately in the pro forma statement of profit or loss, pro forma statement of changes in equity and pro forma statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on the respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Transactions with non-controlling interests

Changes in LHN Group Pte. Ltd.'s ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of LHN Group Pte. Ltd.

Where accounting policies of a subsidiary do not conform with those of its holding company, adjustments are made on consolidation when the amounts involved are considered significant to the Consolidated Group.

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3 Summary of significant accounting policies (continued)

Property, plant and equipment and depreciation

Leasehold building

Leasehold building is initially recognised at cost and subsequently stated at its revalued amount. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are carried out annually by independent professional valuers such that the carrying amount of these assets does not differ materially from that which would be determined using fair value at the end of reporting period.

When an asset is revalued, any increase in the carrying amount is credited directly to revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down.

Depreciation of leasehold building is computed using the straight-line method over its remaining estimated useful life.

When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to retained earnings when the asset is derecognised.

Other property, plant and equipment

All other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

Renovation works	3 – 15 years (on the basis of the tenure period)
Plant and machinery	5 years
Furniture and fittings	10 years
Office equipment, kitchen equipment, digital and visual equipment	3 – 10 years
Logistics equipment	5 years
Motor vehicles	5 years
Computers	1 year
Containers	1 – 5 years
Cutleries and utensils	1 year

No depreciation is provided on construction-in-progress.

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3 Summary of significant accounting policies (continued)

Property, plant and equipment and depreciation (continued)

Other property, plant and equipment (continued)

The residual values, if any, and useful lives of property, plant and equipment are reviewed and adjusted as appropriate at the end of each reporting period. The useful lives and depreciation method are reviewed at each financial year-end to ensure that the method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefit embodied in the items of property, plant and equipment.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment, if any.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the pro forma statement of profit or loss in the financial period the asset is derecognised.

Investment properties

Investment properties include leasehold buildings that are held for long term rental yields and/or for capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use, and where an insignificant portion is held for the group's own occupation. Investment properties comprise completed investment properties and properties under construction or development for future use as investment properties.

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3 Summary of significant accounting policies (continued)

Investment properties (continued)

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in the pro forma statement of profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to pro forma statement of profit or loss. The cost of maintenance, repairs and minor improvement is charged to pro forma statement of profit or loss when incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in pro forma statement of profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development.

Associated companies

An associated company is defined as a company, not being a subsidiary or jointly controlled entity, in which the Group has significant influence, but not control, over its financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% to 50% of the voting power of another entity.

In applying the equity method of accounting, the Group's share of the post-acquisition profit or loss of associates, based on the latest available unaudited financial statements, was included in the pro forma statement of profit or loss and its shares of post-acquisition other comprehensive income was recognised in other comprehensive income. Unrealised gains on transactions between the Group and its associates were eliminated to the extent of the Group's interest in the associates. Unrealised losses were eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Group's share of losses of an associated company equals or exceeds the carrying amount of an investment, the Group ordinarily discontinues the inclusion of its share of further losses. The investment is reported at nil value. Additional losses are provided for to the extent that the Group has incurred obligations or made payments on behalf of the associated company to satisfy obligations of the associated company that the Group has guaranteed or otherwise committed, for example, in the forms of loans. When the associated company subsequently reports profits, the Group resumes including its share of those profits only after its share of the profits equals the share of net losses recognised.

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3 Summary of significant accounting policies (continued)

Associated companies (continued)

The Group's share of the net assets and post-acquisition retained profits and reserves of associated companies are reflected in the book values of the investments in the pro forma statement of financial position.

Where the accounting policies of an associated company do not conform with those of the Group, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

On acquisition of the investment, any difference between the cost of acquisition and the Group's share of the fair values of the net identifiable assets of the associated company is accounted for in accordance with the accounting policy on "Pro forma financial statements of the Group".

Financial assets

Financial assets include cash and financial instruments. Financial assets, other than hedging instruments, if any, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount presented in the pro forma statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in the pro forma statement of profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

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3 Summary of significant accounting policies (continued)

Financial assets (continued)

Other than loan and receivables, the Group does not designate any financial assets at available-for-sale financial assets, fair value through profit or loss or held-to-maturity investments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables, related party balances and deposits held in banks. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write-back is recognised in the pro forma statement of profit or loss.

Receivables are provided against when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis, and includes all costs in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity.

Provision is made, where necessary, for obsolete, slow-moving and defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

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3 Summary of significant accounting policies (continued)

Work-in-progress

Work-in-progress which comprises uncompleted jobs is stated at cost. Cost comprises materials, direct labour, sub-contractors' cost and other direct expenses less anticipated losses, if any.

Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate of joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third party and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employees are also related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); or
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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3 Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions which are readily convertible to cash and which are subject to an insignificant risk of change in value.

For the purpose of presentation in the pro forma statement of cash flows, cash and cash equivalents are presented net of bank overdrafts, if any which are repayable on demand and which form an integral part of cash management and pledged fixed deposits.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Financial liabilities

The Group's financial liabilities include trade and other payables, related party balances, bank borrowings and obligations under finance lease.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance cost" in the pro forma statement of profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the pro forma statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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3 Summary of significant accounting policies (continued)

Financial liabilities (continued)

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the pro forma statement of profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in the pro forma statement of profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within twelve months after the end of reporting period are included in current liabilities in the pro forma statement of financial position even though the original terms was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of reporting period and before the pro forma financial statements of the Group are authorised for issue. Borrowings to be settled within the Group's normal operating cycle are classified as current.

Other borrowings due to be settled more than twelve months after the end of reporting period, if any, are included in non-current liabilities in the pro forma statement of financial position.

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on "Finance leases").

Trade and other payables and related company balances are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Financial guarantees

The Company has issued corporate guarantees to banks for bank facilities granted to its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the respective parties fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts, if any, are initially recognised at their fair value plus transaction costs in the pro forma statement of financial position.

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3 Summary of significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The management reviews the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Leases

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "Property, plant and equipment and depreciation".

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Where the Group is the lessee

Rentals on operating leases are charged to the pro forma statement of profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination of lease, if any, are recognised in the pro forma statement of profit or loss when incurred.

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3 Summary of significant accounting policies (continued)

Leases (continued)

Operating leases (continued)

Where the Group is the lessor

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the pro forma statement of profit or loss on a straight-line basis over the lease term.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the pro forma financial statements of the Group except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the pro forma statement of profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

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3 Summary of significant accounting policies (continued)

Employee benefits

Pension obligations

The Group contributes to the Central Provident Fund (“CPF”), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The Group’s contributions to CPF are charged to the pro forma statement of profit or loss in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for unconsumed leave as a result of services rendered by employees up to the end of reporting period.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Directors and certain managerial personnel are considered key management personnel.

Impairment of non-financial assets

The carrying amounts of the Group’s non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the asset belongs will be identified.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units that include intangible assets, if any, with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss, if any, is recognised for the amount by which the asset’s or cash-generating unit’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. The asset or cash-generating unit is subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

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3 Summary of significant accounting policies (continued)

Impairment of non-financial assets (continued)

Any impairment loss is charged to the pro forma statement of profit or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss is recognised as income in the pro forma statement of profit or loss.

Government grant

Government grant is recognised as income over the periods necessary to match the grant with the related costs which they are intended to compensate. Government grant is not recognised as income until there is a reasonable assurance that the Group will comply with the conditions attaching to it.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue excludes goods and services taxes and is arrived at after deduction of trade discounts, if any. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from sales of furniture is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from warehousing, logistics services, maintenance and facility services, security services, management services fee and parking income are recognised when services are rendered.

Rental income is recognised upon acceptance of the tenancy.

Dividend income from investments is recognised when the right to receive payment has been established.

Interest income is recognised on a time-apportioned basis using the effective interest method.

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3 Summary of significant accounting policies (continued)

Functional currency

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the primary economic environment in which the entity operates (“functional currency”). The pro forma financial statements of the Group are presented in Singapore dollar, which is also the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting period are recognised in the pro forma statement of profit or loss, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the other comprehensive income of the Group and transferred to the pro forma statement of profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates at the date of the transactions.

Group entities

The results and financial positions of all entities within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the end of reporting period;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

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3 Summary of significant accounting policies (continued)

Financial instruments

Financial instruments carried on the pro forma statement of financial position include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures on financial risk management objectives and policies are provided in Note 33 to the pro forma financial statements of the Group.

Operating segments

For management purposes, operating segments are organised based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers are directly accountable to the chief executive officer who regularly reviews the segment results in order to allocate resources to the segments and to assess segment performance.

4 Revenue

The categories of revenue, excluding inter-company transactions and applicable goods and services tax, are as follows:

	Financial year ended 30 September 2014 \$
Industrial group	40,483,682
Commercial group	21,198,417
Residential group	8,879,592
Space optimisation business	70,561,691
Logistics group	14,327,965
Facilities support group	8,478,252
	93,367,908

Included in the space optimisation business are industrial, commercial and residential group, specialising in space optimisation, which includes the design, refurbishment, leasing and management of properties. The scope of services covers the full spectrum of the property management process including land search, feasibility studies, design, liaison with the relevant governmental authorities, refurbishment and management, including management of tenants.

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4 Revenue (continued)

Logistics group provides four different modes of land transportation using Isotanks, Road Tankers, Bitumen Tankers and Containers to transport hazardous chemicals, bitumen and oil-related products from the refineries to customers' key commercial, retail, storage and blending destinations.

Facilities support group operates and provides management services to two major functions, namely facilities management and project management for commercial, industrial and residential properties.

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5 Property, plant and equipment

Cost or valuation	Leasehold building At valuation	Renovation works At cost	Construction-in-progress At cost	Plant and machinery At cost	Furniture and fittings At cost	Office equipment, kitchen equipment, digital and visual equipment At cost	Logistics equipment At cost	Motor vehicles At cost	Computers At cost	Containers At cost	Total
At 1 October 2013	4,465,446	18,742,252	-	4,831,166	1,731,084	972,743	3,855,815	479,646	1,256,307	76,265	36,410,724
Additions	641,886	2,969,650	45,000	625,001	342,296	204,969	780,641	67,983	268,471	-	5,945,897
Written off	-	(2,464,575)	-	-	(108,406)	(94,767)	-	-	-	-	(2,667,748)
Disposals	-	(702,907)	-	(24,000)	(337,002)	(21,058)	(67,339)	(19,386)	-	(12,779)	(1,184,471)
Adjustment arising from revaluation	1,833,947	-	-	-	-	-	-	-	-	-	1,833,947
Currency translation differences	-	(16,151)	-	-	(3,270)	(2,869)	-	(444)	(376)	-	(23,110)
At 30 September 2014	6,941,279	18,528,269	45,000	5,432,167	1,624,702	1,059,018	4,569,117	527,799	1,524,402	63,486	40,315,239

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5 Property, plant and equipment (continued)

	Leasehold building At valuation \$	Renovation works At cost \$	Construction-in- progress At cost \$	Plant and machinery At cost \$	Furniture and fittings At cost \$	Office equipment, kitchen equipment, digital and visual equipment At cost \$	Logistics equipment At cost \$	Motor vehicles At cost \$	Computers At cost \$	Containers At cost \$	Total \$
Accumulated depreciation At 1 October 2013	114,142	12,192,059	–	1,346,974	731,359	450,033	2,123,022	318,779	1,126,528	63,222	18,466,118
Depreciation for the year	162,709	2,736,800	–	1,009,582	179,941	164,215	555,662	69,159	308,679	4,427	5,191,174
Written off	–	(2,456,933)	–	–	(79,532)	(94,767)	–	–	–	–	(2,631,232)
Disposals	–	(297,011)	–	(14,513)	(125,555)	(21,669)	(67,339)	(5,194)	–	(12,779)	(544,060)
Disposal of a subsidiary classified as held for sale	–	(28,220)	–	(617)	(652)	(4,510)	–	–	–	–	(33,999)
Currency translation differences	–	(1,346)	–	–	(164)	(120)	–	(44)	(153)	–	(1,827)
At 30 September 2014	276,851	12,145,349	–	2,341,426	705,397	493,182	2,611,345	382,700	1,435,054	54,870	20,446,174
Net book value At 30 September 2014	6,664,428	6,382,920	45,000	3,090,741	919,305	565,836	1,957,772	145,099	89,348	8,616	19,869,065
Representing: Cost	–	6,382,920	45,000	3,090,741	919,305	565,836	1,957,772	145,099	89,348	8,616	13,204,637
Valuation	6,664,428	–	–	–	–	–	–	–	–	–	6,664,428
	6,664,428	6,382,920	45,000	3,090,741	919,305	565,836	1,957,772	145,099	89,348	8,616	19,869,065

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5 Property, plant and equipment (continued)

(a)

	Note	Financial year ended 30 September 2014 \$
Depreciation charged to administrative expenses	20	5,191,174

(b) As at the end of reporting period, certain plant and machinery, logistics equipment and motor vehicles are acquired under finance lease:

	30 September 2014 \$
At net book value,	
– plant and machinery	2,721,094
– logistics equipment	1,888,708
– motor vehicles	33,207
	4,643,009

(c) In respect of financial year ended 30 September 2014, the leasehold building of the Group was revalued by Jones Lang Lasalle respectively, a firm of independent professional valuers. The open market value was \$6,664,428 for the financial year ended 30 September 2014 on an existing use basis. A revaluation surplus amounting to \$1,833,947 in FY2014 have been recognised in the other comprehensive income and transferred to the asset revaluation reserve of the Group. The carrying amount of the leasehold building of the Group would have been \$4,531,000 had the leasehold building been carried at historical cost less depreciation and impairment loss.

The leasehold building comprises:

Location & Description	Area sq. metres	Tenure	Fair value 2014 \$
72 Eunos Avenue 7, Singapore* 6-storey multiple-user light industrial building	1,950.0	30 years lease commencing from 1 January 2011	6,664,428**

* held by a wholly-owned subsidiary

** revalued as a whole to be \$20.0 million (property, plant and equipment of \$6.7 million and investment properties of \$13.3 million) for financial year ended 30 September 2014

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6 Investment properties

	Note	30 September 2014 \$
At beginning of year		14,577,693
Acquisition during the year		500,509
Fair value gain recognised in the pro forma profit or loss	24	5,784,352
Currency translation differences		(231,582)
Fair value at the end of year		20,630,972

- (a) Investment properties are carried at fair values at the end of reporting period as determined by independent professional valuers. Valuations are made at least annually based on the properties' highest-and-best-use using the Direct Market Comparison Method in determining the open market values.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties.

- (b) The investment properties comprise:

Location & Description	Area sq.metres	Tenure	Fair value 2014 \$
72 Eunos Avenue 7, Singapore* 6-storey multiple-user light industrial building	4,143.7	30 years lease commencing from 1 January 2011	(1)13,335,572**
EightyEight@Kasablanka Office Tower, Lantai 38, Jl. Casablanca Raya Kav. 88, Kelurahan Menteng Dalam, Kecamatan Tebet, Kota Administrasi Jakarta Selatan, Indonesia# 4 units of office building	1,737.0	14 years lease commencing from 1 July 2013	(2)7,295,400
			20,630,972

* held by a wholly-owned subsidiary

held by 99% owned subsidiary

** revalued as a whole to be \$20.0 million (property, plant and equipment of \$6.7 million and investment properties of \$13.3 million)

(1) Valued by Jones Lang Lasalle on 16 May 2014 for FY2014

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(2) Valued by KJPP Sarwono, Indrastuti & Rekan on 19 September 2014 for FY2014

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6 Investment properties (continued)

- (c) Industrial building at 72 Eunos Avenue 7, Singapore is mortgaged for bank borrowings [Note 17(b)].
- (d) Four (4) units of office building at EightyEight@Kasablanka Office Tower, Lantai 38, Jl. Casablanca Raya Kav. 88, Kelurahan Menteng Dalam, Kecamatan Tebet, Kota Administrasi Jakarta Selatan, Indonesia were mortgaged for bank borrowings [Note 17(c)]. The bank loan was redeemed and fully repaid during the financial year ended 30 September 2014.
- (e) The investment properties are leased to related and non-related parties. Please refer to Note 31 for operating leases to non-related parties.
- (f) The following amounts are recognised in pro forma statement of profit or loss:

	Financial year ended 30 September 2014 \$
Rental income	806,260
Direct operating expenses arising from investment properties that generated rental income	293,110

7 Investment in associated companies

	30 September 2014 \$
Unquoted equity investments, at cost	10,001
Share of post-acquisition reserves	52,229
	62,230
Share of associated companies' results, net of tax	24,271

The summarised information of the associated companies, not adjusted for the percentage ownership held by the Group, are as follows:

	30 September 2014 \$
– Assets	154,904
– Liabilities	(30,444)
– Revenue	278,832
– Net profit after taxation	48,542

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7 Investment in associated companies (continued)

The associated companies are as follows:

Name	Country of incorporation/ principal place of business	Cost of investments 2014	Percentage of equity held 2014	Principal activities
		\$	%	
Nopest Pte. Ltd.*	Singapore	10,000	50	Pest control consultancy and pest consultancy services
SRM Capital Pte. Ltd.**	Singapore	1	50	Business and management
		10,001		

* Audited by YC Tan & Co., Singapore

** Struck off on 18 February 2015

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8 Trade and other receivables

	Note	30 September 2014 \$
Trade receivables		
– external parties		5,249,536
– a fellow subsidiary ⁽¹⁾		11,785
– related parties		108,900
		5,370,221
– accrued rental income		744,544
		6,114,765
Less:		
Impairment loss on trade receivables		
Balance at beginning of year		783,182
Allowance for the year	21	110,422
Allowance utilised		(100,224)
Allowance no longer required	24	(485,683)
Balance at end of year		307,697
Net trade receivables	(i)	5,807,068
GST/VAT receivables		760,383
Non-trade amount owing by		
– related parties		2,536
Advance payments to suppliers		8,990
Advances to staff		2,700
Deposits with external parties		2,660,552
Unpaid deposits from customers		700,519
Tax recoverable		16,321
Other receivables		374,676
		4,526,677
Less:		
Impairment loss on other receivables		
Balance at beginning of year		30,337
Allowance no longer required	24	(30,337)
Balance at end of year		–
Net other receivables	(ii)	4,526,677
	(i)+(ii)	10,333,745

(1) This refers to LHN Culinary Concepts Pte. Ltd. and a subsidiary of LHN Culinary Concepts Pte. Ltd.

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8 Trade and other receivables (continued)

Trade and other receivables are denominated in the following currencies:

	30 September 2014 \$
Singapore dollar	9,233,232
Indonesian Rupiah	1,100,513
	10,333,745

Trade receivables are usually due within 30 days and do not bear any effective interest rate.

All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regards to trade receivables, as the amounts recognised resemble a large number of receivables from various customers. Impairment on trade receivables is made when certain debtors are identified to be irrecoverable. Impairment on trade receivables is made on specific debts for which the directors of the Group are of the opinion that debts are not recoverable.

(i) Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially customers with a good collection track record with the Group is as follows:

	30 September 2014 \$
Current	3,778,589
	3,778,589

(ii) Financial assets that are past due but not impaired

The aging analysis of trade receivables past due but not impaired is as follows:

	30 September 2014 \$
Past due over 1 month but not over 2 months	495,329
Past due over 2 months but not over 3 months	155,580
More than 3 months	633,026
	1,283,935

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8 Trade and other receivables (continued)

(iii) Financial assets that are past due and impaired

Trade receivables

The aging analysis of trade receivables past due and impaired is as follows:

	30 September 2014
	\$
Past due over 1 month but not over 2 months	93
Past due over 2 months but not over 3 months	1,990
More than 3 months	305,614
	307,697
	307,697

Impairment on trade receivables is made on specific debts for which the directors of the Group are of the opinion that debts are not recoverable.

The accrued rental income relates to the apportionment of the free rental period for the remaining period of the lease term.

The non-trade amount owing by related parties represents advances which are unsecured and interest-free. They have no fixed terms of repayment and are repayable only when the cash flows of the borrowers permit.

Related parties refer to:

- (1) China International Investments Pte. Ltd., a company with a common shareholder with the Group; and
- (2) SRM Capital Pte. Ltd., an associated company of the Group.

Other receivables comprise mainly warehouse storage fee and sundry receivables.

9 Prepayments

	30 September 2014
	\$
<u>Prepaid operating expenses</u>	
Current	985,150
Non-current	332,918
	1,318,068
	1,318,068

The non-current relates to prepayment for rental of a site of lease expiring on 30 September 2022.

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10 Cash and bank balances

	30 September 2014
	\$
Cash on hand	13,948
Cash at banks	17,041,867
	17,055,815
	17,055,815

Cash and bank balances are denominated in the following currencies:

	30 September 2014
	\$
Singapore dollar	16,716,896
Indonesian Rupiah	294,964
United States dollar	43,955
	17,055,815
	17,055,815

11 Fixed deposits

	30 September 2014
	\$
Fixed deposits mature within one year	5,583,389
	5,583,389

The fixed deposits mature between:

Fixed deposits that mature within a year

Earliest date	10.10.2014
Latest date	25.06.2015

Interest rates range between 0.25% and 1.20% per annum.

Certain fixed deposits have been pledged to financial institutions for providing term loan facilities [Note 17(a), 17(d) and 17(e)] and banker guarantees facilities:

	30 September 2014
	\$
Pledged fixed deposits	
– mature within one year	5,575,469
	5,575,469

Fixed deposits are denominated in Singapore dollar.

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12 Share capital

	30 September 2014
	\$
Issued and fully paid ordinary shares,	
The Company	2,000,001
The subsidiary	2,000,000
	4,000,001
Balance at beginning and at end of year	4,000,001
	Number of shares
The Company	2,000,001
The subsidiary	2,000,000
	4,000,001
Balance at beginning and at end of year	4,000,001

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

13 Reserves

	30 September 2014
	\$
Reserve on disposal of non-controlling interests	268,690
Exchange fluctuation reserve	(730,006)
Asset revaluation reserve	2,188,962
Retained profits	29,033,043
	30,760,689
Represented by:	
Distributable	29,301,733
Non-distributable	1,458,956
	30,760,689

Reserve on disposal of non-controlling interests arises from the consideration received on disposal of part of a subsidiary.

Exchange fluctuation reserve arises from the translation of the financial statements of foreign entities whose functional currencies are different from the functional currency of the Group.

Asset revaluation reserve arises from surplus on revaluation of leasehold building as at the end of the reporting period.

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14 Deferred tax liabilities

	Note	30 September 2014 \$
Balance at beginning of year		231,000
Transfer to income statement	25	(7,857)
Balance at end of year		223,143

Deferred tax liabilities are to be settled after one year.

The balance comprises tax on excess of net book value over tax written down value of qualifying property, plant and equipment.

15 Trade and other payables

		30 September 2014 \$
<u>Current</u>		
Trade payables		
– external parties		1,852,875
– related parties		27,688
– a director of subsidiaries		12,388
	(i)	1,892,951
GST payables		613,385
Non-trade amount owing to		
– a related party		4,331
Amount owing to a director of subsidiaries		1,105,177
Accruals		2,970,218
Accrued rental expense		551,390
Rental deposits received from customers		12,082,693
Rental deposits received from related parties ⁽¹⁾		221,784
Rental in advance		835,725
Advances received from customers		891,700
Unpaid deposits – external parties		778,545
Dividend payable		2,000,000
Withholding tax		5,352
Sundry creditors		324,447
	(ii)	22,384,747
Total	(i)+(ii)	24,277,698
<u>Non-Current</u>		
Other payables		165,552

(1) This refers to Master Care Services Pte. Ltd., a non-controlling shareholder of a subsidiary and Cafe @ Phoenix Pte. Ltd., wholly owned by the spouse of a director

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15 Trade and other payables (continued)

Trade and other payables are denominated in the following currencies:

	30 September 2014 \$
Singapore dollar	22,156,801
Indonesian Rupiah	2,285,940
United States dollar	509
	24,443,250

The fair value of trade and other payables have not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the pro forma statement of financial position to be reasonable approximation of their fair values.

The non-trade amounts owing to a related party represent advances which are unsecured and interest-free. They have no fixed terms of repayment and are repayable only when the cash flow of the Group permits.

A related party refers to Nopest Pte. Ltd., an associated company of a subsidiary.

Amount owing to a director of subsidiaries comprise the following:

	30 September 2014 \$
Interest-free advances (current)*	143,073
Notional interest advances:	
– Current	962,104
	1,105,177
– Non-current	165,552
	1,270,729

* The non-trade amount owing to a director of subsidiaries represents advances which is unsecured and interest-free. It has no fixed terms of repayment and is repayable only when the cash flow of the Group permits.

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15 Trade and other payables (continued)

A director of two of the subsidiaries has granted the Group to repay the consideration sum of \$3,000,000 owing to him for the acquisition of interest in Singapore Handicrafts Pte. Ltd. and its subsidiary in 36 monthly equal instalments of \$83,333 commencing December 2012. This loan was outstanding at the time of acquisition.

Notional interest advances is presented as follows:

	30 September 2014 \$
Notional interest advances:	
– Current	962,104
– Non-current	165,552
	1,127,656
	1,127,656

A notional discounted rate of 5.35% has been applied to calculate the liability to its fair value on the monthly repricing basis. In the opinion of the directors of the Group, this discounted rate reflect the prevailing average banking prime lending rate of the group local banks. On this premise, the notional interest expense of \$91,396 was reported in FY2014.

The table below analyses the maturity profile of the amount owing to a director of subsidiaries based on contractual undiscounted cash flows:

	30 September 2014	
	Carrying amount \$	Contractual cash flows \$
Less than one year	962,104	1,000,000
Between one to five years	165,552	166,667
	1,127,656	1,166,667
	1,127,656	1,166,667

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16 Obligations under finance lease

	30 September 2014 \$
Minimum instalments payable	
Due not later than one year	1,418,035
Due later than one year and not later than five years	2,954,107
Due later than five years	–
	4,372,142
Finance charges allocated to future periods	(170,779)
Present value of minimum lease payments	4,201,363
Present value of minimum lease payments	
Due not later than one year	1,331,465
Due later than one year and not later than five years	2,869,898
Due later than five years	–
	4,201,363

The Group leases property, plant and equipment from non-related parties under finance lease. The lease agreement do not have renewal clause but provide the Group with options to purchase the leased asset at nominal value at the end of the lease term. The obligations under finance lease are secured by the underlying assets of certain plant and machinery, logistics equipment and motor vehicles (Note 5), personal guarantees provided by directors of the Group and corporate guarantee provided by LHN Group Pte. Ltd.

The effective interest rate on hire purchase contracts ranged between 1.99% and 5.0% per annum which reflect the prevailing market rate.

The amount payable within one year is included under current liabilities whilst that payable after one year is included under non-current liabilities.

The obligations under finance lease are denominated in Singapore dollar.

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17 Bank borrowings

	Note	30 September 2014 \$
Bank loan		
– #1 (secured)	(a)	–
– #2 (secured)	(b)	10,069,929
– #3 (secured)	(c)	–
		10,069,929
Revolving credit facility	(d)	–
Temporary specific advance facility	(e)	–
		–
		10,069,929
Amount repayable:		
Not later than one year		823,922
Later than one year and not later than five years		3,321,992
Later than five years		5,924,015
		9,246,007
		10,069,929

Bank borrowings are denominated in Singapore dollar.

(a) The bank loan facility #1 of \$2,000,000 was repayable in 36 monthly instalments of \$55,555 commencing March 2011 and was secured by:

- (i) Deed of Subordination;
- (ii) joint and several guarantee provided by the directors of LHN Group Pte. Ltd.; and
- (iii) certain fixed deposits (Note 11).

Interest was charged between 3.0% and 3.14% per annum. The interest rate was repriced monthly.

The bank loan was fully repaid during the financial year ended 30 September 2014.

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17 Bank borrowings (continued)

- (b) The bank loan facility #2 comprises two loans of \$10,300,000 granted to a subsidiary by a bank. The first loan of \$7,300,000 is repayable in 180 monthly instalments commencing 2 November 2012 and the second loan of \$3,000,000 is repayable in 96 monthly instalments commencing 1 August 2014.

The bank loans are secured by:

- (i) legal mortgage of leasehold property at 72 Eunos Avenue 7 [Note 6(c)];
- (ii) corporate guarantee by LHN Group Pte. Ltd; and
- (iii) joint and several guarantee provided by the directors of LHN Group Pte. Ltd.

Interest is charged between 1.45% and 4.25% per annum. The interest rate is repriced monthly.

- (c) The bank loan facility #3 of IDR31,000,000,000 (\$3,821,000) was granted to a subsidiary by a bank and was repayable in 114 instalments of IDR271,929,825 (\$33,000) commencing 29 July 2013, with the first six months being interest repayment only.

The bank loan was secured by a legal mortgage of the 4 units of office building of a subsidiary [Note 6(d)].

Interest was charged between 11.5% and 12.5% per annum. The interest rate was repriced monthly.

The bank loan was redeemed and fully repaid during the financial year ended 30 September 2014.

- (d) The revolving credit facility of \$200,000 was granted to LHN Group Pte. Ltd. The loan was repayable on demand.

Interest was charged between 2.47% and 2.50% per annum. The interest rate was repriced monthly.

The revolving credit facility was secured by:

- (i) joint and several guarantee provided by all of the directors of LHN Group Pte. Ltd.; and
- (ii) certain fixed deposits (Note 11).

The revolving credit was fully repaid during the financial year ended 30 September 2014.

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17 Bank borrowings (continued)

- (e) The temporary specific advance facility of \$1,000,000 was granted to LHN Group Pte. Ltd. The loan was repayable on demand.

Interest was charged between 2.04% and 2.09% per annum. The interest rate was repriced monthly.

The temporary specific advance facility was secured by:

- (i) Deed of Subordination;
- (ii) joint and several guarantee provided by all of the directors of LHN Group Pte. Ltd.; and
- (iii) certain fixed deposits (Note 11).

The temporary specific advance was fully repaid during the financial year ended 30 September 2014.

The amount repayable within one year is included under current liabilities whilst the amount repayable after one year is included under non-current liabilities.

The table below analyses the maturity profile of the Group's borrowings based on contractual undiscounted cash flows:

	30 September 2014	
	Carrying amount*	Contractual cash flows
	\$	\$
Less than one year	823,922	1,103,540
Between one to five years	3,321,992	4,520,798
More than five years	5,924,015	6,837,380
	9,246,007	11,358,178
	<u>10,069,929</u>	<u>12,461,718</u>

As at the end of reporting period, the Group has unutilised bank facilities of \$8,752,000.

* The monthly repricing of the bank loan represents the fair value of the loan at the end of reporting date.

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18 Other operating income

	Note	Financial year ended 30 September 2014
		\$
Administrative charges		217,763
Interest income	24	70,332
Vehicle rental and parking		132,724
Government grant		99,058
Special employment credit		252,649
Waiver of debt from a director of subsidiaries		81,348
Other income		1,339,905
		2,193,779

19 Selling and distribution expenses

	Financial year ended 30 September 2014
	\$
Advertising	412,483
Commission	276,646
Entertainment	171,671
Marketing	111,077
Others	2,729
	974,606

20 Administrative expenses

	Note	Financial year ended 30 September 2014
		\$
Depreciation of property, plant and equipment	5	5,191,174
Employee benefit costs	23	7,833,616
Professional fees		796,068
Consultancy fees		643,723
Insurance		419,450
Directors' fee	24	12,000
Property, plant and equipment written off		36,516
Loss on disposal of property, plant and equipment		108,294
Rental expenses	24	394,632
Vehicle related expenses		114,702
Bank charges		40,465
Others		1,658,863
		17,249,503

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21 Other operating expenses

	Note	Financial year ended 30 September 2014 \$
Impairment loss on trade receivables	8, 24	110,422

22 Finance costs

	Financial year ended 30 September 2014 \$
Interest expense	
– bank loans	553,766
– finance lease	153,686
	707,452

23 Employee benefit costs

	Note	Financial year ended 30 September 2014 \$
Directors		
– Salaries and related costs		1,492,761
– CPF contributions		33,394
Key management personnel (other than directors)		
– Salaries and related costs		583,014
– CPF contributions		53,003
Other than directors and key management personnel		
– Salaries and related costs		13,046,411
– CPF contributions		816,004
		16,024,587
Charged to:		
Cost of sales		8,190,971
Administrative expenses	20	7,833,616
		16,024,587

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24 Profit before taxation

	Note	Financial year ended 30 September 2014 \$
Profit before taxation from continuing operations has been arrived at after charging:		
Depreciation of property, plant and equipment	5	5,191,174
Property, plant and equipment written off		36,516
Directors' fees	20	12,000
Impairment loss on		
– trade receivables	8, 21	110,422
Loss on disposal of property, plant and equipment		108,294
Operating lease rental charged to		
– cost of sales		44,949,405
– administrative expenses	20	394,632
		45,344,037
and crediting:		
Fair value gain of investment properties recognised in the pro forma profit or loss	6	5,784,352
Impairment loss on trade receivables no longer required	8	485,683
Impairment loss on other receivables no longer required	8	30,337
Interest income	18	70,332

25 Taxation

	Note	Financial year ended 30 September 2014 \$
Current taxation		1,534,154
Under provision of current taxation in respect of prior years		101,895
Group relief utilised		(324,808)
		1,311,241
Deferred taxation	14	(7,857)
Taxation attributable to operations		1,303,384

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25 Taxation (continued)

The tax expense on the results of the financial year vary from the amount of income tax determined by applying the Singapore's statutory rate of income tax on the Group's results as a result of the following:

	Financial year ended 30 September 2014 \$
Profit before taxation	14,063,688
Tax at the domestic rates applicable to the profits in the countries concerned ⁽¹⁾	2,312,270
Tax effect on non-taxable income	(1,221,359)
Tax effect on non-deductible expenses	1,055,518
Group relief utilised	(324,808)
Enhanced PIC deduction	(483,791)
Deferred tax assets on temporary differences not recognised	468,677
Utilisation of deferred tax assets not recognised in prior year	(62,038)
Singapore statutory stepped income exemption	(544,900)
Under/(over) provision of current taxation in respect of prior years	101,895
Others	1,920
Net tax charge	1,303,384

(1) This is prepared by aggregating separate reconciliations for each national jurisdiction.

Subject to agreement with Tax Authority, the Group has unutilised tax losses and unabsorbed capital allowances of \$1,790,000 and \$2,973,000 respectively, available for offset against future taxable profits provided that the provision of tax legislation are complied with. The related tax benefits of \$810,000 have not been recognised in the pro forma financial statements of the Group as the losses are incurred by the subsidiaries who have not been making profit.

The Myanmar subsidiary has no income to be subject to tax as it has incurred losses during the financial years.

In the financial year ended 30 September 2014, the Group has utilised the available tax losses of \$1,924,000 in respect of financial year ended 30 September 2012 under the group tax relief scheme from its subsidiaries.

Expenses not deductible for tax purposes comprise exchange loss arising from revaluation of non-trade balances and restricted deductions for entertainment and transportation expenses incurred.

The Group is not exposed to any significant deferred tax on foreign subsidiaries in Indonesia as the business relates mainly to owning of investment properties.

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26 Contingent liabilities (unsecured)

The following are unsecured contingent liabilities not provided for in the pro forma financial statements of the Group:

- (a) LHN Group Pte. Ltd. has given letters of undertaking to provide financial support for the following subsidiaries which had aggregate net tangible deficits at 30 September 2014 of \$2.9 million and for subsidiaries with aggregate net current liabilities of \$10.4 million to enable them to continue to operate as going concern and to meet their respective obligations as and when they fall due:

LHN Management Services Pte. Ltd.

LHN Industrial Space Pte. Ltd. (Formerly known as LHN Residence (Central) Pte. Ltd.)

LHN Vehicle Parking Management Pte. Ltd.

Chua Eng Chong Holdings Pte. Ltd.

HLA Container Services Pte. Ltd.

LHN Residences Pte. Ltd.

PT. Hub Hijau Serviced Offices

Pickjunction Pte. Ltd.

GREENHUB Suited Offices Pte. Ltd.

Singapore Handicrafts Pte. Ltd.

Singapore Handicrafts (2012) Pte. Ltd.

LHN Properties Investments Pte. Ltd.

In respect of the above subsidiaries, all obligations owing to the banks for hire-purchase and credit facilities and liabilities to the third parties, if any, are settled by the respective subsidiaries, with the financial support from LHN Group Pte. Ltd. Other than as disclosed elsewhere in this pro forma report, there is no other commitments by the subsidiaries which needs to be disclosed in the pro forma financial statements.

- (b) Corporate guarantees of \$4.2 million and \$10.1 million provided to institutions for hire-purchase facilities (Note 16) and bank loan facilities (Note 17) respectively as at 30 September 2014.

In respect of item (b), there is no effect on the financial guarantees as to the interest cost since the variable interest rate debt obligations are at prevailing market interest rates.

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26 Contingent liabilities (unsecured) (continued)

- (c) In respect of FY2013, there was a fire incident at one of the sites belonging to HN Management Pte. Ltd. (formerly known as LHN Logistics Management Pte. Ltd.) (“HNM”) due to negligence of a sub-tenant where the Group has public liability cover to insure against this claim. The insurance company has issued a letter of demand to HNM for a claim of \$1,237,813.05. HNM’s insurer has sent out a holding letter in response to the letter of demand. As at the date of this pro forma report, there is no outcome on this claim as HNM’s insurer is currently liaising with the insurance company in respect of the letter of demand. HNM has been disposed of during FY2014.
- (d) In respect of FY2014, an ex-employee of Industrial and Commercial Security Pte. Ltd. (“ICS”) had filed a suit in respect of negligence (industrial accidents with injury) against ICS and is seeking to claim, amongst others, \$219,365.18 from ICS. ICS has filed a defence. As at the date of this pro forma report, there is no outcome on this claim.

27 Other comprehensive income

	Financial year ended 30 September 2014		
	Before tax	Tax expense	Net of tax
	\$	\$	\$
Item that will be reclassified subsequently to pro forma profit or loss			
Currency translation differences arising from consolidation – losses	(135,722)	–	(135,722)
Item that will not be reclassified subsequently to pro forma profit or loss			
Revaluation gains on leasehold building	1,833,947	–	1,833,947
Total other comprehensive income	1,698,225	–	1,698,225

28 Dividends

	Financial year ended 30 September 2014 \$
Interim tax-exempt (one-tier) dividend in respect of the current financial year of \$1.00 per share	<u>2,000,000</u>

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29 Significant related party transactions

Other than the related party information disclosed elsewhere in the pro forma financial statements of the Group, the following are significant related party transactions entered into by the Group and the related parties at agreed rates:

	30 September 2014 \$
Administrative fee charged to a related party	200
Security services charged to	
– fellow subsidiaries ⁽¹⁾	93,892
– related parties	66,798
Facility management fees charged to	
– fellow subsidiaries ⁽¹⁾	10,680
– a related party	46,227
Sale of property, plant and equipment to a fellow subsidiary ⁽¹⁾	584
General contract works charged to	
– fellow subsidiaries ⁽¹⁾	32,935
– related parties	18,570
Rental charged to related parties	785,916
Utilities charged to related parties	59,883
Management fee charged to a related party	521,873
Container trucking charged to a fellow subsidiary ⁽¹⁾	578
Dividend paid to immediate holding company	2,000,000
Repair and maintenance service charged by related parties	140,412
Pest control services charged by a related party	80,032
Purchase of property, plant and equipment from a related party	50,944
Foods and beverages charged by	
– fellow subsidiaries ⁽¹⁾	89,560
– related parties	7,120

(1) This refers to LHN Culinary Concepts Pte. Ltd. and its subsidiaries.

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29 Significant related party transactions (continued)

	30 September 2014 \$
Entertainment charged by	
– fellow subsidiaries ⁽¹⁾	65,687
– related parties	2,018
Staff welfare charged by	
– fellow subsidiaries ⁽¹⁾	23,873
– related parties	5,102
Settlement of liabilities on behalf of	
– fellow subsidiaries ⁽¹⁾	24,413
– related parties	7,302
Settlement of liabilities on behalf by	
– fellow subsidiaries ⁽¹⁾	400,278
– related parties	215,460
<u>Income received from associated company</u>	
– Management fee	27,883
– Rental income	19,200
– Settlement of liabilities on behalf of	1,613
<u>Expenses charged by associated company</u>	
– Cleaning and maintenance services	8,050

(1) This refers to LHN Culinary Concepts Pte. Ltd. and its subsidiaries.

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30 Subsidiaries

The details of the subsidiaries are as follows:

Name	Country of incorporation/ principal place of business	Effective percentage of equity held 2014	Principal activities
		%	
LHN Group Pte. Ltd. ⁽¹⁾	Singapore	100	Other investment holding and space resource management
<u>Subsidiaries held by LHN Group Pte. Ltd.</u>			
Hean Nerng Logistics Pte. Ltd. ⁽¹⁾	Singapore	100	Freight transport by road and warehousing logistics
Work Plus Store Pte. Ltd. ⁽¹⁾	Singapore	100	Space resource management
GREENHUB Suited Offices Pte. Ltd. ⁽¹⁾	Singapore	100	Space resource management
Chua Eng Chong Holdings Pte. Ltd. ⁽¹⁾	Singapore	100	Space resource management
HLA Holdings Pte. Ltd. (formerly known as Edulink Haven Pte. Ltd.) ⁽¹⁾	Singapore	60	Manufacture, fabricate, recondition of haulage containers and trailers
Hean Nerng Corporation Pte. Ltd. ⁽¹⁾	Singapore	100	Space resource management
Industrial and Commercial Security Pte. Ltd. ⁽¹⁾	Singapore	100	Commercial and industrial real estate management and security services
2IN1 Space Pte. Ltd. ⁽¹⁾	Singapore	100	Space resource management
Hean Nerng Facilities Management Pte. Ltd. ⁽¹⁾	Singapore	100	Space resource management and general warehousing
LHN Properties Investments Pte. Ltd. ⁽¹⁾	Singapore	100	Space resource management
LHN Management Services Pte. Ltd. ⁽¹⁾	Singapore	51	Space resource management
LHN Facilities Management Pte. Ltd. ⁽¹⁾	Singapore	100	Space resource management

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30 Subsidiaries (continued)

Name	Country of incorporation/ principal place of business	Effective percentage of equity held 2014	Principal activities
		%	
LHN Industrial Space Pte. Ltd. ⁽¹⁾	Singapore	100	Lodging and boarding houses
LHN Residence Pte. Ltd. ⁽¹⁾	Singapore	100	Residential real estate management
Industrial and Commercial Facilities Management Pte. Ltd. ⁽¹⁾	Singapore	100	General contractors and facilities management services
LHN Space Resources Pte. Ltd. ⁽¹⁾	Singapore	100	Space resource management
HN Management Pte. Ltd. (formerly known as LHN Logistics Management Pte. Ltd.) ⁽²⁾	Singapore	--	Freight transport by road, warehousing logistics
LHN Vehicle Parking Management Pte. Ltd. ⁽¹⁾	Singapore	100	Carpark management and operation services
Competent Builders Pte. Ltd. ⁽¹⁾	Singapore	100	Renovation and general contractors
Soon Wing Investments Pte. Ltd. ⁽¹⁾	Singapore	100	Space resource management
Maple Creek Global Inc.	British Virgin Islands	100	Investment holding
Singapore Handicrafts Pte. Ltd. ⁽¹⁾	Singapore	100	Investment holding
PT. Hean Nerng Group ⁽³⁾	Indonesia	99	Space resource management
Greenhub Serviced Offices Yangon Limited	Myanmar	1	Space resource management
<u>Subsidiaries held by GREENHUB Suited Offices Pte. Ltd.</u>			
PT. Hub Hijau Serviced Offices ⁽³⁾	Indonesia	99	Space resource management
Greenhub Serviced Offices Yangon Limited	Myanmar	99	Space resource management

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30 Subsidiaries (continued)

Name	Country of incorporation/ principal place of business	Effective percentage of equity held 2014	Principal activities
		%	
<u>Subsidiary held by Maple Creek Global Inc.</u>			
HLA Container Services Pte. Ltd. ⁽¹⁾	Singapore	60	Container maintenance and related services
Pickjunction Pte. Ltd. ⁽¹⁾	Singapore	100	Inactive
<u>Subsidiary held by Singapore Handicrafts Pte. Ltd.</u>			
Singapore Handicrafts (2012) Pte. Ltd. ⁽¹⁾	Singapore	100	Sales of furniture

(1) Audited by Foo Kon Tan LLP, Singapore

(2) Audited by YC Tan & Co, Singapore. However, for the purpose of this report, Foo Kon Tan LLP, Singapore has re-performed the audit for the financial year ended 30 September 2013

(3) Audited by Grant Thornton Gani Sigiuro & Handayani, Indonesia

+ During the financial year ended 30 September 2014, the Group disposed of its subsidiary, HN Management Pte. Ltd. (formerly known as LHN Logistics Management Pte. Ltd.) for sale proceeds of \$100,000 to its former director, Lim Hean Nerng. No gain or loss was reported in the pro forma financial statements of the Group.

During the financial year ended 30 September 2014, the Group newly incorporated a subsidiary, Pickjunction Pte. Ltd. with an initial paid-up capital of \$1.

31 Commitments

Operating lease commitments (non-cancellable)

Where the Group is the lessor

As at the end of reporting period, the Group had the following rental income under non-cancellable lease for rental of premises with an original term of more than one year:

The Group	30 September 2014
	\$
Not later than one year	43,703,814
Later than one year and not later than five years	25,955,705
Later than five years	7,590,104

The leases on the Group's premises on which rentals are received will expire between 31 October 2014, the earliest date and 30 June 2019, the latest date, with renewals at the then prevailing rates.

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31 Commitments (continued)

Operating lease commitments (non-cancellable) (continued)

Where the Group is the lessee

As at the end of reporting period, the Group was committed to making the following rental payments in respect of non-cancellable operating lease for rental of premises with an original term of more than one year:

The Group	30 September 2014 \$
Not later than one year	36,064,941
Later than one year and not later than five years	47,998,862
Later than five years	11,177,136

The leases on Group's premises on which rentals are payable will expire between 21 October 2014, the earliest date and 24 July 2023, the latest date. The current rent payable on the leases is between \$700 and \$330,062 per month, which is subject to revision on renewal of lease agreements.

32 Operating segments

For management purposes, the Group is organised into the following reportable operating segments as follows:

- (1) Industrial group
- (2) Commercial group
- (3) Residential group
- (4) Logistics group
- (5) Facilities support group

There are no other operating segments that have been aggregated to form the above reportable operating segments.

The management monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating pro forma profit or loss which in certain respects, as set out below, is measured differently from operating pro forma profit or loss in the pro forma financial statements of the Group.

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32 Operating segments (continued)

Insofar as to the analysis of major customers, the Group does not have a single customer whose revenue reports more than 5% of the Group's total revenue.

Group's income taxes are managed on a group basis and are not allocated to operating segments.

Allocation basis and transfer pricing

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income tax expense and non-controlling interests.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transaction with third parties, if any.

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32 Operating segments (continued)

(a) Business segments

	Industrial	Commercial	Residential	Logistics	Facilities	Adjustment	Total
	2014	2014	2014	2014	support		
	\$	\$	\$	\$	\$	\$	\$
Continuing operations							
REVENUE							
Total sales	41,340,534	22,935,936	16,285,517	14,691,098	15,663,236	–	110,916,321
Inter-segment sales	(856,852)	(1,737,519)	(7,405,925)	(363,133)	(7,184,984)	–	(17,548,413)
External sales	40,483,682	21,198,417	8,879,592	14,327,965	8,478,252	–	93,367,908
RESULTS							
Segment results	7,675,568	1,132,409	2,021,190	845,895	(39,338)	(2,673,207)	8,962,517
Fair value gain on investment properties	3,344,161	1,997,984	–	–	–	442,207	5,784,352
Finance costs	(240,025)	(407,099)	(5,089)	(72,697)	(34,683)	52,141	(707,452)
Share of associated companies' results, net of tax	10,779,704	2,723,294	2,016,101	773,198	(74,021)	(2,178,859)	14,039,417
Taxation	–	–	–	–	23,323	948	24,271
Non-controlling interests	10,779,704	2,723,294	2,016,101	773,198	(50,698)	(2,177,911)	14,063,688
Net profit for the year after tax							(1,303,384)
							29,377
							12,789,681

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32 Operating segments (continued)

(a) Business segments (continued)

	Industrial		Commercial		Residential		Logistics		Facilities support		Adjustment		Total		
	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	
	\$		\$		\$		\$		\$		\$		\$		
OTHER INFORMATION															
Continuing operations															
Segment assets	45,906,279	24,220,106	35,735,765	7,649,050	7,805,786	(46,988,016)	74,328,970								
Investment in associated companies	–	–	1	–	62,230	(1)	62,230								
Combined total assets (excluding taxation)	45,906,279	24,220,106	35,735,766	7,649,050	7,868,016	(46,988,017)	74,391,200								
Segment liabilities (excluding taxation)	26,535,234	15,953,079	21,252,538	5,160,107	5,100,306	(35,905,459)	38,095,805								
Capital expenditure															
– property, plant and equipment	2,214,220	2,763,916	248,561	1,274,465	73,545	(628,810)	5,945,897								
– investment properties	942,715	–	–	–	–	(442,206)	500,509								
	3,156,935	2,763,916	248,561	1,274,465	73,545	(1,071,016)	6,446,406								
Depreciation of property, plant and equipment	1,058,210	2,558,781	267,013	993,234	752,590	(438,654)	5,191,174								

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32 Operating segments (continued)

(b) Geographical segment

(i) Pro forma sales

The following table shows the distribution of the Group's pro forma sales based on geographical location of customers:

Sales Revenue by Geographical Market

	Financial year ended 30 September 2014 \$
Singapore	93,306,038
Indonesia	61,870
	93,367,908
	93,367,908

(ii) Non-current assets

The following table shows the Group's non-current assets information other than financial instruments by geographical areas in which the assets are located:

Non-current Assets by Geographical Areas

	30 September 2014 \$
Singapore	32,483,855
Indonesia	8,411,330
	40,895,185
	40,895,185

(a) Additions to property, plant and equipment and investment properties by geographical areas

The following table shows the carrying amount of additions to property, plant and equipment and investment properties by geographical areas in which the assets are located:

	30 September 2014 \$
Singapore	5,213,049
Indonesia	1,233,357
	6,446,406
	6,446,406

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32 Operating segments (continued)

(b) Geographical segment (continued)

(ii) Non-current assets (continued)

(b) Reconciliation of segments' total assets and total liabilities

	30 September 2014 \$
Reportable segments' assets are reconciled to total assets:	
Segment assets	74,328,970
Investment in associated companies	62,230
GST/VAT receivables	760,383
Tax recoverable	16,321
Total assets	75,167,904
Reportable segments' liabilities are reconciled to total liabilities:	
Segment liabilities	38,095,805
Deferred tax liabilities	223,143
GST payables	613,385
Withholding tax	5,352
Current tax payable	1,568,555
Total liabilities	40,506,240

33 Financial risk management objectives and policies

The board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Group employs a conservative strategy regarding its risk management. As the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

As at the financial year ended 30 September 2014, the Group's financial instruments mainly consisted of cash and cash equivalents, receivables, payables, bank borrowings and obligations under finance lease.

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33 Financial risk management objectives and policies (continued)

33.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group operates in Singapore, Indonesia and Myanmar. Entities in the Group regularly transact in currencies other than their respective functional currencies (“foreign currencies”).

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Indonesian Rupiah (“IDR”) and United States dollar (“US\$”).

The Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group’s foreign operations in Indonesia and Myanmar are managed primarily through bank borrowings, denominated in the relevant foreign currencies to mitigate the risk of currency exposure. Exposure to Myanmar operations as to foreign currency is insignificant as there is no significant business yet.

However, the Group does not use any financial derivative such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes. The Group will continue to monitor its foreign exchange exposure and may employ forward currency contracts to manage its foreign exchange exposure should the need arise.

The exposure to major currencies of the Group is as follows:

<u>At 30 September 2014</u>	IDR	US\$
Financial assets		
Cash and bank balances	294,964	43,955
Trade and other receivables	1,100,513	–
	1,395,477	43,955
Financial liabilities		
Trade and other payables	2,285,940	509
	2,285,940	509
Currency exposure on financial assets and liabilities	(890,463)	43,446

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33 Financial risk management objectives and policies (continued)

33.1 Currency risk (continued)

Sensitivity analysis

With all other variables being held constant, a 5% strengthening/weakening of the IDR and US\$ against Singapore dollar at the reporting date would have either increased or decreased the Group's net profit after tax and equity by the amounts (nearest thousand) shown below:

	2014
	\$
IDR	(37,000)
US\$	2,000

33.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to fluctuations in interest rates relates primarily to its debt obligations to a director of subsidiaries (Note 15), obligations under finance lease (Note 16), debt obligations with financial institutions (Note 17) and cash placed with financial institutions (Note 11). The Group manages its interest cost by using a mix of fixed and variable rate debt and to obtain the most favourable interest rates available.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

	Within 1 year \$	1 – 5 years \$	More than 5 years \$	Total \$
<u>2014</u>				
Fixed rate				
Fixed deposits	5,583,389	–	–	5,583,389
Obligations under finance lease	1,331,465	2,869,898	–	4,201,363
Debt obligations to a director of subsidiaries	962,104	165,552	–	1,127,656
Floating rate				
Bank borrowings	823,922	3,321,992	5,924,015	10,069,929

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33 Financial risk management objectives and policies (continued)

33.2 Interest rate risk (continued)

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rate increases/decreases by 1% per annum with all other variables held constant, the Group's profit net of tax and equity would have increased/decreased as follows:

	Increase/(Decrease) Profit net of tax 2014 \$
Interest rate	
– decreased by 1% per annum	81,000
– increased by 1% per annum	(81,000)
	Equity
	\$
Interest rate	
– decreased by 1% per annum	81,000
– increased by 1% per annum	(81,000)

This arises mainly as a result of lower/higher interest expense on debt obligations to a director of subsidiaries, bank borrowings and obligations under finance lease and higher/lower interest income from fixed deposits.

33.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group manages the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and by ensuring the availability of funding through an adequate amount of credit facilities from financial institutions as disclosed in Note 17 to the pro forma financial statements of the Group.

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33 Financial risk management objectives and policies (continued)

33.3 Liquidity risk (continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year \$	Between 1 to 5 years \$	More than 5 years \$	Total \$
<u>As at 30 September 2014</u>				
Obligations under finance lease	1,418,035	2,954,107	–	4,372,142
Bank borrowings	1,103,540	4,520,798	6,837,380	12,461,718
Trade and other payables	24,315,594	166,667	–	24,482,261
	<u>26,837,169</u>	<u>7,641,572</u>	<u>6,837,380</u>	<u>41,316,121</u>

33.4 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Cash terms, advance payments, and letter of credits are required for customers of lower credit standing.

The Group has no significant concentration of credit risks. The maximum exposure to credit risk in relation to each class of recognised financial assets is represented by the carrying amount of each financial asset as indicated in the pro forma statement of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the services sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	30 September 2014	
	\$	% of total
<u>By groups:</u>		
Industrial group	1,312,223	25.9%
Commercial group	923,402	18.2%
Residential group	33,984	0.7%
Logistics group	2,437,566	48.2%
Facilities support group	355,349	7.0%
	<u>5,062,524</u>	<u>100.0%</u>

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33 Financial risk management objectives and policies (continued)

33.4 Credit risk (continued)

Credit risk concentration profile (continued)

The five largest debtors accounted about 22% of the total receivables at the end of the reporting period. A single customer reported less than 5% of the Group's revenue.

Cash is held with reputable financial institutions.

34 Fair value measurement

Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

34.1 Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 30 September 2014:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
At 30 September 2014				
Investment properties:				
Commercial – Offices	–	20,630,972	–	20,630,972
				20,630,972

Measurement of fair value of non-financial assets

Fair value of the Group's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the directors at each reporting date.

Further information is set out below.

Investment properties – Commercial offices (Level 2)

Commercial investment properties are carried at fair values at the end of reporting period as determined by independent professional valuers. Valuations are made annually based on the properties' highest-and-best-use using the Direct Market Comparison Method that considers sales of similar properties that have been transacted in the open market. The most significant input into this valuation approach is selling price per square metre.

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35 Capital management

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern;
- (b) To support the Group's stability and growth;
- (c) To provide capital for the purpose of strengthening the Group's risk management capability; and
- (d) To provide an adequate return to shareholders.

Having regards to its gearing exposure, the Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

There were no changes in the Group's approach to capital management during the financial year ended 30 September 2014. The Group is not subject to externally imposed capital requirements.

Gearing has a significant influence on the Group's capital structure and the Group monitors capital using a gearing ratio. The Group's policy to keep the gearing ratio between 0.2 and 0.6. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as the sum of bank borrowings, trade and other payables and obligations under finance lease less cash and cash equivalents and fixed deposits.

	Note	2014
		\$
Obligations under finance lease	16	4,201,363
Bank borrowings	17	10,069,929
Trade and other payables	15	24,443,250
Less: Cash and bank balances	10	(17,055,815)
Fixed deposits	11	(5,583,389)
		16,075,338
Net debt		16,075,338
Total equity		34,760,690
Total capital		50,836,028
Gearing ratio		0.36

Total capital is calculated as equity plus net debt.

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36 Financial instruments

Fair values

The carrying amount of the financial assets and financial liabilities with a maturity of less than one year is assumed to approximate their fair values.

The Group does not anticipate that the carrying amounts recorded at the end of reporting period would be significantly different from the values that would eventually be received or settled.

(i) Financial instruments by category

The carrying amount of the different categories of financial instrument is as disclosed on the face of the pro forma statement of financial position, except for the following:

	2014
	\$
Loans and receivables	30,196,245
Financial liabilities at amortised cost	<u>38,095,805</u>

APPENDIX C – SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

The discussion below provides information about certain provisions of our Articles of Association. This description is only a summary and is qualified by reference to our Articles of Association. The following are extracts of the provisions in our Articles relating to:

(a) **A director's power to vote on a proposal, arrangement or contract in which he is interested**

Article 90(1) – Powers of Directors to contract with Company

No Director or intending Director shall be disqualified by his office from contracting or entering into any arrangement with the Company either as vendor, purchaser or otherwise nor shall such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established but every Director shall observe the provisions of Section 156 of the Companies Act relating to the disclosure of the interests of the Directors in transactions or proposed transactions with the Company or of any office or property held by a Director which might create duties or interests in conflict with his duties or interests as a Director and any transactions to be entered into by or on behalf of the Company in which any Director shall be in any way interested shall be subject to any requirements that may be imposed by the Exchange. No Director shall vote in respect of any contract, arrangement or transaction in which he has directly or indirectly a personal material interest as aforesaid or in respect of any allotment of shares in or debentures of the Company to him and if he does so vote his vote shall not be counted.

Article 90(2) – Relaxation of restriction on voting

A Director, notwithstanding his interest, may be counted in the quorum present at any meeting where he or any other Director is appointed to hold any office or place of profit under the Company, or where the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company, or where the Directors resolve to enter into or make any arrangements with him or on his behalf pursuant to these Articles or where the terms of any such appointment or arrangements as hereinbefore mentioned are considered, and he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof.

Article 91(3) – Exercise of voting power

The Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to the directors of such company) and any such Director of the Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.

APPENDIX C – SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

- (b) **A director’s power to vote on remuneration (including pension or other benefits) for himself or for any other director and whether the quorum at a meeting of the board of directors to vote on directors’ remuneration may include the director whose remuneration is the subject of the vote**

Article 86(1) – Fees

The fees of the Directors shall be determined from time to time by the Company in general meetings and such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the meeting. Such fees shall be divided among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such fee is payable shall be entitled only to rank in such division for the proportion of fee related to the period during which he has held office.

Article 86(2) – Extra remuneration

Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which, in the opinion of the Directors, are outside his ordinary duties as a Director, may be paid such extra remuneration as the Directors may determine, subject however as is hereinafter provided in this Article.

Article 86(3) – Remuneration of director

The fees (including any remuneration under Article 86(2) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or percentage of turnover.

Article 87 – Expenses

The Directors shall be entitled to be repaid all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

Article 88 – Pensions to directors and dependents

Subject to the Companies Act, the Directors on behalf of the Company may pay a gratuity or other retirement, superannuation, death or disability benefits to any Director or former Director who had held any other salaried office or place of profit with the Company or to his widow or dependants or relations or connections or to any persons in respect of and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

APPENDIX C – SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

Article 89 – Benefits for employees

The Directors may procure the establishment and maintenance of or participate in or contribute to any non-contributory or contributory pension or superannuation fund or life assurance scheme or any other scheme whatsoever for the benefit of and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors and other officers) who are or shall have been at any time in the employment or service of the Company or of the predecessors in business of the Company or of any subsidiary company, and the wives, widows, families or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of the Company or of any such other company as aforesaid or of its Members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object.

Article 94 – Remuneration of Chief Executive Officer/Managing Director

The remuneration of a Chief Executive Officer/Managing Director (or any Director holding an equivalent appointment) shall from time to time be fixed by the Directors and may subject to these Articles be by way of salary or commission or participating in profits or by any or all of these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

Article 103(1) – Alternate Directors

Any Director of the Company may at any time appoint any person who is not a Director or alternate Director and who is approved by a majority of his co-Directors to be his alternate Director for such period as he thinks fit and may at any time remove any such alternate Director from office. An alternate Director so appointed shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company. Any fee paid to an alternate Director shall be deducted from the remuneration otherwise payable to his appointor.

(c) The borrowing powers exercisable by the directors and how such borrowing powers may be varied

Article 118 – Directors’ borrowing powers

The Directors may at their discretion exercise all the powers of the Company to borrow or otherwise raise money, to mortgage, charge or hypothecate all or any property or business of the Company including any uncalled or called but unpaid capital and to issue debentures or give any other security for any debt or obligation of the Company or of any third party.

APPENDIX C – SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

(d) The retirement or non-retirement of a director under an age limit requirement

Article 93 – Chief Executive Officer/Managing Director to be subject to retirement by rotation

Any Director who is appointed as a Chief Executive Officer/Managing Director (or an equivalent appointment) shall be subject to the same provisions as to retirement by rotation, resignation and removal as the other Directors of the Company. The appointment of any Director to the office of Chief Executive Officer/Managing Director (or any Director holding an equivalent appointment) shall not automatically determine if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.

Article 96(1)(viii) – Vacation of office of director

Subject as herein otherwise provided or to the terms of any subsisting agreement, the office of a Director shall be vacated subject to the provisions of the Companies Act, at the conclusion of the Annual General Meeting commencing next after he attains the age of seventy (70) years.

Article 98 – Retirement of directors by rotation

Subject to these Articles and to the Companies Act, at each Annual General Meeting at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. Provided that all Directors shall retire from office at least once every three (3) years.

Article 99 – Selection of directors to retire

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment or have been in office for the three (3) years since their last election. However as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

Article 100 – Deemed re-elected

The Company at the meeting at which a Director retires under any provision of these Articles may by ordinary resolution fill up the vacated office by electing a person thereto. In default the retiring Director shall be deemed to have been re-elected, unless:

- (i) at such meeting it is expressly resolved not to fill up such vacated office or a resolution for the re-election of such Director is put to the meeting and lost; or
- (ii) such Director is disqualified under the Companies Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected;

APPENDIX C – SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

(iii) such Director is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds; or

(iv) such Director has attained any retiring age applicable to him as a Director.

(e) The number of shares, if any, required for the qualification of a director

Article 85 – Qualifications

A Director need not be a Member and shall not be required to hold any share qualification in the Company and shall be entitled to attend and speak at general meetings but subject to the provisions of the Companies Act he shall not be of or over the age of seventy (70) years at the date of his appointment.

(f) The rights, preferences and restrictions attaching to each class of shares

Article 4 – Issue of new shares

Subject to the Companies Act and these Articles, no shares may be issued by the Directors without the prior sanction of an ordinary resolution of the Company in general meeting but subject thereto and to Article 47, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors.

Article 5(1) – Rights attached to certain shares

Preference shares may be issued subject to such limitations thereof as may be prescribed by any stock exchange upon which shares in the Company may be listed and the rights attaching to shares other than ordinary shares shall be expressed in the Memorandum of Association or these Articles. The total number of issued preference shares shall not exceed the total number of issued ordinary shares at any time. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears.

Article 5(2)

The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

APPENDIX C – SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

Article 7(2) – Rights of preference shareholders

The repayment of preference capital other than redeemable preference or any other alteration of preference shareholder rights, may only be made pursuant to a special resolution of the preference shareholders concerned. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the general meeting, shall be as valid and effectual as a special resolution carried at the general meeting.

Article 16(1) – Entitlement to certificate

Shares must be allotted and certificates despatched within ten (10) market days of the final closing date for an issue of shares unless the Exchange shall agree to an extension of time in respect of that particular issue. The Depository must despatch statements to successful investor applicants confirming the number of shares held under their Securities Accounts. Persons entered in the Register of Members as registered holders of shares shall be entitled to certificates within ten (10) market days after lodgement of any transfer. Every registered shareholder shall be entitled to receive share certificates in reasonable denominations for his holding and where a charge is made for certificates, such charge shall not exceed S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed). Where a registered shareholder transfers part only of the shares comprised in a certificate or where a registered shareholder requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the registered shareholder shall pay a fee not exceeding S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) for each such new certificate as the Directors may determine. Where the member is a Depositor the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.

Article 21(1) – Directors' power to decline to register

Subject to these Articles, there shall be no restriction on the transfer of fully paid-up shares except where required by law or by the rules, bye-laws or listing rules of the Exchange but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve. If the Directors shall decline to register any such transfer of shares, they shall give to both the transferor and the transferee written notice of their refusal to register as required by the Companies Act and the listing rules of the Exchange.

APPENDIX C – SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

Article 47 – Rights and privileges of new shares

Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine; subject to the provisions of these Articles and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.

Article 71(1) – Voting rights of Members

Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 6, each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way.

Article 71(3)

Notwithstanding anything contained in these Articles, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not later than forty-eight (48) hours before the time of the relevant general meeting (the cut-off time) as a Depositor on whose behalf the Depository holds shares in the Company. For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depositor's Securities Account at the cut-off time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the cut-off time between two (2) proxies, to apportion the said number of shares between the two (2) proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the number of shares standing to the credit of that Depositor's Securities Account as at the cut-off time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant general meeting, if the instrument is dealt with in such manner as aforesaid.

Article 72 – Voting rights of joint holders

Where there are joint holders of any share any one (1) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto but if more than one (1) of such joint holders is so present at any meeting then the person present whose name stands first in the Register of Members or the Depository Register (as the case may be) in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.

APPENDIX C – SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

Article 73 – Voting rights of members of unsound mind

If a Member be a lunatic, idiot or non-compos mentis, he may vote whether on a show of hands or on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight (48) hours before the time appointed for holding the meeting.

Article 74 – Right to vote

Subject to the provisions of these Articles, every Member either personally or by proxy or by attorney or in the case of a corporation by a representative shall be entitled to be present and to vote at any general meeting and to be reckoned in the quorum thereat in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid. In the event a member has appointed more than one (1) proxy, only one (1) proxy is counted in determining the quorum.

(g) Any change in capital

Article 50(1) – Power to consolidate, cancel and subdivide shares

The Company may by ordinary resolution alter its share capital in the manner permitted under the Companies Act including without limitation:

- (i) consolidate and divide all or any of its shares;
- (ii) cancel the number of shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish its share capital in accordance with the Companies Act;
- (iii) subdivide its shares or any of them (subject to the provisions of the Companies Act), provided always that in such sub-division the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and
- (iv) subject to the provisions of these Articles and the Companies Act, convert any class of shares into any other class of shares.

Article 50(2) – Repurchase of Company's shares

The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Companies Act and any other relevant rule, law or regulation enacted or promulgated by any relevant competent authority from time to time (collectively, the "Relevant Laws"), on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid may be cancelled or held as treasury shares and dealt with in accordance with the Relevant Laws. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Companies Act.

APPENDIX C – SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

Article 51 – Power to reduce capital

The Company may by special resolution reduce its share capital or any other undistributable reserve in any manner subject to any requirements and consents required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these presents and the Companies Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

- (h) **Any change in the respective rights of the various classes of shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law**

Article 7(1) – Variation of rights

If at any time the share capital is divided into different classes, the repayment of preference capital other than redeemable preference capital and the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, whether or not the Company is being wound up, only be made, varied or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class and to every such special resolution, the provisions of Section 184 of the Companies Act shall, with such adaptations as are necessary, apply. To every such separate general meeting, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply; but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the general meeting shall be as valid and effectual as a special resolution carried at the general meeting.

Article 8 – Creation or issue of further shares with special rights

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Articles, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

- (i) **Any time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement operates**

Article 130(1) – Unclaimed dividends

The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their

APPENDIX C – SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever. If the Depositor returns any such dividend or money to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or money against the Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other money was first payable.

(j) Any limitation on the right to own shares including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the shares

Article 11 – No trust recognised

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share.

Article 20 – Person under disability

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind but nothing herein contained shall be construed as imposing on the company any liability in respect of the registration of such transfer if the company has no actual knowledge of the same.

Article 48(1) – Issue of new shares to Members

Subject to any direction to the contrary that may be given by the Company in general meeting, or except as permitted under the Exchange’s listing rules, all new shares shall before issue be offered to the Members in proportion, as nearly as the circumstances admit, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.

APPENDIX C – SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

Article 48(2)

Notwithstanding Article 48(1) above but subject to the Companies Act and the byelaws and listing rules of the Exchange, the Company may by ordinary resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution to:

- (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant Instruments; and/or
- (iii) (notwithstanding the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force;

provided that:

- (a) the aggregate number of shares or Instruments to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed any applicable limits prescribed by the Exchange;
- (b) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the listing rules for the time being in force (unless such compliance is waived by the Exchange) and the Articles; and
- (c) (unless revoked or varied by the Company in general meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the Annual General Meeting next following the passing of the ordinary resolution, or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Companies Act (whichever is the earliest).

Article 48(3)

Notwithstanding Article 48(1) above but subject to the Companies Act, the Directors shall not be required to offer any new shares to members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a prospectus or other document, but may sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

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APPENDIX D – RULES OF THE LHN PERFORMANCE SHARE PLAN

1. NAME OF THE PSP

The PSP shall be called the “LHN Performance Share Plan”.

2. DEFINITIONS

2.1 In this PSP, unless the context otherwise requires, the following words and expressions shall have the following meanings:

<i>“Adoption Date”</i>	:	The date on which the PSP is adopted by the Company in general meeting
<i>“Auditors”</i>	:	The auditors of the Company for the time being
<i>“Award”</i>	:	An award of Shares granted under the PSP
<i>“Board”</i>	:	The board of Directors of the Company for the time being
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Commencement Date”</i>	:	The date for the commencement of the PSP
<i>“Committee”</i>	:	The remuneration committee of the Company, or such other committee comprising directors of the Company duly authorised and appointed by the Board to administer this PSP
<i>“Companies Act”</i>	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented or modified from time to time
<i>“Company”</i>	:	LHN Limited
<i>“Controlling Shareholder”</i>	:	A Shareholder who, in relation to the Company, has control, as further defined in Rule 2.2
<i>“Director”</i>	:	A director of the Company for the time being
<i>“Group”</i>	:	The Company and its subsidiaries
<i>“Group Employee”</i>	:	Any confirmed full time employee of the Group (including any Group Executive Director) selected by the Committee to participate in the PSP in accordance with the provisions thereof
<i>“Group Executive Director”</i>	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function

APPENDIX D – RULES OF THE LHN PERFORMANCE SHARE PLAN

<i>“LHN Performance Share Plan” or “PSP”</i>	:	The LHN Performance Share Plan, as amended, supplemented or modified from time to time
<i>“Listing Manual”</i>	:	Section B of the Listing Manual: Rules of Catalist, as amended, modified or supplemented from time to time
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“New Shares”</i>	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards granted under the PSP
<i>“Non-Executive Director”</i>	:	A director of the Company and/or any of its subsidiaries, as the case may be, other than a Group Executive Director
<i>“Participant”</i>	:	A person who is selected by the Committee to participate in the PSP in accordance with the provisions of the PSP
<i>“Performance Targets”</i>	:	The performance targets prescribed by the Committee to be fulfilled by a Participant for any particular period under the PSP
<i>“Rules”</i>	:	The rules of the PSP, as the same may be amended, supplemented or modified from time to time
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Shareholder(s)”</i>	:	Registered holder(s) of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose securities accounts maintained with CDP are credited with the Shares
<i>“Share(s)”</i>	:	Ordinary share(s) in the capital of the Company
<i>“treasury shares”</i>	:	Issued Shares of the Company which were (or are treated as having been) purchased by the Company in circumstances which Section 76H of the Companies Act applies and have since purchase been continuously held by the Company
<i>“Vesting Date”</i>	:	In relation to Shares which are the subject of an Award which has been released in accordance with Rule 10, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares will vest pursuant to Rule 10

APPENDIX D – RULES OF THE LHN PERFORMANCE SHARE PLAN

“\$” and “cents” : Singapore dollars and cents respectively

“%” or “per cent.” : Percentage or per centum

2.2 For the purposes of the PSP:

- (a) in relation to a Shareholder (including, where the context requires, the Company), “control” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company;
- (b) unless rebutted, a person who holds directly or indirectly, a shareholding of 15.0% or more of the Company’s total number of issued Shares excluding treasury shares shall be presumed to be a Controlling Shareholder; and
- (c) in relation to a Controlling Shareholder, his “associate” shall have the meaning ascribed to it by the Listing Manual or any other publication prescribing rules or regulations for corporations admitted to the Official List of Catalist (as modified, supplemented or amended from time to time).

2.3 The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively by Section 130A of the Companies Act.

2.4 Any reference in the PSP or the Rules to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in the PSP and the Rules shall have the meaning assigned to it under the Companies Act.

2.5 Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits.

2.6 Any reference to a time of day shall be a reference to Singapore time.

3. OBJECTIVES

3.1 The main objectives of the PSP are as follows:

- (a) to attract potential employees with relevant skills to contribute to the Company and to create value for Shareholders;
- (b) to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of the Company;
- (c) to motivate the Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Company;
- (d) to align the interests of the Participants with the interests of the Shareholders;
- (e) to give recognition to the contributions made by the Participants to the success of the Company; and

APPENDIX D – RULES OF THE LHN PERFORMANCE SHARE PLAN

- (f) to retain key employees of the Company whose contributions are essential to the long-term prosperity of the Company.

4. ELIGIBILITY

- 4.1 The following persons (provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the PSP at the absolute discretion of the Committee:
 - (a) Group Employees (including Group Executive Directors) who have attained the age of 21 years on or before the date of grant of the Award; and
 - (b) Non-Executive Directors (including independent Directors) who have attained the age of 21 years on or before the date of grant of the Award.
- 4.2 Controlling Shareholders and Associates of the Controlling Shareholders who meet the eligibility criteria in Rule 4.1 shall be eligible to participate in the PSP provided that (a) the participation of, and (b) the terms of each grant and the actual number of Awards granted under the PSP, to a Participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by the independent Shareholders in a general meeting in separate resolutions for each such person, and the basis for seeking such Shareholders' approval will be included in the circular to Shareholders.
- 4.3 Participants who are also Shareholders and are eligible to participate in this Plan must abstain from voting on any resolution relating to the Plan, including (a) the implementation of the Plan; and (b) the participation by, or grant of Awards to Controlling Shareholders and their Associates (if such Participant is a Controlling Shareholder).
- 4.4 Controlling Shareholder and his/her Associate shall abstain from voting on the resolution in relation to his participation in this Plan and grant of Awards to him/her.
- 4.5 For the purposes of determining eligibility to participate in the PSP, the secondment of a Group Employee to another company within the Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of the Group.
- 4.6 There shall be no restriction on the eligibility of any Participant to participate in any other share incentive schemes or share plans implemented or to be implemented by the Company or any other company within the Group.
- 4.7 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the PSP may be amended from time to time at the absolute discretion of the Committee.

5. LIMITATIONS UNDER THE PSP

- 5.1 The total number of Shares which may be delivered pursuant to the vesting of Awards on any date, when added to the aggregate number of Shares issued and/or issuable in respect of (a) all Awards granted under the PSP; and (b) all other Shares issued and/or issuable under any other share-based incentive schemes or share plans of the Company, shall not exceed 15.0% of the total number of issued Shares (excluding treasury shares) of the Company from time to time.

APPENDIX D – RULES OF THE LHN PERFORMANCE SHARE PLAN

- 5.2 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the PSP.
- 5.3 The aggregate number of Shares available to the Controlling Shareholders or Associates of the Controlling Shareholders (including adjustments made in accordance with Rule 11) shall not exceed 25.0% of the Shares available under the PSP.
- 5.4 The number of Shares available to each Controlling Shareholder or Associate of the Controlling Shareholder (including adjustments made in accordance with Rule 11) shall also not exceed 10.0% of the Shares available under the PSP.

6. DATE OF GRANT

The Committee may grant Awards at any time in the course of a financial year, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested and hence any Shares comprised in such Awards may only be delivered on or after the second Market Day from the date on which the aforesaid announcement is made.

7. AWARDS

- 7.1 The selection of the Participants and number of Shares which are the subject of each Award to be granted to a Participant in accordance with the PSP shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.
- 7.2 In the case of a performance-related Award, the Performance Targets will be set by the Committee depending on each individual Participant's job scope and responsibilities. The Performance Targets to be set shall take into account both the medium and long-term corporate objectives of the Group and the individual performance of the Participant and will be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth. The Performance Targets could be based on criteria such as sales growth, growth in earnings and return on investment. In addition, the Participant's length of service with the Group, achievement of past Performance Targets, value-add to the Group's performance and development and overall enhancement to shareholder value, *inter alia*, will be taken into account.
- 7.3 As soon as reasonably practicable after an Award is finalised by the Committee, the Committee shall send an Award letter to the Participant confirming the said Award. The said Award letter shall specify, *inter alia*, the following:
- (a) in relation to a performance-related Award, the Performance Targets for the Participant and the period during which the Performance Targets shall be met;
 - (b) the number of Shares to be vested on the Participant; and
 - (c) the date by which the Award shall be vested.
- 7.4 The Committee shall take into account various factors when determining the method to arrive at the exact number of Shares comprised in an Award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of the Company

APPENDIX D – RULES OF THE LHN PERFORMANCE SHARE PLAN

and the predetermined dollar amount which the Committee decides that a Participant deserves for meeting his Performance Targets. For example, Shares may be awarded based on predetermined dollar amounts such that the quantum of Shares comprised in Awards is dependent on the closing price of Shares transacted on the Market Day the Award is vested. Alternatively, the Committee may decide absolute numbers of Shares to be awarded to Participants irrespective of the price of the Shares. The Committee shall monitor the grant of Awards carefully to ensure that the size of the PSP will comply with the relevant rules of the Listing Manual.

- 7.5 Awards are personal to the Participant to whom it is given and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Committee.

8. VESTING OF THE AWARDS

- 8.1 Notwithstanding that a Participant may have met his Performance Targets, no Awards shall be vested:

- (a) upon the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of such Award;
- (b) in the event of any misconduct on the part of the Participant as determined by the Committee in its discretion;
- (c) subject to Rule 8.2, upon the Participant ceasing to be in the employment of the Group for any reason whatsoever; or
- (d) in the event that the Committee shall, at its discretion, deem it appropriate that such Award to be given to a Participant shall so lapse on the grounds that any of the objectives of the PSP (as set out in Rule 3) have not been met.

- 8.2 A Participant shall be entitled to an Award so long as he has met the Performance Targets notwithstanding that he may have ceased to be employed by the Group after the fulfilment of such Performance Targets. For the purpose of this Rule 8.2, the Participant may cease to be so employed in any of the following events, namely:

- (a) through ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
- (b) redundancy;
- (c) death;
- (d) retirement at or after the legal retirement age;
- (e) retirement before the legal retirement age with the consent of the Committee; or
- (f) any other event approved by the Committee.

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9. TAKE-OVER AND WINDING UP OF THE COMPANY

9.1 Notwithstanding Rule 8 but subject to Rule 9.5, in the event of a take-over being made for the Shares, a Participant shall (notwithstanding that the vesting period for the Award has not expired) be entitled to the Shares under the Awards if he has met the Performance Targets which fall within the period commencing on the date on which such offer for a take-over of the Company is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

(a) the expiry of 6 months thereafter, unless prior to the expiry of such 6-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the last date on which the Performance Targets are to be met); or

(b) the date of expiry of the period for which the Performance Targets are to be met,

provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Companies Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Participant shall be obliged to fulfil such Performance Targets until the expiry of such specified date or the expiry date of the Performance Targets relating thereto, whichever is earlier, before an Award can be vested.

9.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant who has fulfilled his Performance Target shall be entitled, notwithstanding the provisions herein and the fact that the vesting period for such Award has not expired but subject to Rule 9.5, to any Shares under the Awards so determined by the Committee to be released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.

9.3 If an order or an effective resolution is made for the winding-up of the Company on the basis of its insolvency, all Awards, notwithstanding that they may have been so vested shall be deemed or become null and void.

9.4 In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Awards shall so vest in the Participant for so long as, in the absolute determination by the Committee, the Participant has met the Performance Targets prior to the date that the members' voluntary winding-up shall be deemed to have been commenced or effective in law.

9.5 If in connection with the making of a general offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the winding-up referred to in Rule 9.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the payment of cash or by any other form of benefit, no release of Shares under the Award shall be made in such circumstances.

APPENDIX D – RULES OF THE LHN PERFORMANCE SHARE PLAN

10. RELEASE OF AWARDS

- 10.1 As soon as reasonably practicable after the end of each performance period, the Committee shall review the Performance Targets specified in respect of that Award and determine whether they have been satisfied and, if so, the extent to which they have been satisfied (whether fully or partially) and the number of Shares to be released.
- 10.2 The Committee shall have the discretion to determine whether Performance Targets have been met (whether fully or partially) or exceeded and/or whether the Participant's performance and/or contribution to the Company and/or any of its subsidiaries justifies the vesting of an Award. In making any such determination, the Committee shall have the right to make reference to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the Performance Targets if the Committee decides that a changed Performance Targets would be a fairer measure of performance.
- 10.3 Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the Committee being satisfied that the Participant has achieved the Performance Targets.
- 10.4 Subject to the prevailing legislation and the provisions of the Listing Manual, the Company will deliver Shares to Participants upon vesting of their Awards by way of an issue of New Shares or the transfer of existing Shares held as treasury shares to the Participants.
- 10.5 In determining whether to issue New Shares or to purchase existing Shares for delivery to Participants upon the vesting of their Awards, the Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing New Shares or purchasing existing Shares.
- 10.6 The Committee will procure, upon approval of the Board, the allotment or transfer to each Participant of the number of Shares which are to be released to that Participant pursuant to an Award under Rule 7. Any proposed issue of New Shares will be subject to there being in force at the relevant time the requisite Shareholders approval under the Companies for the issue of Shares. Any allotment of New Shares pursuant to an Award will take into account the rounding of odd lots.
- 10.7 Where New Shares are to be allotted or any Shares are to be transferred to a Participant pursuant to the release of any Award, the Vesting Date will be a trading day falling as soon as practicable after the review of the Committee referred to in Rule 10.1. On the Vesting Date, the Committee will procure the allotment or transfer of each Participant of the number of Shares so determined.
- 10.8 Where New Shares are to be allotted upon the vesting of any Award, the Company shall, as soon as practicable after allotment, where necessary, apply to the SGX-ST for the permission to deal in and for the listing and quotation of such Shares on Catalist of the SGX-ST.

APPENDIX D – RULES OF THE LHN PERFORMANCE SHARE PLAN

10.9 Shares which are allotted or transferred on the release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of either:

- (a) the securities account of that Participant maintained with CDP;
- (b) the securities sub-account of that Participant maintained with a Depository Agent; or
- (c) the CPF investment account maintained with a CPF agent bank,

in each case, as designated by that Participant. Until such issue or transfer of such Shares has been effected, that Participant shall have no voting rights nor any entitlements to dividends or other distributions declared or recommended in respect of any Shares which are the subject of the Award granted to him.

10.10 New Shares allotted and issued, and existing Shares held in treasury procured by the Company for transfer, on the release of an Award, shall be subject to all the provisions of the Memorandum and Articles of Association of the Company and the Companies Act, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the date of issue of the New Shares or the date of transfer of treasury shares pursuant to the vesting of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue. "Record Date" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

10.11 Shares which are allotted, and/or treasury shares which are transferred, on the vesting of an Award to a Participant, may be subject to such moratorium as may be imposed by the Committee.

11. VARIATION OF CAPITAL

11.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, sub-division, consolidation, distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (b) the class and/or number of Shares over which future Awards may be granted under the PSP,

shall be adjusted by the Committee to give each Participant the same proportion of the equity capital of the Company as that to which he was previously entitled and, in doing so, the Committee shall determine at its own discretion the manner in which such adjustment shall be made.

11.2 Unless the Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:

- (a) the issue of securities as consideration for an acquisition or a private placement of securities;

APPENDIX D – RULES OF THE LHN PERFORMANCE SHARE PLAN

- (b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on Catalist of the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;
- (c) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees pursuant to any share option scheme or share plan approved by Shareholders in general meeting, including the PSP; and
- (d) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company.

11.3 Notwithstanding the provisions of Rule 11.1:

- (a) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and
- (b) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

11.4 Upon any adjustment required to be made pursuant to this Rule 11, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the vesting of an Award. Any adjustment shall take effect upon such written notification being given.

12. ADMINISTRATION OF THE PSP

12.1 The Plan shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.

12.2 The Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the PSP) for the implementation and administration of the PSP as they think fit including, but not limited to:

- (a) imposing restrictions on the number of Awards that may be vested within each financial year; and
- (b) amending Performance Targets if by so doing, it would be a fairer measure of performance for a Participant or for the PSP as a whole.

12.3 Any decision of the Committee made pursuant to any provision of the PSP (other than a matter to be certified by the Auditors) shall be final and binding (including any decisions pertaining to the number of Shares to be vested) or to disputes as to the interpretation of the PSP or any rule, regulation, procedure thereunder or as to any rights under the PSP.

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13. NOTICES AND ANNUAL REPORT

- 13.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses as may be notified by the Company to him in writing.
- 13.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company or at the last known address of the Participant and if sent by post, shall be deemed to have been given on the day following the date of posting.
- 13.3 The following disclosures (as applicable) will be made by the Company in its annual report for so long as the PSP continues in operation:
- (a) the names of the members of the Committee administering the PSP;
 - (b) in respect of the following Participants:
 - (i) Directors of the Company;
 - (ii) Participants who are Controlling Shareholders and their Associates; and
 - (iii) Participants (other than those in paragraphs (b)(i) and (b)(ii) above) who have received Shares pursuant to the vesting of the Awards granted under the PSP which, in aggregate, represent five per cent. (5%) or more of the total number of Shares available under the PSP,
- the following information:
- (aa) the name of the Participant;
 - (bb) the aggregate number of Shares comprised in Awards which have been granted to such Participant during the financial year under review;
 - (cc) the aggregate number of Shares comprised in Awards which have been granted to such Participant since the commencement of the PSP to the end of the financial year under review;
 - (dd) the aggregate number of Shares comprised in Awards which have been issued and/or transferred to such Participant pursuant to the vesting of Awards under the PSP since the commencement of the PSP to the end of the financial year under review;
 - (ee) the aggregate number of Shares comprised in Awards which have not been vested as at the end of the financial year under review; and
- (c) such other information as may be required by the Listing Manual or the Companies Act.

If any of the above is not applicable, an appropriate negative statement shall be included.

APPENDIX D – RULES OF THE LHN PERFORMANCE SHARE PLAN

14. MODIFICATIONS TO THE PSP

- 14.1 Any or all the provisions of the PSP may be modified and/or altered at any time and from time to time by resolution of the Committee, provided that:
- (a) any modification or alteration which would be to the advantage of Participants under the PSP shall be subject to the prior approval of Shareholders in a general meeting; and
 - (b) no modification or alteration shall be made without due compliance with the Listing Manual and such other laws or regulations as may be applicable.
- 14.2 Written notice of any modification or alteration made in accordance with this Rule 14 shall be given to all Participants.

15. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant (who is a Group Employee) shall not be affected by his participation in the PSP, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

16. DURATION OF THE PSP

- 16.1 The PSP shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the Adoption Date, provided always that the PSP may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 16.2 The PSP may be terminated at any time at the discretion of the Committee or by an ordinary resolution of the Company in general meeting subject to all other relevant approvals which may be required and if the PSP is so terminated, no further Awards shall be offered by the Company thereunder.
- 16.3 Notwithstanding the expiry or termination of the PSP, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

17. TAXES

All taxes (including income tax) arising from the grant and/or disposal of Shares pursuant to the Awards granted to any Participant under the PSP shall be borne by that Participant.

18. COSTS AND EXPENSES

- 18.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the allotment and issuance or transfer of any Shares pursuant to the Awards in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent.

APPENDIX D – RULES OF THE LHN PERFORMANCE SHARE PLAN

- 18.2 Save for the taxes referred to in Rule 17 and such other costs and expenses expressly provided in the PSP to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the PSP including but not limited to the fees, costs and expenses relating to the allotment, issue and/or delivery of Shares pursuant to the Awards shall be borne by the Company.

19. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing or transferring the Shares or applying for or procuring the listing and quotation of the Shares on Catalist of the SGX-ST.

20. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

21. CONDITION OF AWARDS

Every Award shall be subject to the condition that no Shares would be issued or transferred pursuant to the vesting of any Award if such issue or transfer would be contrary to the constitutive documents of the Company or any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue or transfer of Shares hereto.

22. GOVERNING LAW

The PSP shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Awards in accordance with the PSP, and the Company irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

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APPENDIX E – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

SAC CAPITAL PRIVATE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200401542N)

1 Robinson Road
#21-02 AIA Tower
Singapore 048542

1 April 2015

To: The Audit Committee of LHN Limited

Mr Lee Gee Aik
Ms Ch'ng Li-Ling
Mr Yong Chee Hiong

Dear Sirs/Madam

PROPOSED SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

Unless otherwise defined herein, all capitalised terms used in the Offer Document shall have the same meanings in this letter.

1. INTRODUCTION

This letter has been prepared in relation to the proposed initial public offering (the “**IPO**”) and the listing and quotation of the ordinary shares (the “**Shares**”) in the capital of LHN Limited (the “**Company**”) on the Catalist Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

It is anticipated that the Company, its subsidiaries and associated companies (the “**Group**”) would, in the ordinary course of business, continue to enter into certain transactions with persons which are considered “interested persons” as defined in Chapter 9 of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”). It is likely that such transactions will occur with some degree of frequency and may arise at any time.

Under Chapter 9 of the Catalist Rules, a listed company may seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company’s interested persons, but not for the purchase or sale of assets, undertakings or businesses (the “**Shareholders’ Mandate**”). Transactions between Entities At Risk and Interested Persons (as such terms are respectively defined in the Catalist Rules) (the “**Interested Person Transactions**”) conducted under such a general mandate are not subject to Rules 905 and 906 of the Catalist Rules, which require an immediate announcement to be made and/or shareholders’ approval for an Interested Person Transaction if the value of the transaction is equal to or exceeds certain thresholds.

Pursuant to Rule 920(2) of the Catalist Rules, the Company may treat a general mandate as having been obtained from the shareholders of the Company (the “**Shareholders**”) for it to enter into Interested Person Transactions if the information required under Rule 920(1)(b) of the Catalist Rules is included in the offer document issued by the Company dated 17 March 2015 (the “**Offer Document**”) to be lodged with the SGX-ST, acting as agent on behalf of the

APPENDIX E – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Monetary Authority of Singapore, in connection with the proposed listing of the Company on Catalist. By subscribing for the Placement Shares (as defined in the Offer Document), new Shareholders are deemed to have approved the Shareholders' Mandate.

We understand that the Shareholders' Mandate will apply to transactions that are carried out with (i) certain members of the Lim family, who are or may from time to time be or become beneficiaries of The LHN Capital Trust, one of the deemed Controlling Shareholders (as defined in the Offer Document) (the "**Lim Family**"), (ii) Kelvin Lim and Jess Lim, both executive directors of the Company (the "**Executive Directors**"), (iii) LHN Culinary Concepts Pte. Ltd. ("**LHN Culinary**") and its subsidiaries (together, the "**LHN Culinary Group**") and its Associated Companies (as defined in the Offer Document), (iv) Cafe @ Phoenix Pte. Ltd. and DJ Culinary Concepts Pte. Ltd. (collectively, the "**PJS Companies**"), their respective subsidiaries and their respective Associated Companies, and (v) the respective Associates (as defined in the Offer Document) of the parties named in (i) and (ii) above (collectively, the "**Mandated Interested Persons**").

Arising thereto and to comply with the requirements of Chapter 9 of the Catalist Rules, SAC Capital Private Limited ("**SAC Capital**") has been appointed to provide an opinion on whether the methods and review procedures under the Shareholders' Mandate, if adhered to, are sufficient to ensure that the Mandated Transactions (as defined in the sub-section of the Offer Document entitled "Categories of Mandated Interested Person Transactions") will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

This letter has been prepared for the use of the audit committee of the Company (the "**Audit Committee**") in connection with its consideration of the Shareholders' Mandate to be incorporated into the Offer Document.

2. TERMS OF REFERENCE

We have been appointed as the independent financial adviser to the Audit Committee to express an opinion, for the purposes of Chapter 9 of the Catalist Rules, on whether the methods and review procedures for determining the transaction prices of the Mandated Transactions as set out in the sub-section of the Offer Document entitled "Review Procedures for Mandated Transactions with Mandated Interested Persons", if adhered to, are sufficient to ensure that these Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

We were not privy to the negotiations entered into by the Company in relation to the Interested Person Transactions contemplated under the Shareholders' Mandate, nor were we involved in the deliberations leading up to the decision of the Directors to undertake the Shareholders' Mandate. We do not, by this letter, warrant the merits of the Shareholders' Mandate. We have also not conducted a comprehensive independent review of the business, operations or financial condition of the Group or any of the Mandated Interested Persons.

For the purposes of arriving at our opinion in respect of the Shareholders' Mandate, we have taken into account the current methods and review procedures of the Company for determining transaction prices for the Interested Person Transactions under the Shareholders' Mandate but have not evaluated, and have not been requested to comment

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on, the strategic or commercial merits or risks of the Shareholders' Mandate or the prospects or earnings potential of the Company or the Group. Such evaluation shall remain the sole responsibility of the Directors.

In the course of our evaluation and for the purposes of our opinion herein, we have held discussions with the management of the Company (the "**Management**"). We have relied on the information and representations, whether written or verbal, provided to us by the Directors and the Management, including information contained in the Offer Document. The Directors (including those who may have delegated detailed supervision of the Offer Document) have confirmed to us that, having made all reasonable enquiries and to the best of their knowledge and belief, (a) all material information available to them in connection with the Shareholders' Mandate have been disclosed in the Offer Document; (b) such information is true and accurate in all material respects; and (c) there is no other material information or fact, the omission of which would cause any information disclosed to us or the facts stated in the Offer Document to be inaccurate, incomplete or misleading in any material respect. We have not independently verified such information or representations and accordingly cannot and do not warrant, and do not accept any responsibility for, the accuracy, completeness or adequacy of these information or representations. We have, however, made such enquiry and exercised such judgement (as we deemed necessary) in assessing the information and representations provided to us, and have found no reason to doubt the accuracy or reliability of such information or representations.

Our opinion, as set out in this letter, is based on the market, economic, industry and other applicable conditions prevailing on, and the information made available to us as of 6 March 2015, being the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time and we assume no responsibility to update, revise or reaffirm our opinion in the light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

In arriving at our opinion, we have not had regard to the specific investment objectives, financial situation, tax position or individual circumstances of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional advisers.

Our opinion in relation to the Shareholders' Mandate should be considered in the context of the entirety of this letter and the Offer Document.

The Company has been separately advised by its own advisers in the preparation of the Offer Document (other than this letter). We have had no role or involvement and have not provided any advice, financial or otherwise, in the preparation, review and verification of the Offer Document (other than this letter). Accordingly, we accept no responsibility for and express no views, expressed or implied, on the contents of the Offer Document (other than this letter).

3. SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

Information on the Shareholders' Mandate is set out in the sub-section entitled "General Mandate for Interested Person Transactions" of the Offer Document. **Shareholders are advised to read this sub-section of the Offer Document carefully.**

APPENDIX E – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3.1 Background

The Group is a real estate management services group with the ability to generate value for its landlords and tenants through its expertise in space optimisation. The Group secures and transforms unused, old and under-utilised commercial, industrial and residential properties before leasing them out to its tenants. The Group also provides facility management services principally to the properties it leases and manages, as well as transportation and container depot management services.

We note the Group has on-going transactions with the LHN Culinary Group and the PJS Companies as set out in the sub-section entitled “On-going Interested Person Transactions” in the Offer Document. LHN Culinary and its subsidiaries, namely, Alkaff Mansion Ristorante Pte. Ltd., Parco Caffe Holdings Pte. Ltd. and Australasian Wine Distributors Pte. Ltd., as well as the PJS Companies are involved in the food and beverage business. LHN Culinary is wholly owned by the Controlling Shareholder, Hean Nerng Group Pte. Ltd. (“HNG”). The entire issued and paid-up share capital of HNG is, directly and indirectly, owned by the Executive Directors and their immediate family through HN Capital Ltd. and The LHN Capital Trust. Accordingly, LHN Culinary and its subsidiaries are each an Associate of the Executive Directors, Kevin Lim and Jess Lim, and the Controlling Shareholders and is considered an Interested Person under Chapter 9 of the Catalist Rules. The Executive Directors, Kelvin Lim and Jess Lim, are also directors of LHN Culinary. Pang Joo Siang, who is the spouse of the Executive Director and Deputy Group Managing Director, Jess Lim, wholly owns and is the sole director of each of the PJS Companies. Accordingly, each of the PJS Companies is an Associate of Jess Lim and is considered an Interested Person under Chapter 9 of the Catalist Rules. Transactions entered into by the Group with the LHN Culinary Group and the PJS Companies, therefore constitute Interested Person Transactions as defined under Chapter 9 of the Catalist Rules. We also note that the Lim Family, the Executive Directors, Kelvin Lim and Jess Lim, and their Associates are included in the Shareholders’ Mandate as the Group envisages that it may enter into transactions with these Mandated Interested Persons in the future.

Pursuant to Rule 920(2) of the Catalist Rules, the Company may treat a general mandate as having been obtained from its Shareholders for it to enter into Interested Person Transactions if the information required under Rule 920(1)(b) of the Catalist Rules is included in the Offer Document. This would enable the Group, in its normal course of business, to enter into the Interested Person Transactions with the Mandated Interested Persons, provided such Interested Person Transactions are made on an arm’s length basis and on normal commercial terms.

The Shareholders’ Mandate will apply to the Group’s transactions with the Mandated Interested Persons in the ordinary course of business, and the transactions covered relate to, *inter alia*, the provision of leases and property-linked services to the Mandated Interested Persons in the ordinary course of business. Please refer to the sub-section entitled “Categories of Mandated Interested Person Transactions” of the Offer Document for more information on the categories of transactions under the Shareholders’ Mandate.

3.2 Shareholders’ Mandate

Information on the Shareholders’ Mandate including:

- (i) the Entities At Risk;
- (ii) the classes of Mandated Interested Persons;

APPENDIX E – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) the categories of Mandated Transactions;
- (iv) the rationale for, and benefits of, the Shareholders' Mandate; and
- (v) the review procedures for the Mandated Transactions with the Mandated Interested Persons,

is set out in the sub-section entitled "General Mandate for Interested Person Transactions" of the Offer Document, and Shareholders are advised to read the information carefully.

3.3 Validity Period of the Shareholders' Mandate

The Shareholders' Mandate will be effective until the earlier of the following:

- (i) the conclusion of the Company's first annual general meeting following its admission to Catalist; or
- (ii) the first anniversary of the date of its admission to Catalist.

Thereafter, the Company will seek the approval of its Shareholders for a renewal of the Shareholders' Mandate at each subsequent annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, subject to satisfactory review by the Audit Committee of its continued application to the transactions with the Mandated Interested Person(s). In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, Interested Persons and their Associates shall abstain from voting on resolutions approving Interested Person Transactions involving themselves and the Group. Furthermore, such Interested Persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the appointing Shareholder. As such, the Executive Directors, Kelvin Lim and Jess Lim, and their Associates will abstain from voting on the resolutions approving the renewal of the Shareholders' Mandate.

4. OTHER REVIEW PROCEDURES

The Audit Committee will also review all other existing and future Interested Person Transactions not subject to the Shareholders' Mandate to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Catalist Rules) are complied with.

Salient information on the review procedures to ensure that Interested Person Transactions not subject to the Shareholders' Mandate are undertaken on normal commercial terms and on an arm's length basis, and will not be prejudicial to the interests of the Group and its minority Shareholders, is set out in the sub-section entitled "Review of Other Interested Person Transactions and Review by our Audit Committee" of the Offer Document.

5. OUR OPINION

Having considered, *inter alia*, the rationale and benefits of the Shareholders' Mandate, the methods and review procedures of the Company for determining the transaction prices of the Mandated Transactions covered under the Shareholders' Mandate and the role of the Audit Committee in enforcing the Shareholders' Mandate, and subject to the qualifications and assumptions made herein, we are of the opinion that the methods and review procedures of the Company as set out in the sub-section entitled "Review Procedures for Mandated Transactions with Mandated Interested Persons" of the Offer Document for determining the

APPENDIX E – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

transaction prices of the Mandated Transactions, if adhered to, are sufficient to ensure that the Mandated Transactions carried out thereunder will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Our opinion is addressed to the Audit Committee in connection with and for the purpose of its consideration of the Shareholders' Mandate and for inclusion in the Offer Document. Whilst a copy of this letter may be reproduced in the Offer Document, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of SAC Capital.

Our opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
SAC CAPITAL PRIVATE LIMITED

Bernard Lim
Executive Director

Chow You Yah
Manager

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to apply and subscribe for the Placement Shares at the Placement Price, subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 PLACEMENT SHARES AND INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF SHARES WILL BE REJECTED.**
2. Your application for Placement Shares may only be made by way of printed Placement Shares Application Forms.

YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE PLACEMENT SHARES.

3. **You are allowed to submit only one (1) application in your own name for the Placement Shares.**

If you, being other than an approved nominee company, have submitted an application for Placement Shares in your own name, you should not submit any other application for Placement Shares for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company and the Sponsor, Issue Manager and Placement Agent, as well as the Sub-Placement Agent.

Joint and multiple applications for the Placement Shares shall be rejected. If you submit or procure submissions of multiple share applications for the Placement Shares, you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications may be rejected at the discretion of our Company and the Sponsor, Issue Manager and Placement Agent as well as the Sub-Placement Agent.

4. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships, non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased name at the time of application.
5. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or companies after complying with paragraph 6 below.
6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies and licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies shall be rejected.

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected. If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form, your application may be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and CDP Securities Account number provided in your Application Form differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one (1) individual direct Securities Account with CDP, your application shall be rejected.
8. **If your address as stated in the Application Form is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondence from CDP will be sent to your address last registered with CDP.**
9. **Our Company and the Sponsor, Issue Manager and Placement Agent, as well as the Sub-Placement Agent reserve the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Offer Document or with the terms and conditions of this Offer Document, or which is illegible, incomplete, incorrectly completed, or which is accompanied by an improperly drawn remittance or improper form of remittance or remittances which are not honoured upon the first presentation.**
10. **Our Company and the Sponsor, Issue Manager and Placement Agent, as well as the Sub-Placement Agent further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Form or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**
11. Our Company and the Sponsor, Issue Manager and Placement Agent, as well as the Sub-Placement Agent reserve the right to reject or to accept, in whole or in part, or to scale down, any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision with regards hereto will be entertained. In deciding the basis of allotment which shall be at the discretion of our Company and the Sponsor, Issue Manager and Placement Agent, as well as the Sub-Placement Agent, due consideration will be given to the desirability of allotting the Placement Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
12. Share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of Placement Shares allotted to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company and the Sponsor, Issue Manager and Placement Agent, as well as the Sub-Placement Agent. You irrevocably authorise CDP

APPENDIX F – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

to complete and sign on your behalf, as transferee or renounce, any instrument of transfer and/or other documents required for the issue or transfer of the Placement Shares allotted to you.

13. In the event that we lodge a supplementary or replacement Offer Document (“**Relevant Document**”) pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Placement, and the Placement Shares have not been issued, we will (as required by law), and subject to the SFA, at our sole and absolute discretion either
- (i) within seven (7) days of the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to withdraw; or
 - (ii) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven (7) days from the lodgement of the Relevant Document.

Where you have notified us within 14 days from the date of lodgement of the Relevant Document of your wish to exercise your option under paragraph 13(i) above to withdraw your application, we shall pay to you all monies paid by you on account of your application for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at your own risk, within seven (7) days from the receipt of such notification.

In the event that at any time at the time of the lodgement of the Relevant Document, the Placement Shares have already been issued but trading has not commenced, we will (as required by law), and subject to the SFA, either:

- (iii) within seven (7) days from the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to return the Placement Shares; or
- (iv) deem the issue as void and refund your payment for the Placement Shares (without interest or any share of revenue or other benefit arising therefrom) within seven (7) days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraph 13(iii) above to return the Placement Shares issued to him shall, within 14 days from the date of lodgement of the Relevant Document, notify us of this and return all documents, if any, purporting to be evidence of title of those Placement Shares, whereupon we shall, subject to the SFA, within seven (7) days from the receipt of such notification and documents, pay to him all monies paid by him for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Placement Shares issued to him shall be void.

Additional terms and instructions applicable upon the lodgement of the Relevant Document, including instructions on how you can exercise the option to withdraw, may be found in such Relevant Document.

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14. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Placement Shares allotted to you pursuant to your application, to us, and the Sponsor, Issue Manager and Placement Agent, as well as the Sub-Placement Agent and, any other parties so authorised by the foregoing persons.
15. Any reference to “you” or the “applicant” in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Placement Shares through the Placement Agent or its designated sub-placement agent(s).
16. By completing and delivering an Application Form in accordance with the provisions of this Offer Document, you:
 - i. irrevocably offer, agree and undertake to subscribe for the number of Placement Shares specified in your application (or such smaller number for which the application is accepted) at the Placement Price and agree that you will accept such Placement Shares as may be allotted to you, in each case, subject to the conditions set out in this Offer Document and the Memorandum and Articles of Association of our Company;
 - ii. agree that the aggregate Placement Price for the Placement Shares applied for is due and payable to our Company upon application with;
 - iii. consent to the collection, use and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, Securities Account number, share application amount, share application details and other personal data (“**Personal Data**”) by the Share Registrar, CDP, Securities Clearing and Computer Services (Pte.) Ltd (“**SCCS**”), SGX-ST, our Company, the Sponsor, Issue Manager and Placement Agent as well as the Sub-Placement Agent and/or other authorised operators (the “**Relevant Persons**”) for the purpose of facilitating your application for the Placement Shares;
 - iv. warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Persons, such disclosure is in compliance with the applicable laws (collectively, the “**Personal Data Privacy Terms**”);
 - v. warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company and Sponsor, Issue Manager and Placement Agent as well as the Sub-Placement Agent in determining whether to accept your application and/or whether to allot any Placement Shares to you; and
 - vi. agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company and Sponsor, Issue Manager and Placement Agent and/or the Sub-Placement Agent will infringe any such laws as a result of the acceptance of your application.

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17. Our acceptance of applications will be conditional upon, *inter alia*, our Company and Sponsor, Issue Manager and Placement Agent as well as the Sub-Placement Agent being satisfied that:
- i. permission has been granted by the SGX-ST to deal in and for quotation of all our existing Shares, the Placement Shares, the Performance Shares and the Option Shares on Catalist;
 - ii. the Management Agreement and the Placement Agreement referred to in the section “General and Statutory Information – Management and Placement Arrangements” of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as our Company may determine; and
 - iii. the Authority has not served a stop order (“**Stop Order**”) which directs that no or no further shares to which this Offer Document relates be allotted.
18. In the event that a Stop Order in respect of the Placement Shares is served by the Authority or other competent authority, and:
- i. the Placement Shares have not been issued, we will (as required by law), and subject to the SFA, deem all applications withdrawn and cancelled and we shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or
 - ii. if the Placement Shares have already been issued but trading has not commenced, the issue of the Placement Shares will (as required by law) be deemed void and:
 - (a) if documents purporting to evidence title had been issued to you, our Company shall inform you to return such documents to us within 14 days from that date; and
 - (b) our Company will refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 7 days from the date of receipt of those documents (if applicable) or the date of the Stop Order, whichever is later.
- This shall not apply where only an interim stop order has been served.
19. In the event that an interim stop order in respect of the Placement Shares is served by the Authority or other competent authority, no Placement Shares shall be issued to you when the interim Stop Order is in force.
20. The Authority or other competent authority is not able to serve a Stop Order in respect of the Placement Shares if the Placement Shares have been issued and listed on a securities exchange and trading in them has commenced.
21. In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same through a SGXNET announcement to be posted on the Internet at the SGX-ST website <http://www.sgx.com> and through a paid advertisement in a generally circulating daily press.

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22. We will not hold any application in reserve.
23. We will not allot shares on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as an agent on behalf of the Authority.
24. Additional terms and conditions for applications by way of an Application Form are set out on pages F-5 to F-9 of this Offer Document.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Offer Document, including but not limited to, the terms and conditions appearing below as well as those set out in the section entitled “Appendix F – Terms, Conditions And Procedures For Application and Acceptance” of this Offer Document as well as the Memorandum and Articles of Association of our Company.

1. Your application for the Placement Shares must be made using the **BLUE** Application Form for Placement Shares accompanying and forming part of this Offer Document. **ONLY ONE APPLICATION** should be enclosed in each envelope.

We draw your attention to the detailed instructions contained in the Application Form and this Offer Document for the completion of the Application Form which must be carefully followed. **Our Company and the Sponsor, Issue Manager and Placement Agent, as well as the Sub-Placement Agent reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Form and this Offer Document or to the terms and conditions of this Offer Documents or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances which are not honoured upon their first presentation.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Form, except those under the heading “**FOR OFFICIAL USE ONLY**”, must be completed and the words “**NOT APPLICABLE**” or “**N.A.**” should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full names as they appear in your identity cards (if you have such identification document) or in your passports and, in the case of corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Company’s Share Registrar and

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Share Transfer Office. Our Company and the Sponsor, Issue Manager and Placement Agent, as well as the Sub-Placement Agent, reserve the right to require you to produce documentary proof of identification for verification purposes.

5. (a) You must complete Sections A and B and sign on page 1 of the Application Form.
 - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
 - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
6. You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore having an interest in the aggregate of more than 50.0 per cent. of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Placement Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0 per cent. of the issued share capital of or interests in such corporation.
7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Placement Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**LHN SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", with your name, CDP Securities Account Number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by ANY OTHER FORM OF PAYMENT WILL NOT BE ACCEPTED. We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON TRANSFERABLE**" crossings. No acknowledgement or receipt will be issued by us or the Sponsor, Issue Manager and Placement Agent or the Sub-Placement Agent for applications and application monies received.
8. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and application monies have been received in the designated share issue account. In the event that the Placement is cancelled by us following the termination of the Management Agreement and/or the Placement Agreement or the Placement does not proceed for any reason, the application monies received will be refunded (without interest or any share of revenue or any other benefit arising therefrom) to you by ordinary post or telegraphic transfer at your own risk within 5 Market Days from the termination of the Placement. In the event that the Placement is cancelled by us following the issuance of a Stop Order by the Authority, the application monies received will be refunded (without

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interest or any share of revenue or other benefit arising therefrom) to you by ordinary post or telegraphic transfer at your own risk within 14 Market Days from the date of the Stop Order.

9. Capitalised terms used in the Application Forms and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
10. You irrevocably agree and acknowledge that your application is subject to risks of fire, acts of God and other events beyond the control of our Company, our Directors and the Sponsor, Issue Manager and Placement Agent as well as the Sub-Placement Agent and/or any other party involved in the Placement and if, in any such event, our Company and/or the Sponsor, Issue Manager and Placement Agent and/or Sub-Placement Agent do not receive your Application Form, you shall have no claim whatsoever against our Company and/or the Sponsor, Issue Manager and Placement Agent, as well as the Sub-Placement Agent and/or any other party involved in the Placement for the Placement Shares applied for or for any compensation, loss or damage.
11. By completing and delivering the Application Form, you agree that:
 - i. in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at 12.00 noon on 9 April 2015 or such other time or date as our Company may, in consultation with the Sponsor, Issue Manager and Placement Agent as well as the Sub-Placement Agent, decide and by completing and delivering the Application Form, you agree that:
 - (a) your application is irrevocable; and
 - (b) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
 - ii. neither our Company and the Sponsor, Issue Manager and Placement Agent, Sub-Placement Agent nor any party involved in the Placement shall be liable for any delays, failures or inaccuracies in the rewarding, storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 10 above or to any cause beyond their respective controls;
 - iii. all applications, acceptances and contracts resulting therefrom under the Placement shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - iv. in respect of the Placement Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
 - v. you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

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- vi. in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company or the Sponsor, Issue Manager and Placement Agent, Sub-Placement Agent or any other person involved in the Placement shall have any liability for any information not so contained;
- vii. you accept and agree to the Personal Data Privacy Terms set out in this Offer Document; and
- viii. you irrevocably agree and undertake to subscribe for the number of Placement Shares applied for as stated in the Application Form or any smaller number of such Placement Shares that may be allotted to you in respect of your application. In the event that our Company decides to allot any smaller number of Placement Shares or not to allot any Placement Shares to you, you agree to accept such decision as final.

Applications for Placement Shares

1. Your application for Placement Shares **MUST** be made using the **BLUE** Placement Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. The completed and agreed **BLUE** Placement Shares Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate postage (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623**, to arrive by **12.00 noon on 9 April 2015 or such other time as our Company may, in consultation with the Sponsor, Issue Manager and Placement Agent as well as the Sub-Placement Agent, decide. Local Urgent Mail or Registered Post must NOT be used. ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

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SINGAPORE
HEADQUARTERS

LHN LIMITED
10 Raeburn Park #02-18
Singapore 088702
Tel: (65) 6368 8328 Fax: (65) 6367 2163

lhngroup.com