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*(Incorporated in the Republic of Singapore with limited liability)*

**(Hong Kong Stock Code: 1730)**

**(Singapore Stock Code: 410)**

## **OVERSEAS REGULATORY ANNOUNCEMENT**

This overseas regulatory announcement is made by LHN Limited (the “**Company**”) pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, which requires a listed issuer to announce any information released to any other stock exchange on which its securities are listed at the same time as the information is released to that other exchange.

Please refer to the following pages of the document which has been published by the Company on the website of the Singapore Exchange Securities Trading Limited on 14 May 2018.

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

Singapore, 14 May 2018

*As at the date of this announcement, the board of directors of the Company comprises Mr. Lim Lung Tieng and Ms. Lim Bee Choo as executive directors; and Ms. Ch'ng Li-Ling, Mr. Yong Chee Hiong and Mr. Chan Ka Leung Gary as independent non-executive directors.*

\*

*For identification purpose only*

**LHN LIMITED**

(Incorporated in the Republic of Singapore)

Company Registration No. 201420225D

**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENT**

1(a) (i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ("2Q2018") AND HALF YEAR ENDED 31 MARCH 2018**

	Group					
	3 Months Ended 31 March		Change	6 Months Ended 31 March		Change
	2018 (unaudited)	2017 (unaudited)		2018 (unaudited)	2017 (unaudited)	
	S\$'000	S\$'000		S\$'000	S\$'000	
<b>Revenue</b>	30,295	27,145	11.6	56,204	53,584	4.9
Cost of sales	(20,738)	(20,123)	3.1	(40,755)	(40,217)	1.3
<b>Gross profit</b>	9,557	7,022	36.1	15,449	13,367	15.6
Other income	528	430	22.8	1,271	1,305	(2.6)
Other losses-net	(28)	(159)	(82.4)	(28)	(161)	(82.6)
Selling and distribution expenses	(593)	(277)	>100	(1,001)	(562)	78.1
Administrative expenses	(5,800)	(5,660)	2.5	(13,028)	(11,052)	17.9
Finance cost	(197)	(154)	27.9	(399)	(304)	31.3
Share of results of associates and joint ventures, net of tax	748	(9)	NM	648	3,877	(83.3)
Fair value loss on investment properties	-	(1,439)	NM	-	(1,439)	NM
<b>Profit/(loss) before income tax</b>	4,215	(246)	NM	2,912	5,031	(42.1)
Income tax (expenses)/credit	(812)	177	NM	(516)	(52)	>100
<b>Profit/(loss) for the period</b>	3,403	(69)	NM	2,396	4,979	(51.9)
<b>Other comprehensive (loss)/income</b>						
<u>Item that will be reclassified subsequently to profit or loss</u>						
Currency translation differences arising from consolidation	(48)	(51)	(5.9)	(81)	(1)	>100
<u>Item that will not be reclassified subsequently to profit or loss</u>						
Revaluation gains on leasehold building	12	137	(91.2)	12	137	(91.2)
Share of other comprehensive income of joint venture	44	142	(69.0)	44	142	(69.0)
Other comprehensive income/(loss)	8	228	(96.5)	(25)	278	NM
<b>Total comprehensive income for the period</b>	3,411	159	>100	2,371	5,257	(54.9)
<b>Profit/(loss) attributable to:</b>						
Equity holders of the Company	3,385	(177)	NM	2,368	4,707	(49.7)
Non-controlling interests	18	108	(83.3)	28	272	(89.7)
<b>Profit/(loss) for the period</b>	3,403	(69)	NM	2,396	4,979	(51.9)
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	3,392	51	>100	2,342	4,987	(53.0)
Non-controlling interests	19	108	(82.4)	29	270	(89.3)
<b>Total comprehensive income for the period</b>	3,411	159	>100	2,371	5,257	(54.9)
NM – Not Meaningful						

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**1(a) (ii) Profit before income tax is arrived at after charging / (crediting) the following:**

	Group			
	3 Months Ended 31 March		6 Months Ended 31 March	
	2018 (unaudited)	2017 (unaudited)	2018 (unaudited)	2017 (unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,424	1,503	2,917	3,050
Interest income	(105)	(127)	(201)	(148)
Finance costs	197	154	399	304
Allowance for impairment of trade and other receivables	-	31	-	33
Bad debts written off	28	-	28	-
Foreign exchange loss/(gain), net	511	246	685	(80)
Gain on disposal of property, plant and equipment, net	-	(67)	(359)	(75)
Property, plant and equipment written off	1	14	1	15
Dual Listing expenses	-	-	1,842	-

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1(b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

**Statements of Financial Position**

	Group		Company	
	As At 31 March 2018 (unaudited) S\$'000	As At 30 September 2017 (audited) S\$'000	As At 31 March 2018 (unaudited) S\$'000	As At 30 September 2017 (audited) S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	18,163	21,794	-	-
Investment properties	46,247	43,352	-	-
Available for sale financial assets	107	107	-	-
Investment in subsidiaries	-	-	32,727	32,727
Investment in associates	40	132	-	-
Investment in joint ventures	12,028	11,344	-	-
Deferred tax assets	737	651	-	-
Long-term prepayments	464	536	-	-
	77,786	77,916	32,727	32,727
<b>Current assets</b>				
Inventories	11	33	-	-
Trade and other receivables	19,364	13,212	24,183	20,378
Loans to joint ventures	11,905	10,492	-	-
Prepayments	2,046	3,131	81	33
Cash and bank balances	14,389	13,262	1,077	1,034
Fixed deposits	13,230	6,270	7,300	-
	60,945	46,400	32,641	21,445
<b>TOTAL ASSETS</b>	138,731	124,316	65,368	54,172
<b>EQUITY</b>				
<b>Capital and Reserves</b>				
Share capital	63,407	51,287	63,407	51,287
Treasury shares	-	(186)	-	(186)
Reserves	21,850	19,508	1,466	2,524
	85,257	70,609	64,873	53,625
Non-controlling interests	362	333	-	-
<b>TOTAL EQUITY</b>	85,619	70,942	64,873	53,625
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities	265	222	-	-
Provision for reinstatement costs	36	204	-	-
Other payables	17	18	-	-
Finance lease liabilities	3,162	3,417	-	-
Bank borrowings	16,539	16,380	-	-
	20,019	20,241	-	-
<b>Current liabilities</b>				
Trade and other payables	25,782	25,054	414	466
Provision for reinstatement costs	411	169	-	-
Finance lease liabilities	1,643	1,750	-	-
Bank borrowings	3,689	4,894	-	-
Current tax payable	1,568	1,266	81	81
	33,093	33,133	495	547
<b>TOTAL LIABILITIES</b>	53,112	53,374	495	547
<b>TOTAL EQUITY AND LIABILITIES</b>	138,731	124,316	65,368	54,172

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1(b) (ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

	Group	
	As At 31 March 2018 (unaudited) S\$'000	As At 30 September 2017 (audited) S\$'000
<b>Amount repayable in one year or less (secured and guaranteed)</b>		
- Bank borrowings	3,689	4,894
- Finance lease liabilities	1,643	1,750
	5,332	6,644
<b>Amount repayable after one year (secured and guaranteed)</b>		
- Bank borrowings	16,539	16,380
- Finance lease liabilities	3,162	3,417
	19,701	19,797
<b>Total borrowings</b>	25,033	26,441

The Group does not have any unsecured borrowings and debt securities as at 31 March 2018 and 30 September 2017.

**Details of any collaterals:**

- Bank borrowings of approximately S\$20.2 million (30 September 2017 – S\$21.3 million) obtained by our subsidiaries are secured by (i) legal mortgage of leasehold properties at 72 Eunos Avenue 7 and 100 Eunos Avenue 7; (ii) corporate guarantees provided by the Group; (iii) personal guarantees provided by a director and shareholder of a non-wholly owned subsidiary, in proportion to his shareholdings in the non-wholly owned subsidiary (the "**Subsidiary Director**"); and (iv) assignment of rental proceeds of the mortgaged properties. The Subsidiary Director is not a controlling shareholder of the Company.
- Finance lease liabilities of the Group are secured by the underlying assets of certain plant and machinery, logistics equipment and motor vehicles, personal guarantees provided by the Subsidiary Director proportional to his shareholdings in the non-wholly owned subsidiary and corporate guarantees provided by the Group.

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**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**
**Consolidated Statement of Cash Flows for Second Quarter and Half Year Ended 31 March 2018**

	Group			
	3 Months Ended 31 March		6 Months Ended 31 March	
	2018 (unaudited)	2017 (unaudited)	2018 (unaudited)	2017 (unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities:</b>				
Profit/(loss) before income tax	4,215	(246)	2,912	5,031
Share of results of associates and joint ventures	(748)	9	(648)	(3,877)
Adjustments for:				
Depreciation of property, plant and equipment	1,424	1,503	2,917	3,050
Gain on disposal of property, plant and equipment	-	(67)	(359)	(75)
Property, plant and equipment written off	1	14	1	15
Fair value loss on investment properties	-	1,439	-	1,439
Waiver of debt from a director of subsidiaries	(42)	(2)	(42)	(21)
Dual Listing expenses	-	-	1,842	-
Employee performance shares expenses	-	88	-	88
Interest income	(105)	(127)	(201)	(148)
Interest expenses	197	154	399	304
<b>Operating profit before working capital changes</b>	<b>4,942</b>	<b>2,765</b>	<b>6,821</b>	<b>5,806</b>
(Increase)/decrease in inventories	(3)	9	22	5
(Increase)/decrease in operating receivables	(2,742)	112	(4,970)	(611)
Increase/(decrease) in operating payables	723	(2,047)	1,264	(864)
<b>Cash generated from operations</b>	<b>2,920</b>	<b>839</b>	<b>3,137</b>	<b>4,336</b>
Interest expense paid	(197)	(195)	(393)	(295)
Income tax paid	(764)	(710)	(798)	(775)
Income tax refunded	-	683	541	721
<b>Net cash generated from operating activities</b>	<b>1,959</b>	<b>617</b>	<b>2,487</b>	<b>3,987</b>
<b>Cash flows from investing activities:</b>				
Acquisition of property, plant and equipment	(916)	(1,482)	(1,888)	(2,107)
Addition of investment properties	-	(83)	-	(955)
Acquisition of a joint venture	-	-	-	(150)
Loans to joint ventures, net	(350)	(1,050)	(1,250)	(970)
Proceeds from disposals of property, plant and equipment	-	71	480	79
Dividend from associate	100	-	100	-
Interest received	12	18	18	26
<b>Net cash used in investing activities</b>	<b>(1,154)</b>	<b>(2,526)</b>	<b>(2,540)</b>	<b>(4,077)</b>
<b>Cash flows from financing activities:</b>				
Repayment of finance lease	(453)	(404)	(1,008)	(811)
Placements of deposits - current	-	-	-	(5)
Bank borrowings obtained	1,146	-	2,446	-
Bank borrowings repaid	(2,022)	(386)	(3,493)	(770)
Proceeds from issuance of shares	-	-	13,638	-
Share issue costs	-	-	(1,332)	-
Dual Listing expenses paid	(1,968)	-	(2,067)	-
Dividend paid	-	(1,622)	-	(1,622)
<b>Net cash (used in)/generated from financing activities</b>	<b>(3,297)</b>	<b>(2,412)</b>	<b>8,184</b>	<b>(3,208)</b>
Net (decrease)/increase in cash and cash equivalents	(2,492)	(4,321)	8,131	(3,298)
Cash and cash equivalents at beginning of period	25,489	20,989	14,885	19,926
Effect of currency translation on cash and cash equivalents	(27)	(34)	(46)	6
<b>Cash and cash equivalents at end of period</b>	<b>22,970</b>	<b>16,634</b>	<b>22,970</b>	<b>16,634</b>
Consolidated cash and cash equivalents are represented by:				
Cash and bank balances	14,389	16,634	14,389	16,634
Fixed deposits	13,230	5,711	13,230	5,711
	27,619	22,345	27,619	22,345
Less: Pledged fixed deposits	(4,649)	(5,711)	(4,649)	(5,711)
<b>Cash and cash equivalents as per consolidated statement of cash flows</b>	<b>22,970</b>	<b>16,634</b>	<b>22,970</b>	<b>16,634</b>

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- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Statements of Changes in Equity**

<b>GROUP (unaudited)</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Retained profits</b>	<b>Merger reserves</b>	<b>Other reserve</b>	<b>Asset revaluation reserves</b>	<b>Exchange translation reserves</b>	<b>Total attributable to equity holders of the Company</b>	<b>Non- controlling interests</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Balance at 1 January 2017</b>	51,287	(245)	51,391	(30,727)	269	3,202	(692)	74,485	42	74,527
Issuance of treasury shares for employee performance under the LHN Performance Share Plan	-	59	-	-	29	-	-	88	-	88
Dividend paid for FY2016	-	-	(1,622)	-	-	-	-	(1,622)	-	(1,622)
(Loss)/profit for the period	-	-	(177)	-	-	-	-	(177)	108	(69)
Other comprehensive income/(loss)	-	-	-	-	-	279	(51)	228	-	228
Total comprehensive income for the period	-	-	(177)	-	-	279	(51)	51	108	159
<b>Balance at 31 March 2017</b>	<b>51,287</b>	<b>(186)</b>	<b>49,592</b>	<b>(30,727)</b>	<b>298</b>	<b>3,481</b>	<b>(743)</b>	<b>73,002</b>	<b>150</b>	<b>73,152</b>

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**Statements of Changes in Equity (Cont'd)**

<b>GROUP (unaudited)</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Retained profits</b>	<b>Merger reserves</b>	<b>Other reserve</b>	<b>Asset revaluation reserves</b>	<b>Exchange translation reserves</b>	<b>Total attributable to equity holders of the Company</b>	<b>Non- controlling interests</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Balance at 1 January 2018</b>	63,407	-	46,180	(30,727)	298	3,576	(869)	81,865	343	82,208
Termination of LHN Performance Share Plan	-	-	29	-	(29)	-	-	-	-	-
Profit for the period	-	-	3,385	-	-	-	-	3,385	18	3,403
Other comprehensive income /(loss)	-	-	-	-	-	56	(49)	7	1	8
Total comprehensive income for the period	-	-	3,385	-	-	56	(49)	3,392	19	3,411
<b>Balance at 31 March 2018</b>	<b>63,407</b>	<b>-</b>	<b>49,594</b>	<b>(30,727)</b>	<b>269</b>	<b>3,632</b>	<b>(918)</b>	<b>85,257</b>	<b>362</b>	<b>85,619</b>



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- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Statements of Changes in Equity (Cont'd)**

<b>COMPANY (unaudited)</b>	<b>Share capital S\$'000</b>	<b>Treasury shares S\$'000</b>	<b>Other reserve S\$'000</b>	<b>Retained profits S\$'000</b>	<b>Total S\$'000</b>
<b>Balance at 1 January 2017</b>	51,287	(245)	-	3,097	54,139
Issuance of treasury shares for employee performance under the LHN Performance Share Plan	-	59	29	-	88
Dividend paid for FY2016	-	-	-	(1,622)	(1,622)
Total comprehensive income for the period	-	-	-	22	22
<b>Balance at 31 March 2017</b>	<b>51,287</b>	<b>(186)</b>	<b>29</b>	<b>1,497</b>	<b>52,627</b>
<b>Balance at 1 January 2018</b>	63,407	-	29	1,663	65,099
Termination of LHN Performance Share Plan	-	-	(29)	29	-
Total comprehensive loss for the period	-	-	-	(226)	(226)
<b>Balance at 31 March 2018</b>	<b>63,407</b>	<b>-</b>	<b>-</b>	<b>1,466</b>	<b>64,873</b>

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- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares and subsidiary holdings, of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

As at 31 March 2018 and 31 December 2017, the share capital of the Company amounted to S\$63,406,836 comprising 402,445,400 issued ordinary shares.

The Company had nil treasury shares as at 31 March 2018 (31 March 2017: 1,411,800).

Save as disclosed, the Company did not have any outstanding options, convertibles or subsidiary holdings as at 31 March 2018 and 31 March 2017.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Total Number of Issued Shares Excluding Treasury Shares
As at 30 September 2017	360,445,400
Add: new shares issued pursuant to the global offering of the shares pursuant to the dual listing of the Company on The Stock Exchange of Hong Kong Limited ( "SEHK") (the "Dual Listing")	42,000,000
As at 31 March 2018	402,445,400

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable as the Company did not hold any treasury shares as at the end of the current financial period reported on.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable as the Company did not hold any subsidiary holdings as at the end of the current financial period reported on.

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2. **Where the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Save as disclosed in paragraph 5 below, the Group and the Company have applied the same accounting policies and methods of computation in preparation of the financial statements for the current financial period ended 31 March 2018 compared with the audited financial statements for the financial year ended 30 September 2017.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

In the current financial period ended 31 March 2018 and financial year ended 30 September 2017, the Group and the Company have adopted International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (the "IASB") under the historical cost convention. The adoption of the IFRS did not result in substantial changes to the accounting policies of the Group and the Company and there is no material effect on the amounts reported for the current or prior financial periods.

The Company has adopted IFRS since the financial year ended 30 September 2017 as the Group is required to adopt IFRS to prepare its financial statements subsequent to obtaining the listing approval of its shares on SEHK.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group			
	Three months Ended 31 March		Six months Ended 31 March	
	2018 (unaudited)	2017 (unaudited)	2018 (unaudited)	2017 (unaudited)
<b><u>Earnings/(loss) per ordinary share</u></b>				
(i) Based on weighted average number of ordinary shares in issue (Singapore Cents)	0.84	(0.05)	0.62	1.31
(ii) On a fully diluted basis (Singapore Cents)	0.84	(0.05)	0.62	1.31
Weighted average number of shares (in '000)	402,445	360,362	381,907	360,181

The basic and diluted earnings per share are the same as there were no potentially dilutive ordinary securities in issue as at 31 March 2018 and 31 March 2017.

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7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the  
 (a) current financial period reported on; and  
 (b) immediately preceding financial year.

	Group		Company	
	As at 31 March 2018 (unaudited)	As at 30 September 2017 (audited)	As at 31 March 2018 (unaudited)	As at 30 September 2017 (audited)
Net asset attributable to Shareholders (S\$ '000)	85,257	70,609	64,873	53,625
Number of ordinary shares in issue (in '000)	402,445	360,445	402,445	360,445
Net asset value per ordinary share (Singapore Cents)	21.18	19.59	16.12	14.88

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and  
 (b) any material factors that affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

**Review on Group's Financial Results**

**For the period three months ended 31 March 2018 ("2Q2018") vs three months ended 31 March 2017 ("2Q2017")**

**Revenue**

	2Q2018 S\$'000 (unaudited)	2Q2017 S\$'000 (unaudited)	Variance	
			S\$'000	%
Industrial Properties	10,092	11,053	(961)	(8.7)
Commercial Properties	9,414	5,819	3,595	61.8
Residential Properties	373	530	(157)	(29.6)
<b>Space Optimisation Business</b>	<b>19,879</b>	<b>17,402</b>	<b>2,477</b>	<b>14.2</b>
<b>Facilities Management Business</b>	<b>5,222</b>	<b>4,123</b>	<b>1,099</b>	<b>26.7</b>
<b>Logistics Services Business</b>	<b>5,194</b>	<b>5,620</b>	<b>(426)</b>	<b>(7.6)</b>
<b>Total</b>	<b>30,295</b>	<b>27,145</b>	<b>3,150</b>	<b>11.6</b>

The Group's revenue increased by approximately S\$3.2 million or 11.6% from approximately S\$27.1 million in 2Q2017 to approximately S\$30.3 million in 2Q2018 primarily due to an increase in revenue from the Commercial Properties from the Space Optimisation Business, as well as the Facilities Management Business. The increase was partially offset by the decrease in revenue from the Industrial and Residential Properties of our Space Optimisation Business and Logistics Services Business.

**(a) Space Optimisation Business**

Industrial Properties

Revenue derived from Industrial Properties decreased by approximately S\$1.0 million or 8.7% from approximately S\$11.1 million in 2Q2017 to approximately S\$10.1 million in 2Q2018 mainly due to (i) the expiry of one of our master leases in Singapore during the financial year ended 30 September 2017 ("FY2017"), which was not renewed; (ii) movement of tenants due to expiry of sub-leases; and (iii) expiry and renewal of sub-leases at lower rental rates.

The average occupancy rate of Industrial Properties managed by the Group in 2Q2018 was approximately 90% as compared to approximately 89% in 2Q2017.

Commercial Properties

Revenue derived from Commercial Properties increased by approximately S\$3.6 million or 61.8% from approximately S\$5.8 million in 2Q2017 to approximately S\$9.4 million in 2Q2018 mainly due to one-time revenue contribution of approximately S\$3.8 million from the rights to use 85SOHO brand in Cambodia. This was partially offset by a net decrease in revenue of approximately S\$0.2 million from (i) movement of tenants as a result of expiry of sub-leases and the renewal of two of our master leases that expired during the last quarter of FY2017 and the renewal of one of our master leases in 2Q2018 in Singapore; and (ii) expiry and renewal of sub-leases at lower rental rates.

The average occupancy rate of the Group's Commercial Properties was approximately 85% in 2Q2018 as compared to 88% in 2Q2017.

Residential Properties

Revenue derived from Residential Properties decreased by approximately S\$0.1 million or 29.6% from approximately S\$0.5 million in 2Q2017 to approximately S\$0.4 million in 2Q2018 mainly due to decrease in design consultancy fees.

**(b) Facilities Management Business**

Revenue derived from our Facilities Management Business increased by approximately S\$1.1 million or 26.7% from approximately S\$4.1 million in 2Q2017 to approximately S\$5.2 million in 2Q2018 mainly due to increase in revenue from the (i) increase in the number of car parks managed; and (ii) increase in demand of security and facilities management services.

**(c) Logistics Services Business**

Revenue derived from our Logistics Services Business decreased by approximately S\$0.4 million or 7.6% from approximately S\$5.6 million in 2Q2017 to approximately S\$5.2 million in 2Q2018 mainly due to a lower demand of storage and repairs of leasing containers in 2Q2018.

Cost of sales increased by approximately S\$0.6 million or 3.1% from approximately S\$20.1 million in 2Q2017 to approximately S\$20.7 million in 2Q2018 mainly due to an increase in (i) direct labour costs of approximately S\$0.7 million as a result of increase in manpower cost under the Facilities Management Business; and (ii) transportation costs of approximately S\$0.1 million from our Logistics Services Business due to the increase in transportation services rendered. The increase was partially offset by a decrease in upkeep and maintenance costs of approximately S\$0.2 million.

In view of the above mentioned, gross profit increased by approximately S\$2.6 million from approximately S\$7.0 million in 2Q2017 to approximately S\$9.6 million in 2Q2018.

Other income increased by approximately S\$0.1 million or 22.8% from approximately S\$0.4 million in 2Q2017 to approximately S\$0.5 million in 2Q2018 mainly due to higher government grants received.

Selling and distribution expenses increased by approximately S\$0.3 million or 114.1% from approximately S\$0.3 million in 2Q2017 to approximately S\$0.6 million in 2Q2018 mainly due to increase in agent commission of approximately S\$0.3 million arising from securing tenants pursuant to the renewal of sub-leases under our Space Optimisation Business.

Administrative expenses increased by approximately S\$0.1 million or 2.5% from approximately S\$5.7 million in 2Q2017 to approximately S\$5.8 million in 2Q2018 mainly due to increase in employee benefit costs of approximately S\$0.2 million. This was partially offset by a decrease in miscellaneous expense of approximately S\$0.1 million.

Finance cost increased by approximately S\$0.1 million or 27.9% from approximately S\$0.1 million in 2Q2017 to approximately S\$0.2 million in 2Q2018 mainly due to increased interest expenses from higher bank borrowings and interest rates as compared to 2Q2017.

Share of results of associates and joint ventures amounted to a profit of approximately S\$0.7 million in 2Q2018 as compared to a loss of approximately S\$9,000 in 2Q2017. The increase of approximately S\$0.7 million was mainly due to an increase in fair value gain on investment properties of approximately S\$0.8 million.

As a result of the aforementioned, the Group's profit before income tax was approximately S\$4.2 million in 2Q2018 as compared to a loss before tax of approximately S\$0.2 million in 2Q2017.

Income tax expenses was approximately S\$0.8 million in 2Q2018 mainly due to higher taxable profit. Income tax credit was approximately S\$0.2 million in 2Q2017 mainly due to current income tax of approximately S\$0.5 million as a result of lower taxable profit, partially offset by Group tax relief received of approximately S\$0.7 million.

### **Review of Statements of Financial Position**

#### **Non-current assets**

Non-current assets decreased by approximately S\$0.1 million from approximately S\$77.9 million as at 30 September 2017 to approximately S\$77.8 million as at 31 March 2018 mainly due to a decrease in property, plant and equipment ("PPE") of approximately S\$3.6 million as a result of (i) a reclassification of PPE to investment properties of approximately S\$3.3 million as a result of a change in the usage of the property at 72 Eunos Avenue 7 ("72 Eunos"); (ii) depreciation of approximately S\$2.9 million, offset by net additions to PPE of approximately S\$2.6 million mainly for car park equipment purchased for new car parks obtained and renovation costs for our Space Optimisation Business. The owner-occupation of 72 Eunos by the Group decreased from 17% to 2%.

The decrease in non-current assets was partially offset by (i) an increase in investment in joint ventures of approximately S\$0.6 million due to the share of profit of joint ventures in the six months ended 31 March 2018 ("1H2018"); and (ii) an increase in investment properties of approximately S\$2.9 million due to reclassification of 72 Eunos from PPE of approximately S\$3.3 million partly offset by currency exchange translation loss of approximately S\$0.4 million.

#### **Current assets**

Current assets increased by approximately S\$14.5 million from approximately S\$46.4 million as at 30 September 2017 to approximately S\$60.9 million as at 31 March 2018 mainly due to increase in (i) trade receivables of approximately S\$5.0 million due to increase in revenue under the Space Optimisation Business mainly from the billing of rights to use 85SOHO brand in Cambodia of approximately S\$3.8 million at the end of 1H2018 and slower collection of trade receivables under the Logistics Services Business and Facilities Management Business; (ii) other receivables of approximately S\$1.1 million from accrued rental income and tender deposits paid; (iii) loans to joint ventures of approximately S\$1.4 million provided to our joint venture companies, mainly Work Plus Store (AMK) Pte. Ltd. and Four Star Industries Pte Ltd, for working capital and renovation of the properties; and (iv) cash and bank balances and fixed deposits of approximately S\$8.1 million largely due to the proceeds received from Dual Listing of approximately S\$13.6 million less Dual Listing expenses paid of approximately S\$3.4 million. These were partially offset by a decrease in prepayments of approximately S\$1.1 million.

#### **Non-current liabilities**

Non-current liabilities decreased by approximately S\$0.2 million from approximately S\$20.2 million as at 30 September 2017 to approximately S\$20.0 million as at 31 March 2018 mainly due to transfer of provision for reinstatement costs of approximately S\$0.2 million to current liabilities and decrease in finance lease liabilities of approximately S\$0.2 million partially offset by an increase in bank borrowings of approximately S\$0.2 million.

#### **Current liabilities**

Current liabilities remain unchanged at approximately S\$33.1 million as at 30 September 2017 and 31 March 2018 mainly due to a decrease in finance lease liabilities of approximately S\$0.1 million and bank borrowings of approximately S\$1.2 million due to repayments made. These were partially offset by an increase in (i) trade and other payables of approximately S\$0.7 million which largely consists of accruals and advances received from customers; (ii) provision for reinstatement costs of approximately S\$0.3 million; and (iii) current tax payable of approximately S\$0.3 million.

**Review of Statement of Cash Flows**

In 2Q2018, the Group recorded net cash generated from operating activities of approximately S\$2.0 million, which was a result of operating profit before changes in working capital of S\$4.9 million, increase in operating receivables of approximately S\$2.7 million and operating payables of approximately S\$0.7 million, adjusted for income tax paid of approximately S\$0.7 million and interest expense paid of approximately S\$0.2 million.

Net cash used in investing activities amounted to approximately S\$1.2 million, which was mainly due to the acquisition of property, plant and equipment for car park equipment for new car parks obtained and renovation costs paid of approximately S\$0.9 million and loans to joint ventures of approximately S\$0.4 million. These were partially offset by dividends received from associate of S\$0.1 million.

Net cash used in financing activities amounted to approximately S\$3.3 million, which was due to repayment of finance lease of approximately S\$0.5 million for logistics and carpark equipment, repayment of bank borrowings of approximately S\$2.0 million and expense paid with respect to the Dual Listing of approximately S\$2.0 million. These were partially offset by the proceeds from bank borrowings of approximately S\$1.2 million.

As a result of the above, cash and cash equivalents decreased by approximately S\$2.5 million, amounting to S\$23.0 million as at 31 March 2018.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

There was no forecast or prospect statement previously disclosed to shareholders.



**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The overall business sentiments in Singapore has been improving and in the recent months, the property market is getting lively with a spade of enbloc deals which the Group believes it will have a positive effect on rental prices and capital values despite the world economy still being bothered by trade and geopolitical tensions.

The Group expects industrial occupancy and rents in Singapore to continue to be under pressure due to a relatively large supply of industrial space. On the other hand, a more positive outlook is observed in the commercial space segment, where the Group expects to see office occupancy and rents improving due to higher leasing volume and decreasing supply pipeline.

To ride on the enbloc phenomenon, our joint venture property at Golden Mile Tower Complex has also set up a sales committee recently to consider a possible enbloc sale, where our joint venture company owns and operates the car park located at the premise and it is still at a very preliminary stage.

In anticipation for increased residential demand from young professionals displaced by enbloc properties and also to tap on the positive business outlook in Singapore, we have obtained approval from the Singapore Land Authority in March 2018 to convert approximately 33,000 square feet at our Raeburn Park property to set up our first co-living and co-working space in Singapore. On 29 March 2018, the Group has also signed a 15 years lease agreement with Nan An Shi Shi Jing Guang Xian Shi Ye You Xian company (南安市石井光贤石业有限公司) to set up the co-living and co-working space business in Quanzhou, one of the three major cities in Fujian, as part of the Group's business expansion plan in China. The leased property has a total gross floor area of approximately 7,373 square metre and the lease will officially commence upon getting approval from the relevant authority for its usage.

Subsequent to the period under review, on 26 April 2018, LHN Residence Pte. Ltd., an indirect wholly owned subsidiary of the Company, and Spring CJW Development Pte. Ltd. (the "Developer") have entered into a sale and purchase agreement to acquire an entire block of 108 units of condominium apartments within the Axis Residences where the Group intends to operate its 85SOHO brand of serviced residences. The Group has also entered into an exclusive property management agreement with the Developer to manage the common property and common facilities of the Axis Residences for a period of ten years with an option to renew for another five years. The property management agreement shall be effective from the date of completion of the construction of the building which is estimated to be around December 2018.

Our Group will continue to look for new properties and opportunities to grow and expand our Space Optimisation Business in Singapore and in regions that we currently have presence in as well as into Asian countries including the People's Republic of China.

In the Facilities Management Business segment, the Group continues to secure more external facilities management contracts providing security and cleaning services. However, due to rising wages, business costs for this business segment has increased.

The Group will continue to look for more locations for our car park business both in Singapore and Hong Kong and also intends to expand the car park management business to Cambodia.

The Group remains positive on the outlook of its Logistics Services Business as our joint venture company, HLA Logistics Pte. Ltd., has commenced its depot management operations in Singapore in April 2018 and the renovation of our second container depot in the vicinity of Bangkok, Thailand, is near completion and it is expected to commence operations in the second half of our financial year 2018. In addition, the Group will be starting its logistic trucking business in Malaysia in the second half of our financial year 2018.

The Group has not yet utilised the proceeds from its listing in Hong Kong.



**LHN LIMITED**

(Incorporated in the Republic of Singapore)  
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**11. Dividend**

- (a) **Current Financial Period Reported On:** Any dividend declared for the current financial period reported on?

None.

- (b) **Corresponding Period of the Immediately Preceding Financial Year:** Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

- (c) **The date the dividend is payable.**

Not applicable.

- (d) **Books closure date.**

Not applicable

**12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended for 2Q2018.

**LHN LIMITED**

(Incorporated in the Republic of Singapore)

Company Registration No. 201420225D

13. If the group has obtained mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. Details are set out in the Renewal of the Shareholders' Mandate for Interested Person Transactions.

Details of the additional interested person transactions of S\$100,000 and above are as follows:

Name of Interested Persons and Transactions	Aggregate value of all interested person transactions during the period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	3 months ended 31 March 2018 S\$'000	6 months ended 31 March 2018 S\$'000	3 months ended 31 March 2018 S\$'000	6 months ended 31 March 2018 S\$'000
<u>Payments received by our Group</u>				
PJS Companies*				
- Property leases or sub-leases	-	-	60	122
- Facilities management services	-	-	3	3
	-	-	63	125
<u>Payments paid by our Group</u>				
PJS Companies*				
- Purchase of food and beverage products and services	-	-	1	1
	-	-	1	1
<b>Total</b>	-	-	<b>64</b>	<b>126</b>

- \* PJS Companies include Café @ Phoenix Pte. Ltd. and DJ Culinary Concepts Pte. Ltd., are each wholly owned by Pang Joo Siang, the sole director of each company, who is the spouse of the Company's Executive Director and Group Deputy Managing Director, Jess Lim.

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**14. Utilisation of Proceeds from the Listing in Hong Kong**

On 29 December 2017, the Company was successfully dual listed on the Main Board of the SEHK and raised HK\$79.8 million (equivalent to S\$13.6 million) in total gross proceeds from the allotment and issuance of 42,000,000 new shares at a price of HK\$1.90 per share. The net proceeds from the Dual Listing amounted to approximately HK\$44.4 million (equivalent to S\$7.4 million) after deduction of related expenses of approximately HK\$35.4 million (equivalent to S\$6.2 million) (the "**Net Proceeds**").

Since the Dual Listing and up to the date of this announcement, the Company did not utilise any of the Net Proceeds from the Dual Listing. The unutilised Net Proceeds were deposited in licensed banks in Singapore and Hong Kong as at the date of this announcement. The Company will announce as and when the Net Proceeds are materially disbursed and disclose the same in the annual report of the Company.

**15. Negative Confirmation of Interim Financial Results pursuant to Rule 705(5) of the Catalist Listing Manual**

The Board of Directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for the second quarter and six months ended 31 March 2018 to be false or misleading in any material aspect.

**16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual.

By Order of the Board of Directors of  
**LHN Limited**  
**Lim Lung Tieng**  
*Executive Chairman and Group Managing Director*  
14 May 2018