

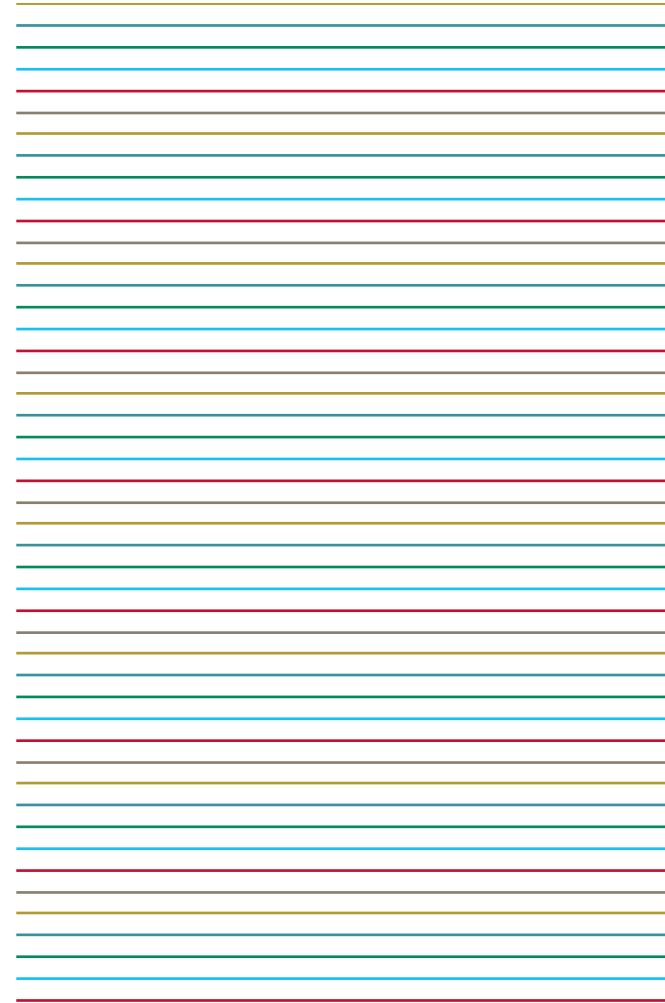


LHN LIMITED
10 Raeburn Park #02-18
Singapore 088702
Tel: (65) 6368 8328 Fax: (65) 6367 2163
lhngroup.com.sg

Nurturing SMEs towards new horizons

Contents

¹ Corporate Profile
² Business Segments
⁴ Our Business
⁸ Chairman's Message
¹⁰ The Board of Directors
¹³ Executive Officers
¹⁴ Financial Highlights
¹⁵ Operations and Financial Review
¹⁷ Corporate Social Responsibility
¹⁹ Awards and Certifications
²⁰ Corporate Information
²¹ Report on Corporate Governance
⁴⁰ Financial Report
¹¹⁶ Statistics of Shareholdings
¹¹⁹ Notice of Annual General Meeting Proxy Form



LHN Limited (the "Company") was listed on Catalyst of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 13 April 2015. The initial public offering of the Company (the "IPO") was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

This annual report has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or report contained in this annual report.

The contact person for the Sponsor is Mr Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

Corporate Profile

With a history dating back to 1991, we are a real estate management services group with the ability to generate value 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
UNDERUTILISED SPACES
INTO USABLE AND RENT
YIELDING ONES



ABILITY TO INCREASE NET
LETTABLE AREA OVER A
FIXED GROSS FLOOR AREA



ABILITY TO ACHIEVE
HIGH TENANCY RENEWAL
FROM A DIVERSIFIED
INTERNATIONAL AND
LOCAL TENANT BASE



Our customers range from small SMEs to public listed companies

4 COUNTRIES



LHN GROUP

SPACE OPTIMISED

Business Segments

SPACE OPTIMISATION BUSINESS



INDUSTRIAL

FACILITIES MANAGEMENT BUSINESS



FACILITIES

LOGISTICS SERVICES BUSINESS



LOGISTICS

Transportation Services



RESIDENTIAL



CAR PARK



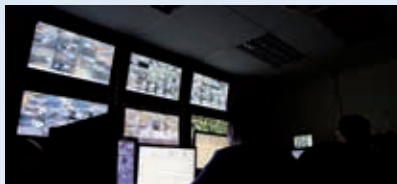
Container Depot Management Services



COMMERCIAL



Suited Offices



39
LOCATIONS

700+
TENANTS

4.5M+
SQ FT
MANAGED



Optimising Value through Optimising Space

COMMERCIAL

10 RAEBURN PARK
(before and after renovation)

AFTER



BEFORE

Net Lettable Area: 115,000 sq ft

Usage:
School



Net Lettable Area: 130,000 sq ft

Usage:
Office/ancillary café/commercial school/
office cum club house

INDUSTRIAL

43 KEPPEL ROAD
(before and after renovation)

AFTER



BEFORE

Net Lettable Area: 75,000 sq ft

Usage:
Cold Room storage facility



Net Lettable Area: 111,000 sq ft

Usage:
B1 zone warehouse/showroom

COMMERCIAL

WESTWAY
(before and after renovation)

AFTER



BEFORE

Net Lettable Area: 49,000 sq ft

Usage:
F&B/ancillary office



Net Lettable Area: 54,000 sq ft

Usage:
F&B/ancillary office/retail

INDUSTRIAL

72 EUNOS AVENUE 7
(before and after renovation)

AFTER



BEFORE

Net Lettable Area: 45,000 sq ft

Usage:
Storage



Net Lettable Area: 51,000 sq ft

Usage:
Furniture assembly and distribution/
warehouse

Our Business

SPACE OPTIMISATION

We secure master leases of unused, old and underutilised industrial, commercial and residential properties and transform them through re-designing, renovation and refurbishment works. With the resulting increase in net lettable area, we are able to sub-lease these spaces to our tenants who are willing to pay more for thoughtfully designed and highly usable space.

We currently manage 39 industrial, commercial and residential properties in Singapore, Indonesia and Myanmar with total net lettable area of over 4.5 million sq ft. As an extension of our Space Optimisation Business, we also provide suited offices under our GreenHub brand which offers ready-to-work, fully serviced, premium-fitted and energy-efficient offices to small and medium enterprises.

**LISTED ON THE
SINGAPORE EXCHANGE
SECURITIES TRADING
LIMITED'S CATALIST
BOARD IN APRIL 2015,
THE GROUP OPERATES
MAINLY IN SINGAPORE,
INDONESIA, THAILAND
AND MYANMAR.**





EXPANDING THE BUSINESS: GREENHUB SUITED OFFICES

First launched in 2012 as an extension of the Group's Space Optimisation Business, our GreenHub brand of suited offices is central to LHN's plans to expand in Southeast Asia. Through GreenHub, LHN offers world-class business amenities including more than 850 work stations across close to 56,500 sq ft of office space at five premium locations in Singapore and Indonesia. As a value-added service, our GreenHub also offers a full suite of virtual office solutions in both markets.

In May 2015, the Group announced it was expanding its GreenHub brand to Myanmar with its first GreenHub branded SOHO-style serviced residence.



SINGAPORE

406 work stations over 24,700 sq ft across three locations at 10 Raeburn Park (3,980 sq ft), 27 West Coast Highway (16,087 sq ft) and Phoenix Park (4,668 sq ft)

JAKARTA, INDONESIA

444 work stations over 31,700 sq ft across two locations at 88 Kota Kasablanka (18,500 sq ft) and Plaza Marein, Jalan Jenderal Sudirman (13,200 sq ft)

YANGON, MYANMAR

20 one- and three-bedroom units and 28 capsule concept units at 85 SOHO, 85 Boyar Nyunt Street (14,600 sq ft)



A GREEN AND
PROFESSIONAL WORK
ENVIRONMENT FOR
EVERY SUCCESSFUL
BUSINESS

Our Business

FACILITIES MANAGEMENT



To complement our Space Optimisation Business, we provide Facilities Management Services to the properties we manage, as well as to third parties. Our aim is to create a safe and conducive environment for our tenants to focus on achieving maximum returns from their core business activities.

COMPREHENSIVE CLEANING AND RELATED SERVICES

We work on buildings and offices by providing:

- Repair, Maintenance and Cleaning Services
- Pest control and Fumigation Services
- Landscaping Services

CAR PARK MANAGEMENT SERVICES

We manage over 5,400 equivalent parking lots by providing:

- Maintenance solutions to the parking lots
- Remote monitoring to reduce manpower deployment

SECURITY SERVICES

We manage a Grade A licensed security agency by providing:

- Ground security personnel and modern security surveillance technology
- Supply and installation, repair and maintenance of security systems
- Security audits and tenancy compliance audits



CREATE SAFE AND CONDUCTIVE ENVIRONMENT FOR OUR TENANTS



Our Business

LOGISTICS SERVICES

Under our Logistics Services Business, we provide transportation and container depot management services.

TRANSPORTATION SERVICES

We have a fleet of over 35 prime movers, over 10 road tankers and over 110 trailers that transport mainly ISO tanks, containers, base oil and bitumen.

CONTAINER DEPOT MANAGEMENT SERVICES

We also provide container depot management services which include container surveying by IICL-certified inspectors, on-site repair and storage of empty general purpose and refrigerated containers (reefer) in Singapore and Laem Chabang, Thailand, with the capacity to handle approximately 6,200 TEUs and 7,000 TEUs respectively.

35+ PRIME MOVERS
10+ ROAD TANKERS
110+ TRAILERS



Chairman's Message



Dear Shareholders,

I am pleased to present LHN Limited's inaugural annual report for the financial year ended 30 September 2015 ("FY2015").

The past year has been an eventful one for the Group. We embarked on a new chapter as a publicly-listed company when our shares began trading on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 13 April 2015.

Almost immediately following the listing, our Space Optimisation Business secured a new seven-year master lease for 18 Tampines Industrial Crescent. The lease, which gives us the option to renew for another seven years, comprises a three-storey building and a seven-storey ramp up building with a permissible net lettable area of more than 440,000 sq ft. As at the date of this report, the occupancy rate for this building is already a healthy 79%.

The Group also increased its overseas presence during the year. In our first foray into Myanmar, we signed a master lease with a local developer in Yangon to open our first GreenHub premium Small Office, Home Office ("SOHO")-style serviced residence in the region. 85 SOHO – A Serviced Residence managed by GreenHub comprises 20 units of one- and three-bedroom apartments and 28 capsule concept units. Targeted at the burgeoning expatriate community and located downtown, the property caters to the booming demand for quality residences in Yangon.

In Jakarta, we entered into a six-year master

lease agreement that saw the opening of our second GreenHub serviced office in Indonesia. The lease, which gives us an option to renew for another three years, was for a 13,200 sq ft penthouse office unit on level 23 of Plaza Marein. This is a Class A office building situated in the heart of the CBD area surrounded by prominent office buildings and a mere 5-minute drive to the nearest shopping malls and 5-star hotels. The property is targeted at business tenants who are aiming to penetrate the Indonesian market.

With respect to other corporate developments, we expanded our Logistics Services Business beyond Singapore when our container depot in Laem Chabang, Thailand, became fully operational in May 2015.

PERFORMANCE REVIEW

Overall, we performed relatively well. Despite an increasingly challenging market, we achieved a modest 6.2% revenue growth to \$96.4 million. However, as we took steps to ramp up our operations in anticipation of future growth, the higher level of business activity led to increased costs and expenses. Adding to it was also a \$1.6 million listing expense recorded in this financial year. As a result, net attributable profit declined 66.9% to \$4.2 million.

On a segmental basis, under the Group's core Space Optimisation Business, we responded to market conditions by strengthening our portfolio of industrial and commercial properties while scaling down on our residential segment. It was the right strategy as we achieved double-digit growth in our commercial and industrial

segments. Revenue from our complementary Facilities Management Business also rose in tandem with the increase in leasing activity, while our Logistics Services Business continued to gain traction with strong gains in sales.

We will continue to monitor market conditions closely so that we can respond nimbly to changes in the business environment to achieve higher revenues.

At the time of IPO, we announced our intention to recommend and distribute dividends of not less than 20% of our net attributable profit for the financial years FY2015 and FY2016¹, we are pleased to fulfil this promise and propose a final one-tier tax-exempt dividend of 0.30 Singapore cents per share for FY2015 subject to shareholders' approval. This represents a dividend payout ratio of 22%.

PROSPECTS AND FUTURE PLANS

An oversupply of industrial space is widely anticipated over the next 24 months² and this is expected to bring rental costs down. The Group intends to take advantage of this by selectively securing long-term master leases of buildings in strategic locations at competitive rates. We continue to see demand for such spaces from growth industries including e-commerce, technology, warehousing and self-storage services. In FY2015, the average occupancy rate of our industrial properties was approximately 93%.

Meanwhile, the slowing economy is also driving businesses from the prime business districts to city fringe areas where rental costs are lower. This bodes well for our commercial properties which are conveniently located in highly accessible areas. In FY2015, the average occupancy rate for this segment was approximately 96%.

In view of the aforementioned, we have been hard at work strengthening our pipeline for the next 12 months.

We have recently been awarded a master lease renewal for our property at 27 West Coast Highway for a tenure of three years, which is renewable for another three plus one years. The property will undergo a rejuvenation on the 1st storey where the commercial units will be reconfigured to accommodate a new tenant mix and to meet the current rental market requirements.

To tap into the rising demand for work and self-storage (“W+S”) concepts targeted at businesses in e-commerce, we have several projects lined up for this purpose. This includes 100 Eunos Avenue 7, which we completed the acquisition in August 2015. Using our space optimisation expertise, we intend to increase its net lettable space by 50% and will house a W+S facility. We have also earmarked spaces in four other properties of at least 10,000 square feet each to be converted into W+S facilities.

APPRECIATION

On behalf of the Board of Directors and the management of the company, I would like to thank our shareholders for investing in us. We are focused on the long term growth of the company and we are devoted to delivering the plans that we had committed to at IPO.

I would also like to thank my fellow directors for their support, the management team and all the dedicated LHN staff who have worked so hard to contribute to the vision and goals of the Group.

My greatest appreciation also to our landlords, tenants and business partners whose unwavering support has enabled us to achieve the success we enjoy today.



Mr Kelvin Lim
Executive Chairman &
Group Managing Director

¹ 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.

² ChannelNewsasia, 22 Oct 2015: “Significantly higher’ supply of industrial space expected till end 2016: JTC”.



The Board of Directors

Mr Kelvin Lim Executive Chairman & Group Managing Director

Mr Kelvin Lim is the Group's Executive Chairman and Group Managing Director. He was appointed to the Board on 10 July 2014. He is primarily responsible for the business development and overall management of the Group. He also oversees the Group's investment activities, marketing efforts as well as ensuring its operations are in order.

Mr Lim is a member of the Nominating Committee.

Mr Lim has over 17 years of experience in the leasing and facilities management business. He started his career in 1997 with HN Holdings Pte Ltd, an associate company, and worked his way up to Executive Director in November 1998, a post he held until October 2008 when he assumed the position of Group Managing Director.

Active in grassroots work, Mr Lim is assistant secretary of the Bukit Batok East Citizen's Consultative Committee and the Chairman of the Bukit Batok East Community Development Welfare Fund as well as several community organisations such as the Lions Club and the National Arthritis Foundation of Singapore. He was awarded the public service medal (Pingat Bakti Masyarakat ("PBM")), in 2012 for his contribution to society.

Ms Jess Lim

Executive Director &
Group Deputy Managing Director

Ms Jess Lim is the Group's Executive Director and Group Deputy Managing Director. She was appointed to the Board on 10 July 2014. She is primarily responsible for the corporate development and overall administration for the Group. She oversees the Group's finance, human resource, information systems and contracts administration functions.

Ms Lim has over 18 years of extensive and varied experience in business management. She started her career with Hewlett Packard Singapore (Private) Limited working in the area of supply chain management for six years. In 2002, she joined HN Holdings Pte Ltd, an associate company, as Executive Director responsible for the finance, human resource, information systems and contracts administration functions, a role she still plays today.

Ms Lim holds an Executive Diploma in Directorship from the Singapore Management University and the Singapore Institute of Directors and a Bachelor of Business Administration degree from the National University of Singapore ("NUS").



Mr Lee Gee Aik

Lead Independent Director

Mr Lee Gee Aik was appointed the Group's Lead Independent Director on 10 March 2015. He is the Chairman of the Audit Committee and member of the Remuneration and Nominating Committees.

Mr Lee has over 30 years of extensive and varied experience in accounting, tax and financial matters, having previously worked with one of the Big Four accounting firms and in the hospitality industry. He is currently a practicing Director of R Chan & Associates PAC, a member firm of the KS International network of professional accountancy firms. He is also appointed by the Ministry of Health to serve as Lay Person Member of the Complaints Panel of the Singapore Pharmacy Council. He is an Independent Director of Anchun International Holdings Ltd, Astaka Holdings Limited, SHS Holdings Limited and International Healthway Corporation Limited.

Mr Lee was the Executive Vice Chairman of E2-Capital Holdings Limited, a company listed on the SGX-ST. He was also an Independent Director of Leader Environmental Technologies Limited, Ley Choon Group Holdings Limited and Sinostar PEC Holdings Limited, which are listed on the SGX-ST.

Mr Lee obtained a Master of Business Administration degree from Henley Management College, United Kingdom in 2004. He is currently a fellow member of the Association of Chartered Certified Accountants, United Kingdom and a practicing fellow member of the Institute of Singapore Chartered Accountants.

Ms Ch'ng Li-Ling
Independent Director

Ms Ch'ng Li-Ling was appointed the Group's Independent Director on 10 March 2015. She is the Chairman of the Remuneration Committee and member of the Audit and Nominating Committees.

Ms Ch'ng is a corporate practitioner whose areas of practice include corporate and securities laws, capital markets, mergers and acquisitions, regulatory compliance and corporate governance advisory. She is currently a Partner in the Capital Markets Practice of RHTLaw Taylor Wessing LLP, a Singapore law practice. In recent times, Ms Ch'ng has been named one of AsiaLaw Leading Lawyers in 2014 (Capital Markets), and was recognised as 'Leading Lawyers' in the 2011, 2013 and 2014 editions of IFLR1000.

She is an Independent Director of DeClout Limited, a company listed on the SGX-ST.

Ms Ch'ng holds a Bachelor of Arts (Honours) degree from NUS, and obtained her Bachelor of Laws (Honours) and Master of Laws (Merit) from the University of London. She is a member of the Singapore Academy of Law, a Legal Practitioner of New South Wales, Australia, and is also qualified as a solicitor of England and Wales.



Mr Eddie Yong
Independent Director

Mr Eddie Yong was appointed the Group's Independent Director on 10 March 2015. He is the Chairman of the Nominating Committee and member of the Audit and Remuneration Committees.

Mr Yong has over 30 years' experience in real estate. He is currently Managing Partner of Equity & Land LLP. Before that, he served Far East Organization for 17 years in various senior positions, including Deputy COO (Ventures and Industrial Business Group) and COO (Corporate Real Estate Business Group). From 2008 to 2012, he was Executive Director of SGX-ST Main Board listed Far East Orchard Limited (formerly Orchard Parade Holdings Limited). He was actively involved in the Singapore Corporation of Rehabilitative Enterprises between 1996 and 2012 and the Real Estate Developers' Association of Singapore between 1997 and 2009.

Mr Yong has a Master of Science (Property and Maintenance Management) degree from NUS and a Bachelor of Science (Honours) degree in urban real estate management from Liverpool Polytechnic. He has professional affiliations with the Institute of Real Estate Management (USA), the Singapore Institute of Surveyors & Valuers, Marketing Institute of Singapore and The Chartered Institute of Marketing. He was awarded the PBM in 2010.

Executive Officers



Ms Yeo Swee Cheng
Chief Financial Officer

Ms Yeo Swee Cheng is the Group's Chief Financial Officer. She is primarily responsible for all finance related areas of the Group including its treasury, audit and taxation functions. She supports the management on all strategic and financial planning matters in relation to the Group's business to ensure sound management of the Group's funds.

Ms Yeo has over 15 years of extensive experience in financial accounting, corporate finance, treasury and taxation matters, having previously worked with GP Batteries International Limited and several other well established companies from various industries. She joined the Group as Group Finance Manager in May 2011 and was promoted to Group Financial Controller in July 2014, before advancing to her current position in July 2015.

Ms Yeo has a Bachelor of Accountancy degree from NUS and is also a member of the Institute of Singapore Chartered Accountants.



Mr Danny Wong
General Manager

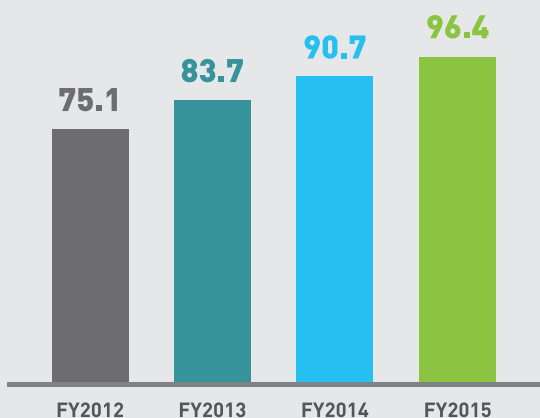
Mr Danny Wong is the Group's General Manager. He is primarily responsible for the marketing and property management functions of the Group. He plans, directs and co-ordinates with the marketing and property management departments to ensure smooth operations. He is involved in promoting the Group's projects, sourcing for potential customers and conducting negotiations with them.

Mr Wong has over 10 years of experience in the real estate industry. He started his career in an associate company, HN Holdings Pte Ltd, as a management trainee in February 2005 after which he rose through the ranks and was promoted to Marketing Manager in April 2007. He was later transferred to the Group in 2008 and subsequently became the Group's Assistant General Manager in July 2010 before advancing to his current position in June 2012.

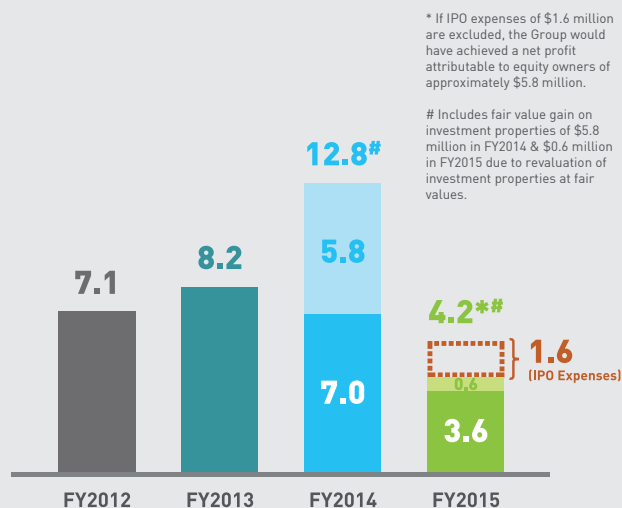
Mr Wong has a Bachelor of Science (Honours) degree in real estate from NUS.

Financial Highlights

REVENUE (\$'M)



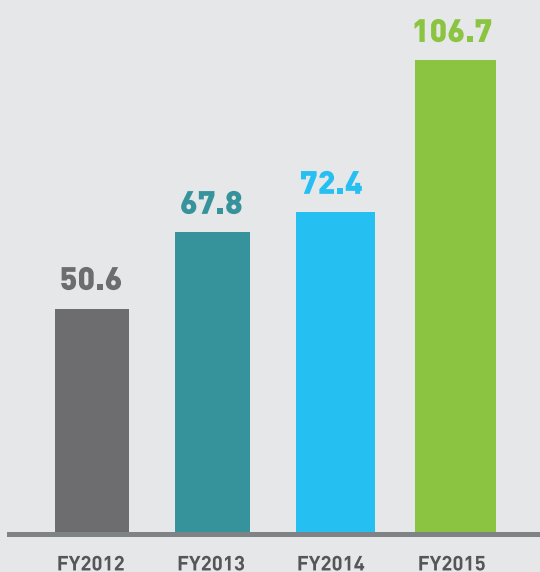
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (\$'M)



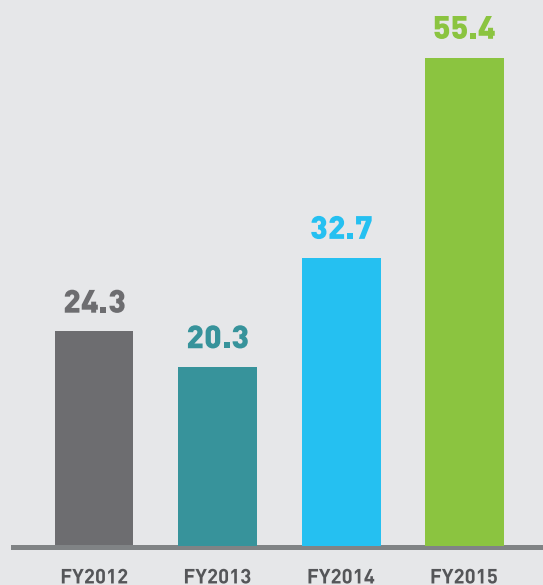
* If IPO expenses of \$1.6 million are excluded, the Group would have achieved a net profit attributable to equity owners of approximately \$5.8 million.

[#] Includes fair value gain on investment properties of \$5.8 million in FY2014 & \$0.6 million in FY2015 due to revaluation of investment properties at fair values.

TOTAL ASSETS (\$'M)



NET ASSETS (\$'M)



Operations and Financial Review

INCOME STATEMENT

REVENUE

FY2015 marked a successful debut year on the SGX-ST Catalist Board for LHN as the Group achieved a 6.2% year-on-year increase in topline figures to \$96.4 million in FY2015 from \$90.7 million in the preceding year (“FY2014”). This was driven by strong performances in all three of the Group’s business segments.

	FY 2015 (\$'M)	FY 2014 (\$'M)	Variance	
			\$'M	%
Space Optimisation Business	72.0	70.6	1.4	2.0
a) Industrial Properties	45.9	40.5	5.4	13.3
b) Commercial Properties	23.5	21.2	2.3	10.8
c) Residential Properties	2.6	8.9	(6.3)	(70.8)
Facilities Management Business	9.7	8.4	1.3	15.5
Logistics Services Business	14.7	11.7	3.0	25.6
TOTAL	96.4	90.7	5.7	6.2

Space Optimisation Business

The Group’s largest business segment, with operations in Singapore, Indonesia and Myanmar, posted revenue of \$72.0 million in FY2015, up from \$70.6 million in FY2014.

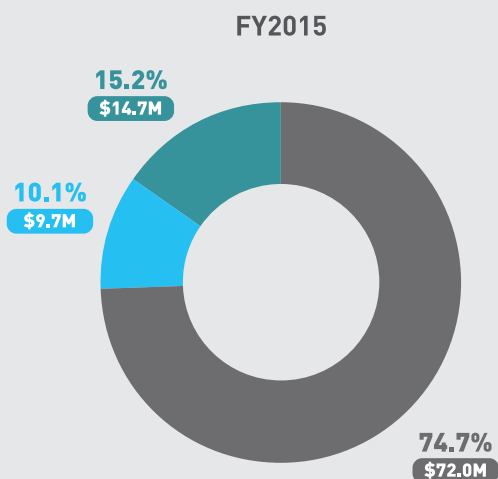
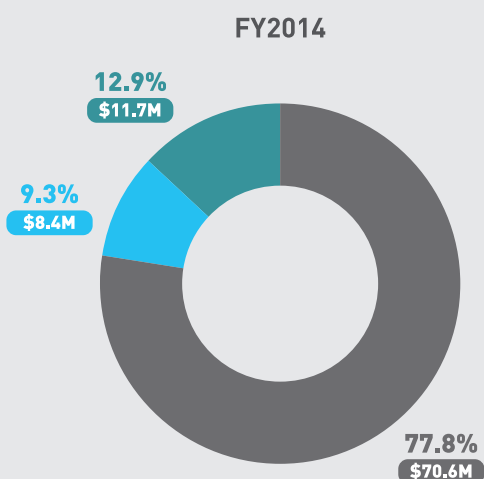
Revenue from Industrial Properties, all located in Singapore, rose 13.3% to \$45.9 million in FY2015 due mainly to new master leases secured and an increase in rents. Its Commercial Properties contributed revenue of \$23.5 million in FY2015, 10.8% higher than in FY2014. The average occupancy rates of industrial and commercial properties in FY2015 were 93% and 96% respectively.

Revenue from Residential Properties decreased by 70.8% to \$2.6 million in FY2015 as a result of the deliberate scaling back of its Residential Properties portfolio and the expiry of managing agent contract with the Housing & Development Board.

Facilities Management Business

The Group’s complementary Facilities Management Business achieved sales amounting to \$9.7 million in FY2015, an increase of 15.5% from \$8.4 million in FY2014. This improved performance was mainly due to more security services and car park management contracts secured.

REVENUE BY SEGMENTS



- Space Optimisation
- Facilities Management
- Logistics Services

Operations and Financial Review

Logistics Services Business

Our Logistics Services Business continued to perform strongly with the biggest increase in revenue receipts, climbing 25.6% to \$14.7 million in FY2015 from \$11.7 million in FY2014. This was mainly attributable to the increase in revenue from the transportation services and container depot business.

EXPENSES

In tandem with the growth in operational activities of the Group, our cost of sales increased 11.0% to \$72.9 million in FY2015 compared to FY2014. The bulk of the increase was largely due to rental costs relating to new master leases and container depot management charges.

Selling and distribution expenses increased 138.1% to \$2.3 million in FY2015 from \$1.0 million a year ago, as the Group intensified efforts to lease out new properties on its books. Administrative expenses rose 3.2% to \$17.8 million in FY2015, mainly due to an increase in depreciation.

OTHER OPERATING INCOME

The Group's other operating income increased by 21.8% to \$2.7 million in FY2015 from \$2.2 million in FY2014 mainly due to higher payouts from the Wage Credit Scheme and government grants received.

NON-RECURRING ITEMS

In addition, fair value gains due to revaluation of investment properties was \$0.6 million in FY2015 compared with fair value gain of \$5.8 million in FY2014. The Group also incurred a one-time IPO expense of approximately \$1.6 million in FY2015.

PROFIT BEFORE TAX

As a result of the aforementioned factors, the Group reported a profit before tax of \$4.3 million in FY2015, down 69.5% from \$14.0 million in FY2014.

BALANCE SHEET

Non-current assets increased by \$17.7 million from \$40.9 million as at 30 September 2014 to \$58.6 million as at 30 September 2015. The increase was mainly due to increase in property, plant and equipment and investment properties, largely attributable to the acquisition of 100 Eunos Avenue 7 and the capitalisation of renovation costs of new leased sites.

Trade and other receivables rose to \$14.3 million, from \$10.2 million previously stemming from a \$1.5 million increase in trade receivables, deposits of \$1.8 million paid to suppliers and

landlords for new sites and a \$0.8 million increase in other receivables. Cash and bank balances and fixed deposits increased by 51.5% to \$30.3 million due mainly to the Group's IPO proceeds.

Non-current liabilities increased by \$8.1 million to \$20.6 million in FY2015, from \$12.5 million in FY2014, mainly due to \$8.8 million increase in bank borrowings.

CASH FLOW STATEMENT

	FY2015 (\$'M)	FY2014 (\$'M)
Net cash generated from operating activities	7.7	11.2
Net cash used in investing activities	(20.6)	(5.4)
Net cash generated from/ (used in) financing activities	23.1	(4.8)
Cash and cash equivalents as at 30 Sept	24.6	14.4

NET CASH GENERATED FROM OPERATING ACTIVITIES

Operating activities generated net cash of \$7.7 million in FY2015 compared to \$11.2 million generated in FY2014. This was a result of operating cash flows before changes in working capital of \$9.7 million, adjusted for net working capital outflow of \$0.8 million; net income tax paid of \$0.8 million; and net interest expense paid of \$0.4 million.

NET CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities amounted to \$20.6 million, which was mainly attributable to the acquisition of our investment property at 100 Eunos Avenue 7 of \$10.7 million; and purchase of property, plant and equipment of \$10.7 million.

NET CASH GENERATED FROM FINANCING ACTIVITIES

Net cash from financing activities of \$23.1 million was mainly due to proceeds received from bank borrowings of \$10.3 million and proceeds received from the issue of New Shares pursuant to our IPO of \$17.0 million.

As a result, the Group's cash and cash equivalents stood at \$24.6 million as at end FY2015, compared to \$14.4 million as at end FY2014.

Corporate Social Responsibility

SUSTAINABILITY POLICIES AND OBJECTIVES

The Group's CSR objectives are to contribute to the society and community that has enabled our success and to build long-term and sustainable value for all our stakeholders. To ensure that our actions and initiatives are effective and relevant, we regularly review the impact of our operations and policies on our shareholders, tenants, landlords, employees, suppliers, the community and the environment.

Our corporate principles are prudence, efficiency and accountability, and we exercise these values in order to achieve our ultimate goal to be a responsible and accountable corporate citizen.

COMMITMENT TO SHAREHOLDERS

We are committed to uphold sound corporate governance and transparency practices in accordance to SGX guidelines. These include keeping shareholders informed of the Group's performance and latest corporate developments through timely and accurate announcements to the investment community and media.

We provide public access to information about our Group via the following platforms:

- Singapore Stock Exchange's SGXNET and our website (www.lhngroup.com.sg). All our corporate announcements, press releases, presentation slides and annual reports are available simultaneously on these two channels;
- A dedicated investor relations (IR) section within our corporate website;
- IR email: enquiry@lhngroup.com.sg;
- E-mail service via our IR website that the public can subscribe to receive alerts whenever an announcement is posted on the website; and
- Analyst and media briefings every quarter in relation to our financial results.

FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

FINANCIAL CALENDAR

13 April 2015: Listed on SGX-ST Catalist Board

13 May 2015: Announcement of HY2015 financial results

13 August 2015: Announcement of 9M2015 financial results

27 November 2015: Announcement of FY2015 financial results

13 January 2016: Notice of Annual General Meeting

28 January 2016: Inaugural Annual General Meeting

ANALYST, INVESTOR AND MEDIA EVENTS

29 April 2015: Corporate presentation to Fund Manager (Capital Dynamics)

11 May 2015: Corporate presentation to Fund Manager (RHB Asset Management)

20 May 2015: [HY2015 financial results briefing](#)

12 June 2015: Corporate presentation to Fund Manager (Aegis Portfolio Managers)

25 June 2015: Aegis RL Capital Investment Site Visit

4 July 2015: Corporate presentation to broking house (Philips Capital Roadshow)

8 July 2015: Corporate presentation to Fund Manager (KSC)

21 July 2015: Corporate presentation to Fund Manager (Barclays Capital)

17 August 2015: [9M2015 financial results briefing](#)

1 September 2015: Corporate presentation to Fund Manager (Stonehenge Equity)

4 September 2015: SGX roadshow

29 October 2015: Corporate presentation to broking house (CIMB)

30 November 2015: [FY2015 financial results briefing](#)



Corporate Social Responsibility

COMMITMENT TO TENANTS AND LANDLORDS

We enjoy an average annual occupancy rate of over 90%. We have more than 700 tenants from diverse backgrounds and our historical tenant renewal rate is approximately 70%. We manage more than 4.5 million sq ft of net lettable space.

We are committed to our vision to “Create Productive Environments” through our space optimisation expertise and also our ability to provide value-added integrated solutions. Landlords benefit because we enhance the value of their properties by increasing the net lettable area; and our tenants get to enjoy the conducive work environment that we create for them.

COMMITMENT TO EMPLOYEES

Our business is driven by human capital and we value our 300 over employees.

STAFF TRAINING

We are committed to help our employees in their career development and we equip them with the necessary skills and knowledge to achieve this. Every employee is given adequate training, opportunities for skills upgrading and a framework for career advancement. In addition, we offer our employees a fulfilling and engaging work environment and open platforms for feedback and ideas exchange. These programmes include training our employees in their specific work area as well as general management skills such as effective negotiations, interpersonal communication and leadership.

OCCUPATIONAL SAFETY AND HEALTH

In 2014, LHN was awarded the Singapore Health Award (Gold category) by the Health Promotion Board in recognition of the Group’s efforts to promote workplace health through development programmes such as Work at Height training, occupational first aid courses, Workforce Skill Qualification courses for compliance to Workplace Safety and Health Policies and Procedures. In 2014 and 2015, we were also awarded the bizSAFE certification by the Workplace Safety & Health Council for our efforts to create a safe working environment for our employees.

EMPLOYEE WELFARE

We celebrate special occasions such as Christmas, New Year, Chinese New Year, Mid Autumn Festival, Team Building activities and our annual D&D with our employees, where we

organise activities and share meals outside of a work setting. We also recognise exceptional and long-serving employees by giving long service awards.

COMMITMENT TO THE COMMUNITY

We believe in giving back and making an impact on the community. In FY2015, we made cash contributions of over \$40,000 to various organisations for activities organised in support of community development and the needy and underprivileged. Some of the organisations include:

- \$3,000 to Singapore Sai Ho Lian Nghee Sia for their 57th anniversary
- \$10,000 to National Arthritis Foundation through their 2014 Charity Golf Tournament
- Sponsorship of 1,000 sets of reading glasses (worth \$2,000) to Lion Save Sight Centre for Cambodian orphans
- \$2,200 in support of the Yellow Ribbon Project
- \$2,000 in support of Club Rainbow (Singapore)
- \$2,400 for the Lim See Tai Chong society’s annual charity drive
- \$10,000 to National Arthritis Foundation Gala Dinner
- \$1,070 to Lions Club of Singapore Nee Soon’s high tea event for Thuja Home
- \$1,000 to SASCO’s community project fund in support of the Senior Citizens’ Home
- \$5,000 in support of Bukit Batok East Charity Golf

COMMITMENT TO THE ENVIRONMENT

We believe in doing our part for the environment and over the years we have built a strong culture of recycling in the office. Employees avoid printing as much as possible and where necessary, we print double-sided. All waste paper are shredded and sent to recycling centres and we only purchase paper from environmentally friendly companies. Our collaterals are printed on FSC certified paper.

The same environmental consciousness is applied throughout our operations, at our properties and our container depots. We use only energy saving light bulbs and tubes and timer switches. Our Facilities Management Business, which provides cleaning services for our properties and tenants, uses only environmentally friendly chemicals and cleaning agents and our taps are all installed with water saving devices to prevent wastages.

Awards & Certifications



AWARD/CERTIFICATION	AWARDING ORGANISATION
bizSAFE Level 3 Certificate awarded to LHN Group	Workplace Safety and Health Council
bizSAFE Level 3 Certificate awarded to ICS	Workplace Safety and Health Council
bizSAFE Level 3 Certificate awarded to ICFM	Workplace Safety and Health Council
bizSAFE Level 3 Certificate awarded to Nopest	Workplace Safety and Health Council
bizSAFE Level 3 Certificate awarded to HLACS	Workplace Safety and Health Council
bizSAFE Level 3 Certificate awarded to LHN Parking	Workplace Safety and Health Council
Gold Award for the Singapore Health Award 2014 (to recognise efforts in promoting workplace health) awarded to LHN Group	Health Promotion Board
ISO 9001:2008 (Quality management system certificate for lease of land and property) awarded to LHN Group	Certification International (Singapore) Pte Ltd
ISO 9001:2008 (Quality management system certificate for lease of land and property) awarded to LHN Group	Certification International (UK) Ltd
ISO 9001:2008 (Quality management system certificate for Facilities Management Services) awarded to ICFM	Certification International (Singapore) Pte Ltd
ISO 9001:2008 (Quality management system certificate for Security Management Services) awarded to ICS	Certification International (Singapore) Pte Ltd
ISO 9001:2008 (Quality management system certificate for Transportation of Base Oil, Bitumen, Chemicals & Containers) awarded to HNL	Certification International (Singapore) Pte Ltd
Security Agency Grading Award (Grade A in the Security Agency Grading Exercise for 2015) awarded to ICS	Police Licensing & Regulatory Department
Winner of Singapore Prestige Brand Award 2015 – Established Brand awarded to LHN Group	Association of Small and Medium Enterprises (ASME) and Lianhe Zaobao
Clean Mark Gold 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	National Environment Agency

Corporate Information

BOARD OF DIRECTORS

Kelvin Lim
Executive Chairman
Group Managing Director

Jess Lim
Executive Director
Group Deputy Managing Director

Lee Gee Aik
Lead Independent Director

Ch'ng Li-Ling
Independent Director

Eddie Yong
Independent Director

AUDIT COMMITTEE

Lee Gee Aik (Chairman)
Ch'ng Li-Ling
Eddie Yong

REMUNERATION COMMITTEE

Ch'ng Li-Ling (Chairman)
Lee Gee Aik
Eddie Yong

NOMINATING COMMITTEE

Eddie Yong (Chairman)
Ch'ng Li-Ling
Lee Gee Aik
Kelvin Lim

COMPANY SECRETARY

Leong Chee Meng, Kenneth (ACIS)

REGISTERED OFFICE

10 Raeburn Park
#02-18
Singapore 088702
Tel: (65) 6368 8328
Fax: (65) 6367 2163

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.

16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

Foo Kon Tan LLP
Chartered Accountants
47 Hill Street
#05-01 Singapore Chinese Chamber of
Commerce & Industry Building
Singapore 179365

Partner-in-charge: **Yeo Boon Chye**
(since financial year 2015)

PRINCIPAL BANKERS

DBS Bank Ltd.
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

Hong Leong Finance Limited

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

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

INVESTOR RELATIONS

LHN Limited
enquiry@lhngroup.com.sg

August Consulting

Wrisney Tan (wrisneytan@august.com.sg)

WEBSITE

www.lhngroup.com.sg

Report on Corporate Governance

The Board of Directors (the “**Board**”) and the management (the “**Management**”) of LHN Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) are committed to maintain a high degree of corporate governance and transparency for the benefit of all its stakeholders. For the financial year ended 30 September 2015 (“**FY2015**”), the Board and Management are pleased to confirm that the Company has adhered to the principles and guidelines of the Code of Corporate Governance 2012 (the “**Code**”) where applicable, pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) issued by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

This report outlines the Company’s corporate governance processes and structure that were in place during FY2015, with specific reference to the principles and guidelines of the Code and the disclosure guide developed by the SGX-ST in January 2015 (the “**Guide**”). Where there is a deviation from the Code and/or the Guide, proper explanation has been provided.

(A) BOARD MATTERS

Principle 1 – The Board’s Conduct of its Affairs

The Board oversees the corporate policy and overall strategy for the Group. The principal roles and responsibilities of the Board, amongst others, include:

- (a) Oversees the overall strategic plans including sustainability and environmental issues as part of its strategic formulation, strategic human resources framework, and financial objectives of the Group; and
- (b) Oversees and safeguards shareholders’ interest and the Company’s assets through a robust system of effective internal controls, risk management, financial reporting and compliance.

The Board is the highest authority of approval and specific functions of the Board are either carried out by the Board or through various committees established by the Board, namely, the Audit Committee (the “**AC**”), the Nominating Committee (the “**NC**”) and the Remuneration Committee (the “**RC**”) (collectively, the “**Board Committees**”). Each committee has the authority to examine issues relevant to their term of references and to make fair, proper and appropriate recommendations to the Board when required. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The Board has in place an authority matrix to provide guidelines on the approval for material transactions. Matters that require the Board’s approval include, amongst others, the following:

- Board authorisation limits;
- Appointment and re-election of Directors at general meeting;
- Salaries and benefits/allowances of the members of the Board and key management personnel;
- Evaluation and approval of investments, mergers and acquisitions (“**M&A**”) transactions and divestments;
- Significant capital expenditure;
- Public announcements and responses to the SGX-ST/regulators, if any;
- Dividend decisions; and
- Auditor’s reports if deemed satisfactory and free of material errors after review.

Report on Corporate Governance

The Board conducts scheduled meetings on a quarterly basis. Additional meetings are convened as and when circumstances warrant. The Articles of Association of the Company (the “**Articles of Association**”) allow Board meetings to be conducted via any form of audio or audio-visual communication. The Directors are free to discuss any information or views presented by any member of the Board and Management.

The Company adopts a policy which welcomes Directors to request for further explanations, briefings or informal discussions on any aspect of the Group’s operations or business from the Management.

When necessary or appropriate, members of the Board exchange views outside the formal environment of board meetings. Each Board member is expected to objectively discharge his or her duties and fiduciary responsibilities at all times in the best interests of the Company.

The attendance record of each Director at meetings of the Board and Board Committees during FY2015 is disclosed below:

	Board ⁽¹⁾	AC	NC	RC
Number of meetings held in FY2015⁽¹⁾	2	2	1	1
Name of Director	Number of meetings attended in FY2015			
Lim Lung Tieng (“ Kelvin Lim ”)	2	2 ⁽²⁾	1	1 ⁽²⁾
Lim Bee Choo (“ Jess Lim ”)	2	2 ⁽²⁾	1 ⁽²⁾	1 ⁽²⁾
Ch’ng Li-Ling	2	2	1	1
Lee Gee Aik	2	2	1	1
Yong Chee Hiong (“ Eddie Yong ”)	2	2	1	1

(1) The Company held its first Board meeting on 13 May 2015, after its listing on 13 April 2015.

(2) Attended as an invitee.

Newly appointed directors will be given briefings and orientation by the Executive Directors and Management to familiarise them with the businesses and operations of the Group. Upon appointment, the Director will receive a letter of appointment setting out his/her duties and responsibilities. All newly appointed Directors who do not have prior experience as a director of a public listed company in Singapore would attend relevant training courses when applicable.

The Directors may join institutes and group associations of specific interests, and attend relevant training seminars or informative talks from time to time so that they are in a better position to discharge their duties. The Company encourages the Directors to attend courses in areas of directors’ duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act (Chapter 50) of Singapore (the “**Companies Act**”) and industry-related matters, to develop themselves professionally, at the Company’s expense.

For FY2015, briefings, updates and trainings for the Directors include:

- briefing by Drew & Napier LLC in connection with the preparation of the initial public offering, on Directors’ role and responsibilities and the disclosure requirements of the Company pursuant to the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”), the Catalist Rules and continuing obligations;
- briefing by the external auditors (“**EA**”) on changes or amendments to accounting standards at the AC meetings; and
- updates by the Company Secretary on proposed amendments to the Companies Act, and Catalist Rules, from time to time.

Report on Corporate Governance

Principle 2 – Board Composition and Guidance

Currently, the Board comprises five directors, as set out below. There are two Executive Directors namely Kelvin Lim who is the Executive Chairman and Group Managing Director of the Company, and Jess Lim who is the Executive Director and Group Deputy Managing Director of the Company. The Non-Executive and Independent Directors comprise Mr Lee Gee Aik, Ms Ch'ng Li-Ling and Mr Eddie Yong.

Director	Designation	Date of Initial Appointment	AC	NC	RC
Kelvin Lim	Executive Chairman and Group Managing Director	10 July 2014	–	Member	–
Jess Lim ⁽¹⁾	Executive Director and Group Deputy Managing Director	10 July 2014	–	–	–
Lee Gee Aik ⁽²⁾	Lead Independent Director	10 March 2015	Chairman	Member	Member
Ch'ng Li-Ling ⁽³⁾	Independent Director	10 March 2015	Member	Member	Chairman
Eddie Yong ⁽⁴⁾	Independent Director	10 March 2015	Member	Chairman	Member

Notes:

- (1) Ms Jess Lim will retire pursuant to Article 98 of the Articles of Association of the Company and is subject to re-election as a director at the forthcoming Annual General Meeting ("**AGM**") of the Company.
- (2) Mr Lee Gee Aik will retire pursuant to Article 102 of the Articles of Association of the Company and is subject to re-election as a director at the forthcoming AGM of the Company.
- (3) Ms Ch'ng Li-Ling will retire pursuant to Article 102 of the Articles of Association of the Company and is subject to re-election as a director at the forthcoming AGM of the Company.
- (4) Mr Eddie Yong will retire pursuant to Article 102 of the Articles of Association of the Company and is subject to re-election as a director at the forthcoming AGM of the Company.

Details of the Directors' qualifications and experiences are set out on pages 10 to 12 of this Annual Report.

The NC evaluates on an annual basis whether or not a Director is independent in accordance with the Code. The NC has reviewed and confirmed the independence of the Independent Directors, Mr Lee Gee Aik, Ms Ch'ng Li-Ling and Mr Eddie Yong in accordance of the Code.

The Independent Directors have also confirmed their independence in accordance with the Code. Each member of the NC has abstained from deliberations in respect of the assessment of his or her own independence.

There is no Independent Director who has served beyond nine years since the date of his or her first appointment.

As more than half of the Board is independent, the requirement of the Code that at least half of the Board comprises Independent Directors where the Chairman and the Chief Executive Officer (or equivalent) is the same person, is part of the management team and is not an independent director, is satisfied.

Report on Corporate Governance

For FY2015, the NC had reviewed the size and composition of the Board for effective decision making, taking into account factors such as the scope and nature of the operations of the Group and the core competencies of Board members in the fields of accounting and finance, and professional legal services. The Non-Executive Directors are able to constructively challenge and assist in the development of the business strategies and in reviewing and monitoring of the Management's performance against set targets.

Led by the Lead Independent Director, the Independent Directors may at any time meet separately without the presence of Management. For FY2015, no such meeting was held by the Independent Directors as the Company was only listed on the Catalist of the SGX-ST on 13 April 2015. However at the last AC meeting held in November 2015 to discuss the full year results of the Group, the Independent Directors had met the external auditors without the presence of Management.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The current Board composition provides a diversity of skills, experience, and knowledge to the Company as follows:-

Balance and Diversity of the Board		
	Number of Directors	Proportion of the Board
Core Competencies		
Accounting or finance related	2	40%
Business and management experience	5	100%
Legal or corporate governance	3	60%
Relevant industry knowledge	3	60%
Strategic planning experience	5	100%

The Board will take the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.

Principle 3 – Chairman and Chief Executive Officer

The Company does not have a Chief Executive Officer, however, this position is carried out by the Group Managing Director (the "MD"). Kelvin Lim is our Executive Chairman (the "Chairman") and the MD. Accordingly, pursuant to Guideline 3.3 of the Code, the Board has appointed Mr Lee Gee Aik as the Lead Independent Director.

The Chairman provides overall leadership to the Board. The Chairman, with the help of the Company Secretary, ensures that Board meetings are held as and when necessary and sets the meeting agenda in consultation with fellow directors and other executives, and if warranted, with professional advisors.

The Chairman also ensures the quality, quantity and timeliness of the flow of information between the Management, the Board and shareholders. He promotes high standards of corporate governance as well as the culture of openness and debate at Board meetings. He also encourages constructive relationship within the Board and between the Board and Management while facilitating the effective contributions of Independent Directors during the Board meetings.

Report on Corporate Governance

Principle 4 – Board Membership

The Company has established the NC to make recommendations to the Board on all Board appointments and re-appointments. The key terms of reference of the NC include:

- (a) making recommendations to the Board on relevant matters relating to:
 - (i) the review of Board succession plans for Directors, in particular, the Chairman and the MD;
 - (ii) the reviewing of training and professional development programs for the Board; and
 - (iii) the appointment and re-appointment of Directors (including alternate Directors, if applicable);
- (b) reviewing and determining annually, and as and when circumstances require, if a Director is independent, in accordance with the Code and any other salient factors;
- (c) reviewing the composition of the Board annually to ensure that the Board and its committees comprise Directors who as a group provide an appropriate balance and diversity of skills, expertise, gender and knowledge of the Group and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge; and
- (d) where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representation and other principal commitments.

In addition, the NC will make recommendations to the Board on the development of a process for the evaluation and performance of the Board, its Board Committees and individual Directors. In this regard, the NC will decide how the Board's performance is to be evaluated and propose objective performance criteria.

The NC will also implement a process for assessing the effectiveness of the Board as a whole and its committees, and for assessing the contribution of our Chairman and each individual Director to the effectiveness of the Board. The NC Chairman will act on the results of the evaluation of the Board, and in consultation with the NC to propose, where appropriate, any new member to be appointed to the Board or seek the resignation of an existing Director.

The NC comprises four directors, three of whom including the NC Chairman, are non-executive and independent.

The NC members are:

- Eddie Yong (Chairman)
- Ch'ng Li-Ling
- Lee Gee Aik
- Kelvin Lim

At each AGM of the Company, the Articles of Association requires one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, being one third of those who have been longest in office since their last re-election. Newly appointed Directors will have to retire at the next AGM following their appointments. The retiring Directors are eligible to offer themselves for re-election.

Report on Corporate Governance

The NC has noted that the following directors will retire by rotation at the forthcoming AGM pursuant to the following Articles of Association:

Name of Director	Designation	Retiring Pursuant to Article of Association
Jess Lim	Executive Director and Group Deputy Managing Director	98
Lee Gee Aik	Lead Independent Director	102
Ch'ng Li-Ling	Independent Director	102
Eddie Yong	Independent Director	102

The NC had reviewed, taking into consideration Ms Jess Lim's ability to contribute through her business acumen, strategic thinking process for the business and her contributions through carrying out her executive responsibilities, recommended that Ms Jess Lim who will retire by rotation pursuant to Article 98 of the Articles of Association, being eligible and having consented, be nominated for re-election as Director at the forthcoming AGM, and subject to being duly re-elected, Ms Jess Lim will remain as the Executive Director and Group Deputy Managing Director. Key information details on Ms Jess Lim are set out on page 11 of this Annual Report.

Pursuant to Article 102 of the Articles of Association, Mr Lee Gee Aik, Ms Ch'ng Li-Ling and Mr Eddie Yong, who were appointed by the Board during FY2015, will retire at the forthcoming AGM. The NC, with the respective member who is interested in the discussion having abstained from the deliberations, had reviewed and recommended the above respective Independent Directors for re-election at the forthcoming AGM. In the NC's review for the recommendation of the Independent Directors for re-election, the NC took into consideration the independence of each Independent Director, their respective professional experience and time commitment. Key information details on Mr Lee Gee Aik, Ms Ch'ng Li-Ling and Mr Eddie Yong are set out on pages 11 and 12 of this Annual Report.

Upon re-election as Director, Mr Lee Gee Aik will remain as the Lead Independent Director, the AC Chairman and a member of NC and RC. Ms Ch'ng Li-Ling upon re-election as a Director will remain as an Independent Director of the Company, the RC Chairman and a member of the AC and NC. Mr Eddie Yong will, upon re-election, remain as an Independent Director, the NC Chairman, and a member of the AC and RC. Mr Lee Gee Aik, Ms Ch'ng Li-Ling and Mr Eddie Yong, will be considered independent for the purposes of Rule 704(7) of the Catalyst Rules.

In assessing and recommending a candidate for appointment to the Board, the NC takes into consideration the background, qualifications, experience and knowledge that the candidate brings and which could benefit the Board. Other important issues to be considered as part of the process for the selection, appointment and re-appointment of Directors include the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candor), as an Independent Director.

The NC may also engage external search consultants to search for new Directors at the Company's expense. New Directors are appointed by way of a board resolution after the NC recommends the appointment for the consideration and approval by the Board.

As the Company was listed on the Catalyst on 13 April 2015, the newly appointed Independent Directors will have to retire and be re-elected as Directors by the shareholders pursuant to the Articles of Association. As a broad-based NC policy, the board nomination process for evaluating an Executive Director vis-à-vis a Non-Executive or Independent Director is different. For an Executive Director, the nomination process would in general be tied to his or her ability to contribute through his or her business acumen and strategic thinking process for the business. As for a Non-Executive or Independent Director, his or her nominations are hinged on myriad of criteria whereby he or she should possess the independence of mind despite confirmation via in writing, as evaluated by the NC. The existing Independent Directors were selected from contacts as recommended to the Management, where the Management had in their opinion, deemed that these professionals will be able to give an independent view to take the Group's business to a higher level as the current Executive Directors lack listed company directorship experience and would depend on the stewardship of more experienced Independent Directors.

Report on Corporate Governance

Furthermore, the NC also had considered, and is of the opinion, that based on the following considerations evaluated, they had not impeded any Director's performance in FY2015 from carrying out their duties to the Company:

- (a) expected and/or competing time commitments of each Director;
- (b) number of board representation held by each Director;
- (c) size and composition of the Board; and
- (d) nature and scope of the Group's operations and size.

For FY2015, the Board did not set any cap on the number of listed company directorships given that all Independent Directors were able to dedicate their time to the Group. Nevertheless, if the Board finds that time commitment is lacking from any particular director, they may consider imposing a cap in future. There is no alternate director appointed by any Director in FY2015.

The following key information regarding Directors are set out on the following pages of this Annual Report:

- (a) Pages 10 to 12 and page 23 – Academic and professional qualifications, date of first appointment as director, if any, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments, whether appointment is executive or non-executive, or considered by the NC to be independent; and
- (b) Pages 40 and 41 – Shareholdings, if any, in the Company and its subsidiaries.

Principle 5 – Board Performance

The NC is responsible for assessing the effectiveness of the Board as a whole, the Board committees and each individual Director. The NC decides how the Board's performance may be evaluated and proposes objective performance criteria that are approved by the Board.

The NC meets once a year, and as warranted by circumstances, to discharge its functions. In FY2015, one NC meeting was held.

The Board has implemented a process for assessing its effectiveness as a whole (including its Committees) and for assessing the contribution by each director to the effectiveness of the Board. The assessments of the Board, Board Committees and the individual directors will be carried out annually.

The assessment utilises a confidential questionnaire, covering areas such as Board composition, Board processes managing the Group's performance and the effectiveness of the Board in its monitoring role. The questionnaire is completed by members of the NC jointly with the Chairman of the Board. The completed qualitative assessment questionnaires are collated for deliberation by the NC. The results, conclusions and recommendation are then presented to the Board by the NC.

The assessment of the individual directors will be done through peer-assessments, in each case through a confidential questionnaire to be completed by directors individually. The assessment parameters for such individual evaluation include attendance and contributions during Board and Board Committee meetings as well as commitment to their roles as directors. The completed questionnaires will then be collated for the NC's deliberation and reported to the Chairman of the Board. The Chairman will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of directors may be sought.

As the Company was listed in April 2015, the NC had concurred that it would be meaningful to evaluate the performance of the Board as a group collectively for FY2015 instead of evaluating the performance of the Board's committees or individual Director given the short time span. As such, no assessment was carried out for the Board Committees and each individual Director for FY2015.

Report on Corporate Governance

Following the review of the assessment of the Board for FY2015, both the NC and the Board are of the view that the Board has met its performance objectives for FY2015. No external facilitator was used in the process.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his/her performance.

Principle 6 – Access to Information

Management including the Executive Directors keeps the Board apprised of the Group's operations and performance through quarterly updates and reports as well as through informal discussions. Key executives who can provide additional insight into the matters at hand would be invited to Board meetings.

Prior to any meetings of the Board or Board Committees, Directors are provided, where appropriate, with sufficient relevant information to enable them to be prepared for the meetings. On an ongoing basis, all Board members have separate and independent access to Management should they have any queries or require additional information on the affairs of the Group.

Before each meeting, Management would provide the Board members with the required explanatory documents relating to matters to be brought before the Board. The Management also provides the Board with quarterly updates on financial results, operational performance, business development and other important and relevant information.

The Directors also have access to the Company Secretary who attends all Board and its Board Committees' meetings. The Company Secretary assists the Chairman and the Board to implement and strengthen corporate governance practices and processes. The Company Secretary also assists the directors in the preparation of directors' resolution, recording of minutes of meetings, the facilitation of the annual general meeting proceedings, the preparation and release of routine SGXnet announcements as well as updates on the relevant changes to the Singapore Companies' Act.

The Board is given the names and contact details of the Company's Management and the Company Secretary to facilitate direct, separate and independent access. The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

Where the Directors either individually or as a group, in the furtherance of their duties, require independent professional advice, assistance is available to assist them in obtaining such advice at the Company's expense.

(B) REMUNERATION MATTERS

Principle 7 – Procedures for Developing Remuneration Policies

The terms of reference of the RC cover the functions described in the Code including but not limited to, the following:

- (a) reviewing and recommending to the Board, in consultation with the Chairman of the Board for endorsement, a comprehensive remuneration policy framework and guidelines for remuneration of Directors, the Chairman and MD and other persons having authority and responsibility for planning, directing and controlling the activities of our Company ("**Key Management Personnel**");
- (b) reviewing and recommending to the Board for endorsement, the specific remuneration packages for each Director and Key Management Personnel;
- (c) reviewing and approving the design of all share option plans, performance share plans and/or other equity based plans;
- (d) in the case of service contracts, reviewing the Company's obligations arising in the event of termination of the Directors' or Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance; and

Report on Corporate Governance

- (e) reviewing the link between performance and reward in the remuneration structure of each of the Director and Key Management Personnel and recommend such targets for each of such Director and Key Management Personnel, for endorsement by the Board.

The RC comprises entirely of Non-Executive Directors, all of whom are independent. The RC meets at least once a year, and as warranted by circumstances, to discharge its functions. The RC members are:

- Ch'ng Li-Ling (Chairman)
- Lee Gee Aik
- Eddie Yong

All recommendations made by the RC on remuneration of Directors and Key Management Personnel will be submitted to endorsement by the Board. No member of the RC is involved in setting his or her remuneration package. As and when deemed appropriate by the RC, independent expert advice will be sought at the Company's expense. The RC shall ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

Principle 8 – Level and Mix of Remuneration

The RC recommends to the Board the quantum of directors' fees and the Board in turn endorses the recommendation for shareholders' approval at each AGM. To facilitate timely payment of directors' fees, the Company has recommended for the directors' fees amounting to S\$168,000 to be paid on a quarterly basis in arrears for FY2016 once approval is obtained from shareholders at the forthcoming AGM.

For FY2015, a recommendation would be made to shareholders to approve the payment of S\$93,935 to the Non-Executive Directors.

The remuneration packages take into consideration the performance of the Group and individual assessment of each Non-Executive Director, the level of contribution to the Company and Board, taking into account various factors including but not limited to efforts and time spent, responsibilities and duties of the Directors.

For the Executive Directors and Key Management Personnel, each of their service agreements and/or compensation packages is reviewed by the RC. These service agreements cover the terms of employment and specifically, the salaries and bonuses of the Executive Directors and Key Management Personnel. The Company may terminate a service agreement if, inter alia, the relevant Executive Director or Key Management Personnel is guilty of dishonesty or serious or persistent misconduct, become bankrupt or otherwise act to the Company's prejudice. Executive Directors of the Company are not entitled to any Directors' fees.

The Company has entered into separate service agreements (the "**Service Agreements**") with the Executive Directors, namely, Kelvin Lim and Jess Lim. Please refer to the Company's offer document dated 1 April 2015 (the "**Offer Document**"), from pages 291 to 294 for the details of the Service Agreements.

The RC will ensure that the Independent Directors are not overcompensated to the extent that their independence may be compromised. Non-Executive Directors are able to participate in the PSP (as defined below) and hold shares in the Company so as to better align their interests with the interests of shareholders.

During FY2015, the RC had reviewed the compensation and remuneration packages and believes that the remuneration of Directors and Key Management Personnel commensurate with their respective roles and responsibilities. For FY2015, the Company did not engage any external remuneration consultants to assist in the review of compensation and remuneration packages.

There are no termination, retirement and post-employment benefits that may be granted to the Directors, the Chairman and MD and the top two Key Management Personnel.

Report on Corporate Governance

Principle 9 – Disclosure on Remuneration

The breakdown (in percentage terms) of the remuneration of Directors of the Company for FY2015 is set out below:

Directors	Salary and allowance ⁽²⁾ (%)	Fixed Bonus ⁽²⁾ (%)	Variable Bonus ⁽²⁾ (%)	Director's Fees ⁽¹⁾ (%)	Total ⁽⁵⁾ (100%)
					(S\$'000)
Kelvin Lim ⁽³⁾	85	15	–	–	401
Jess Lim ⁽³⁾	83	17	–	–	168
Lee Gee Aik ⁽⁴⁾	–	–	–	100	35
Ch'ng Li-Ling ⁽⁴⁾	–	–	–	100	29
Eddie Yong ⁽⁴⁾	–	–	–	100	29

There are only two top Key Management Personnel in the Company for FY2015. The breakdown (in percentage terms) of the remuneration of two top Key Management Personnel (who are not also Directors) of the Group for FY2015 is set out below:

Remuneration Band and Name of Key Management Personnel	Designation	Salary and allowance ⁽²⁾ (%)	Variable Bonus ⁽²⁾ (%)	Total (%)
From S\$0 to S\$250,000				
Yeo Swee Cheng	Chief Financial Officer	83	17	100
Wong Sze Peng, Danny ("Danny Wong")	General Manager	85	15	100

Notes:

- (1) The director's fees are subject to shareholders' approval at the forthcoming AGM.
- (2) The salary, allowance and variable bonus amounts shown are inclusive of Singapore's Central Provident Funds.
- (3) Remuneration of Mr Kelvin Lim and Ms Jess Lim is calculated based on the date of admission of the Company on the Catalist of the SGX-ST on 13 April 2015 and the service agreements, where applicable, took effect on the same date.
- (4) Remuneration of Mr Lee Gee Aik, Ms Ch'ng Li-Ling and Mr Eddie Yong has been pro-rated with effect from 10 March 2015 based on the date of initial appointment as the Company's Director.
- (5) Rounded to the nearest one thousand dollars.

In aggregate, the total remuneration paid to the two top Key Management Personnel was S\$393,300 in FY2015. There is no employee who is an immediate family member of a Director and/or the Chairman and MD whose remuneration exceeded S\$50,000 during FY2015.

The remuneration received by the Executive Directors and Key Management Personnel takes into consideration his or her individual performance and contribution toward the overall performance of the Group for FY2015. Their remuneration is made up of fixed and variable compensations. The Executive Directors fixed compensation consists of an annual base salary, fixed allowance and bonus as set out on pages 291 and 292 of the Offer Document. For Key Management Personnel, the variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

Report on Corporate Governance

PERFORMANCE SHARE PLAN

On 10 March 2015, the shareholders adopted the “LHN Performance Share Plan” (the “**PSP**”). The PSP has been assigned by the Board of Directors to be administered by a committee comprising Mr Lee Gee Aik, Ms Ch’ng Li-Ling and Mr Eddie Yong (the “**Committee**”).

The primary objective of establishing the PSP is to recognise and reward the Directors and employees for their valuable contributions to the growth and success of the Group as well as to retain employees whose services are vital to our success in order to achieve greater growth in the Group. Eligible participants (the “**Participants**”) under the PSP will have the opportunity to participate in the equity of the Company, thereby aligning their interests with the interests of the Company and shareholders, motivating them towards long-term growth and profitability of the Group and better performance through increased dedication and incentives.

The PSP aims to promote higher performance goals, and recognise and reward the contributions made by employees. The PSP contemplates the contingent award of fully-paid shares after certain pre-determined benchmarks have been met (the “**Awards**”). The Company believes that the PSP will be more effective than pure cash bonuses in motivating employees to work towards pre-determined goals.

Under the PSP, the size of the Award granted to a Participant will be determined based on, amongst others, his rank, job performance, potential for future development and his contribution to the success and development of the Group as determined by the Committee prior to the date of grant. The performance period here is a forward-looking period for which performance conditions and targets are set and measured over the performance period. The final Award is determined by the performance achievement over the performance period. The performance period, vesting period and other conditions will be determined by the Committee administering the PSP.

The PSP allows for participation by full-time employees of the Group and Directors (including Independent Directors) who have attained the age of 21 years on or before the relevant date of grant of the Award. The aggregate number of shares which may be delivered to the controlling shareholder and their respective associates under the PSP shall not exceed 25% of the total number of shares available under the PSP, with the number of shares which may be delivered to each controlling shareholder and his respective associate not exceeding 10% of the total number of shares available under the PSP.

The total number of shares over which may be delivered pursuant to the vesting of Awards, when added to the number of shares issued and issuable in respect of all Awards granted under the PSP (including shares issued and/or issuable under any other share-based incentive schemes or share plans of the Company) shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time to time.

Further details on the Company’s PSP are set out on pages 295 to 305 of the Offer Document.

No Award or shares has been awarded to any Participant (which includes directors and controlling shareholders) under the PSP since its adoption in FY2015.

(C) ACCOUNTABILITY AND AUDIT

Principle 10 – Accountability

The Board is responsible for providing a balanced and understandable assessment of the Group’s performance, position and prospects, including interim and other price sensitive public information and reports to regulators (if required). Management provides the Board and Board Committees on a timely basis, with sufficient relevant information on the Group’s financial performance and commentary of the competitive conditions of the industry in which the Group operates, in order that it may effectively discharge its duties. The Company adopts a policy which welcomes directors to request for further explanations, briefings or informal discussions on any aspect of the Group’s operations or business from Management.

Report on Corporate Governance

For further accountability, the announcements containing the quarterly financial statements are signed by the Chairman and MD, Mr Kelvin Lim, for and on behalf of the Board, to confirm that it is to the best of the Board's knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results contained in the announcement to be false or misleading in any material aspects. The Board approves the financial results after review and authorises the release of the results on SGXnet and the public. The Company also uploads latest announcement(s) which has been disseminated via SGXnet on its website <http://www.lhngroup.com.sg/>.

Principle 11 – Risk Management and Internal Controls

The Board has the overall responsibility for the Group's risk management and internal controls in safeguarding shareholders' interests and the Group's assets. The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information, and to safeguard and maintain accountability of assets. Procedures are in place to identify major business risks and evaluate potential financial implications, as well as for the authorisation of capital expenditure and investments.

The AC, on behalf of the Board, reviews the adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems established by Management on an annual basis. They are:

- Code of Ethics
- Risk Appetite and Risk Tolerance guidance
- Authority and Risk Control Matrix
- Key Control Activities
- Key Reporting and Monitoring Activities

Management also regularly reviews the Group's business and operations to identify areas of significant business risks and controls to mitigate the risks. The Management will highlight all significant matters to the Board and AC.

For FY2015, the Board had received assurance from the Chairman and MD and the Chief Financial Officer (the "CFO") that:

- the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- the Company's risk management and internal control systems are adequate and effective.

The design, implementation and operation of the accounting and internal control systems are intended to prevent and detect fraud and errors. The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls can provide absolute assurance against the occurrence of material misstatement or loss, poor judgment in decision making, human error, losses, fraud or other irregularities.

Based on the framework of risk management and internal controls established and maintained by the Management, reviews carried out by the AC, the report on the enterprise risk management of the Group, work performed by the internal auditors and external auditors, and assurance from the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management systems and system of internal controls is adequate and effective as at 30 September 2015 in addressing financial, operational, compliance and information technology risks.

The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.

Report on Corporate Governance

Principle 12 – Audit Committee (“AC”)

The AC comprises three members, all of whom are Non-Executive and Independent Directors. The members of the AC are:

- Lee Gee Aik (Chairman)
- Ch’ng Li-Ling
- Eddie Yong

The terms of reference of the AC include the following:

- (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 the Group and any announcements relating to the Group’s financial performance;
- (b) review and report to the Board at least annually the adequacy and effectiveness of the 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 the Group’s internal audit function at least annually, including the determination whether the internal auditor has direct and unrestricted access to the Chairman of the Board and AC, and is able to meet separately to discuss matters/concerns;
- (d) review the scope and results of the external audit, and the independence and objectivity of the external auditors;
- (e) make recommendations to the 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 the internal and external auditors;
- (g) review the co-operation given by the Management to the external auditors and the internal auditors, where applicable;
- (h) keep abreast of changes in accounting standards and issues which have a direct impact on financial statements;
- (i) conduct an annual assessment of its performance against its terms of reference duties and responsibilities and provide a report of the findings to the Board;
- (j) review the assurance provided by the Chairman and MD and the CFO regarding the financial records being properly maintained and the financial statements giving a true and fair view of the Company’s operations and finances;
- (k) participate in the appointment, replacement or dismissal of the head of internal audit or, if an external party, the internal auditor;
- (l) review the Group’s compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;
- (m) review and approve interested person transactions and review procedures thereof;

Report on Corporate Governance

- (n) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- (o) review the risk management framework with a view to providing an independent oversight on the 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;
- (p) investigate any matters within its terms of reference;
- (q) review the policy and arrangements, by which the staff or any third party may, in confidence, raise concerns about possible improprieties including matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;
- (r) where the AC deems necessary, to commission and review the findings of any 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;
- (s) where the AC deems necessary, to commission an annual internal control audit until such time as the AC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses (if any);
- (t) to report to the Board its findings from time to time on matters arising and requiring the attention of the Committee or to undertake such other reviews and projects as may be requested by the Board; and
- (u) to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The AC has explicit authority to investigate any matter within its terms of references. It has full access to Management and full discretion to invite any Director or Key Management Personnel to attend its meetings, and to be provided with reasonable resources to enable it to discharge its functions properly. The Executive Directors and Key Management Personnel, as and when required, were invited to be present at the AC meetings to report and brief the AC members on the financial and operating performance of the Group and to answer any queries from the AC members on any aspect of the operations of the Group.

The AC had met up with the external auditors without the presence of Management in November 2015. The external auditors were also invited to be present at AC meetings, as and when required, held during FY2015 to, inter alia, answer or clarify any matter on accounting and auditing or internal controls.

The aggregate amount of expense paid or payable to Foo Kon Tan LLP ("**FKT**") for FY2015 are as follows:

Description of Services	Amount	Percentage
Audit fees	S\$210,379	49%
Non-audit fees	S\$104,600	24%
IPO-related fees	S\$117,500*	27%
Total	S\$432,479	100%

* During FY2015, the Group has paid S\$117,500 to the external auditors and its member firms for their roles as reporting accountants in relation to the listing of the Company. The amount charged to profit and loss account amounted to S\$94,040 and the amount charged to share issue expense under share capital amounted to S\$23,460.

Report on Corporate Governance

The AC has reviewed the non-audit services in relation to tax services, other advisory services and goods and service tax services provided by FKT. The Board, with the concurrence of the AC is of the opinion that the independence and objectivity of the external auditors have not been affected as a substantial amount of non-audit fees paid in FY2015 was for the IPO of the Company and is not expected to be recurring.

The AC and the Board are of the view that the audit firms engaged by the Group are adequately resourced and registered with the Accounting and Corporate Regulatory Authority or registered with and/or regulated by an independent audit oversight body acceptable to the Singapore Exchange Securities Trading Limited. The AC has recommended to the Board the re-appointment of FKT as external auditors of the Company at the forthcoming AGM of the Company.

The Group has appointed different auditors for its overseas subsidiaries during the financial year under review.

The Board and the AC have reviewed the appointment of different auditors for its subsidiaries and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group. The Company is in compliance with Rules 712 and 715 of the Catalist Rules in relation to its independent auditors.

The Company's whistle-blowing programme serves to encourage and to provide a channel for staff of the Group and any external parties to report and raise, in good faith and in confidence, their concerns about possible improprieties in matters of financial reporting or other matters. To facilitate independent investigation of such matters and appropriate follow up actions, all whistle-blowing reports are directed to the AC via a dedicated email address (geeaik.lee@lhngroup.com.sg). The whistle-blowing programme has been communicated to all staff and it has also been posted on the Company's website at <http://www.lhngroup.com.sg/>.

The AC has power to conduct or authorise investigations into any matter within the AC's scope of responsibility. Depending on the nature of the concern raised or information provided, the investigation may be conducted involving one or more of these persons or entities:

- The investigation panel directed by the AC;
- The external or internal auditor; and/or
- Forensic professionals.

For FY2015, the Board had concluded, with the help of the NC, that the members of the AC are appropriately qualified to discharge their duties and responsibilities. The Board's view is that adequate and reasonable assistance and support has been properly rendered by the Management to the AC and that the AC has effectively and efficiently contributed to the Board and the Group. The AC chairman is a fellow of the Institute of Singapore Chartered Accountants and a fellow of the Chartered Association of Certified Accountants, United Kingdom and is currently, a director of R Chan & Associates PAC, a public accounting corporation in Singapore. During the last quarter of 2015, the AC was provided with information such as updates on the changes to the Singapore's Financial Reporting Standards by the external auditors in the course of their report to AC.

Principle 13 – Internal Audit

The AC relies on reports from the Management and external and internal auditors on any material non-compliance and internal control weaknesses. Thereafter, the AC oversees and monitors the implementations thereto.

Currently, the Group has outsourced its internal audit function to Ernst & Young Advisory Pte. Ltd. (the "IA") which reports directly to the AC. The IA has an administrative reporting function to Management where planning, co-ordinating, managing and implementing internal audit work cycle are concerned. The work undertaken by the IA, are carried out in accordance with the standards set by internationally recognised professional bodies including Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The IA will report their audit findings and recommendations directly to the AC. The IA has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

Report on Corporate Governance

The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that the IA is adequately qualified (given, *inter alia*, its adherence to standards set by internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14 – Shareholder Rights

Principle 15 – Communication with Shareholders

Principle 16 – Conduct of Shareholder Meetings

The Company strives to disclose information on a timely basis to shareholders and ensure any disclosure of price sensitive information is not made to a selective group. The information is communicated to our shareholders via:

- annual reports – the Board strives to include all relevant information about the Group, including future developments and disclosures required by the Companies Act, Financial Reporting Standards and the Catalist Rules; and
- SGXnet and press releases on major developments of the Group.

SGXnet disclosures and press releases of the Group are also available on the Company's website at <http://www.lhngroup.com.sg/>. The Company holds quarterly investor briefings on its results announcements shortly after the results announcement are published via SGXnet.

The Company also publishes the presentation slides used during the investor briefings on SGXnet and on its website – <http://www.lhngroup.com.sg/>. Once the annual report for FY2015 is completed, a copy will be made available on the Company's website and published via SGXnet.

At the forthcoming AGM, shareholders will be given the opportunity to air their views and ask Directors or Management questions regarding the Company and the Group. The notice of AGM will be sent together with the annual report, released on SGXnet and on the Company's website as well as published in the newspapers to inform shareholders of the upcoming meeting.

The Board, Management and the external auditors will also be present to address any relevant queries the shareholders may have. At the forthcoming AGM, the Company will prepare the minutes of the AGM which would include substantial or relevant comments from shareholders and the minutes of the AGM will be made available to shareholders, upon their request.

The Company's Articles of Association do not allow for abstentia voting at general meetings of shareholders as authentication of shareholder identity information and other related security issues remains a concern. However, the Articles of Association of the Company does allow a shareholder to vote either in person or appoint not more than two proxies to attend and vote in his stead. Such proxy to be appointed need not be a shareholder. A member of a company having a share capital who is a relevant intermediary (as defined in the Companies (Amendment) Act 2014) may appoint more than two proxies in relation to a meeting to exercise all or any of his rights to attend and to speak and vote at the AGM.

At the forthcoming AGM, all resolutions will be put to vote by way of a poll, and their detailed results will be announced via SGXnet after the conclusion of the AGM.

Although the Company does not have a fixed dividend policy, as disclosed on page 63 of the Offer Document and subject to the factors described therein, the Directors intend to recommend not less than 20.0% of the Group's net profits after tax attributable to shareholders for each of FY2015 and FY2016. As such, the Board has proposed a first and final dividend of S\$0.003 per ordinary share for FY2015 which will be subject to shareholders' approval at the forthcoming AGM.

Report on Corporate Governance

(E) DEALINGS IN SECURITIES

The Company has adopted an internal code on dealings in securities, which has been disseminated to all Directors and officers within the Group. The Company will also send a notification via email to notify all its Directors and officers at least a day prior to the close of window for trading of the Company's securities.

The Company, its Directors and officers of the Company are reminded not to deal (whether directly or indirectly) in the Company's securities on short-term considerations and be mindful of the law on insider trading as prescribed by the SFA. The internal code on dealings in securities also makes clear that the Company, its Directors and officers should not deal in the Company's securities and securities of other listed companies, while in possession of unpublished price-sensitive information and prohibits trading as well as in the following periods:

- (i) the period commencing two weeks before the announcement of the Company's financial statements for the first, second and third quarters of its financial year; and
- (ii) the period commencing one month before the announcement of the Company's financial statements for its full financial year.

Each of the above periods will end on the date of the announcement of the relevant financial results of the Company.

(F) INTERESTED PERSON TRANSACTIONS ("IPT")

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.

Other than the Restructuring Exercise and interested person transactions as disclosed on pages 82 to 84, 235 to 236 and 239 to 240 of the Offer Document, there were additional interested person transactions of S\$100,000 and above during the financial period under review. 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)
	Full year ended 30 September 2015 S\$'000	Full year ended 30 September 2015 S\$'000
Payments received by our Group		
PJS Companies*		
– Property leases or sub-leases	–	710
– Facilities management services	–	16
LHN Culinary Group and its subsidiaries**		
– Facilities management services	–	93
	–	819

Report on Corporate Governance

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)
	Full year ended 30 September 2015 S\$'000	Full year ended 30 September 2015 S\$'000
<u>Payments paid by our Group</u>		
PJS Companies*		
– Purchase of food and beverage products and services	–	6
LHN Culinary Group and its subsidiaries**		
– Purchase of food and beverage products and services	–	69
	–	75
Total	–	894

* PJS Companies comprises Café @ Phoenix Pte. Ltd. and DJ Culinary Concepts Pte. Ltd. as disclosed on page 241 of the Offer Document dated 1 April 2015.

** LHN Culinary Group and its subsidiaries comprises LHN Culinary Concepts Pte. Ltd. and its subsidiaries, namely, Alkaff Mansion Ristorante Pte. Ltd., Parco Caffè Holdings Pte. Ltd. and Australasian Wine Distributors Pte. Ltd. as disclosed on page 236 of the Offer Document dated 1 April 2015.

(G) USE OF PROCEEDS (CATALIST RULE 1204(5F) AND (22))

The utilisation of the Company's IPO net proceeds as at 4 January 2016 is set out below:

S/N	Purpose of IPO Proceeds	Amount Allocated S\$'000	Amount Utilised S\$'000	Balance S\$'000
1	To grow our property portfolio and acquire our own properties	5,000	4,848	152
2	Expansion of our Logistics Services Business and Facilities Management Business	3,000	–	3,000
3	Expansion of our operations in existing markets and into new markets	3,000	2,100	900
4	Development of technological capability	500	136	364
5	General working capital	2,931	1,566	1,365
6	Listing expenses	2,569	2,569	–
Total		17,000	11,219	5,781

Report on Corporate Governance

The above utilisation is in accordance with the intended use of proceeds of IPO as stated in the Offer Document.

Amount utilised for general working capital of approximately S\$1.6 million consists of payment for (i) partial rental cost and security deposit of approximately S\$0.4 million in relation to the new master lease secured for our second GreenHub Suited Offices in Jakarta and (ii) renovation cost of approximately S\$1.2 million in relation to new master leases secured for our Space Optimisation Business.

The Company will continue to make periodic announcement via SGXnet on the utilisation of the balance of the gross proceeds from the IPO as and when such proceeds are materially disbursed.

(H) MATERIAL CONTRACTS

Save for the service agreements entered with the Executive Directors as disclosed on pages 291 to 294 in the Offer Document, there was no other material contract involving the interests of any Director or controlling shareholders of the Company which has been entered into by the Group, which are either still subsisting at the end of FY2015 or if not then subsisting, entered into since the end of the previous financial year.

(I) NON-SPONSOR FEES (CATALIST RULE 1204(21))

For FY2015, the Company paid to its sponsor, PrimePartners Corporate Finance Pte. Ltd. fees of S\$1,284,999 as advisory services and to act as the issue manager and placement agent pursuant to the Company's IPO.

Directors' Statement

for the financial year ended 30 September 2015

The directors submit this annual report to the members of the Company together with the audited consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 30 September 2015.

Opinion of the directors

In the opinion of the directors,

- (a) the financial statements are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 September 2015 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of directors

The directors of the Company in office at the date of this report are as follows:

Lim Lung Tieng (Executive Chairman and Group Managing Director) (Appointed on 10.07.2014)
 Lim Bee Choo (Executive Director and Group Deputy Managing Director) (Appointed on 10.07.2014)
 Lee Gee Aik (Lead Independent Director) (Appointed on 10.03.2015)
 Ch'ng Li-Ling (Independent Director) (Appointed on 10.03.2015)
 Yong Chee Hiong (Independent Director) (Appointed on 10.03.2015)

Arrangements to enable directors to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

Name of director	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	As at 10.07.2014 (date of incorporation) or date of appointment, if later	As at 30.9.2015 and 21.10.2015 [#]	As at 10.07.2014 (date of incorporation) or date of appointment, if later	As at 30.9.2015 and 21.10.2015 [#]
The Company – LHN Limited	Number of ordinary shares			
Lim Lung Tieng	–	–	1	275,000,000
Lim Bee Choo	–	–	1	275,000,000
Immediate holding company – Hean Nerng Group Pte. Ltd.				
Lim Lung Tieng	30,000	30,000	–	–
Lim Bee Choo	60,000	60,000	–	–

Directors' Statement

for the financial year ended 30 September 2015

By virtue of the provisions of Section 7 of the Singapore Companies Act, Cap. 50, Lim Lung Tieng and Lim Bee Choo are deemed to have an interest in the whole of the issued share capital of all the wholly-owned subsidiaries of the Company, and in the shares held by the Company in the following subsidiaries that are not wholly-owned by the Group.

	As at 10.07.2014 (date of incorporation) or date of appointment, if later	As at 30.9.2015
	Number of ordinary shares	
LHN Management Services Pte. Ltd.	12,750	12,750
HLA Holdings Pte. Ltd.	–	429,408
HLA Container Services Pte. Ltd.	480,000	480,000
PT. Hean Nerng Group	2,970	2,970
PT. Hub Hijau Serviced Offices	3,500	3,500
HLA Holdings (Thailand) Limited	–	23,040
HLA Container Services (Thailand) Limited	–	34,790

There are no changes to the above shareholdings as at 21 October 2015.

Directors' benefits

Since the date of incorporation, no director has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50 except for salaries, bonuses and fees and those benefits that are disclosed in Notes 25 and 35 to the financial statements.

Share options

No options to take up unissued shares of the Company or any subsidiaries have been granted during the financial year.

No shares were issued during the financial year to which this report relates by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries.

There were no unissued shares of the Company or any subsidiaries under option at the end of the financial year.

Audit Committee

The Audit Committee at the end of the financial year comprises the following members:

Lee Gee Aik (Chairman)
Ch'ng Li-Ling
Yong Chee Hiong

All members of the Audit Committee are non-executive directors and all members are independent.

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act, Cap. 50, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the Committee reviewed the following:

- (i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

Directors' Statement

for the financial year ended 30 September 2015

- (ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- (iii) the quarterly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 30 September 2015 as well as the auditor's report thereon;
- (iv) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors;
- (v) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- (vi) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- (vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- (viii) reviewed the nature and extent of non-audit services provided by the external auditor;
- (ix) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- (x) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and
- (xi) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Full details regarding the Audit Committee are provided in the Report on Corporate Governance.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

Other information required by the SGX-ST

Material information

Apart from the Service Agreements between two executive directors and the Company, there is no material contract to which the Company or any of its subsidiaries, is a party which involve directors' interests subsisted or have been entered into during the financial year ended 30 September 2015.

Directors' Statement

for the financial year ended 30 September 2015

Interested person transactions

There was no interested person transaction as defined in Chapter 9 of the Listing Manual of the Singapore Exchange conducted during the financial year except as disclosed under "Interested Person Transactions" in the "Report on Corporate Governance" section of the Annual Report and on Note 32 to the financial statements.

On behalf of the Directors

.....
LIM LUNG TIENG

.....
LIM BEE CHOO

Dated: 18 December 2015

Independent Auditor's Report to the Members of LHN Limited

Report on the financial statements

We have audited the accompanying financial statements of LHN Limited ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Company and the Group as at 30 September 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 financial statements.

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 consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Independent Auditor's Report to the Members of LHN Limited

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Yeo Boon Chye
Partner in charge of the audit
Date of appointment: 10 July 2014

Singapore, 18 December 2015

Statements of Financial Position

as at 30 September 2015

	Note	The Company		The Group	
		30 September 2015	30 September 2014	30 September 2015	30 September 2014
		\$	\$	\$	\$
Assets					
Non-Current					
Property, plant and equipment	4	-	-	26,634,910	19,869,065
Investment properties	5	-	-	31,304,654	20,630,972
Subsidiaries	6	32,726,595	-	-	-
Associates	7	-	-	88,533	62,230
Deferred tax assets	16(a)	-	-	334,000	-
Long-term prepayments	8	-	-	285,358	332,918
		32,726,595	-	58,647,455	40,895,185
Current					
Inventories	9	-	-	162,732	256,461
Work-in-progress	10	-	-	-	58,159
Trade and other receivables	11	11,445,188	-	14,345,649	10,221,952
Prepayments	8	13,508	-	3,212,569	985,150
Cash and bank balances	12	1,180,371	1	15,603,692	14,417,165
Fixed deposits	13	9,027,549	-	14,679,917	5,583,389
		21,666,616	1	48,004,559	31,522,276
Total assets		54,393,211	1	106,652,014	72,417,461
Equity					
Capital and Reserves					
Share capital	14	51,243,056	1	51,243,056	2,000,001
Reserves	15	2,128,214	-	4,190,894	30,726,559
		53,371,270	1	55,433,950	32,726,560
Non-controlling interests		-	-	(126,988)	(130,548)
Total equity		53,371,270	1	55,306,962	32,596,012
Liabilities					
Non-Current					
Deferred tax liabilities	16(b)	-	-	230,000	223,143
Other payables	17	-	-	-	165,552
Obligations under finance lease	18	-	-	2,293,660	2,869,898
Bank borrowings	19	-	-	18,054,235	9,246,007
		-	-	20,577,895	12,504,600
Current					
Trade and other payables	17	1,021,941	-	26,466,151	23,596,526
Obligations under finance lease	18	-	-	1,533,703	1,331,465
Bank borrowings	19	-	-	1,420,443	823,922
Current tax payable		-	-	1,346,860	1,564,936
		1,021,941	-	30,767,157	27,316,849
		1,021,941	-	51,345,052	39,821,449
Total equity and liabilities		54,393,211	1	106,652,014	72,417,461

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the financial year ended 30 September 2015

		Year ended 30 September 2015	Year ended 30 September 2014
	Note	\$	\$
Revenue	3	96,374,123	90,739,712
Cost of sales		(72,926,144)	(65,709,061)
Gross profit		23,447,979	25,030,651
Other operating income	20	2,672,153	2,193,779
Selling and distribution expenses	21	(2,321,332)	(974,606)
Administrative expenses	22	(17,778,828)	(17,236,310)
Other operating expenses	23	(348,971)	(110,422)
Finance costs	24	(445,949)	(707,452)
Share of associated companies' results, net of tax	7	26,303	24,271
Profit from operations		5,251,355	8,219,911
Fair value gain on investment properties	5	574,655	5,784,352
IPO listing expenses		(1,558,366)	-
Profit before taxation	26	4,267,644	14,004,263
Taxation	27	(213,548)	(1,300,842)
Profit after taxation for the year		4,054,096	12,703,421
Other comprehensive income after tax			
Item that will be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation			
- Losses	30	(290,231)	(135,722)
Item that will not be reclassified subsequently to profit or loss			
Revaluation gains on leasehold building			
	30	253,883	1,833,947
Other comprehensive (expense)/income after tax		(36,348)	1,698,225
Total comprehensive income for the year, net of tax		4,017,748	14,401,646
Profit attributable to:			
Owners of the Company		4,222,630	12,755,551
Non-controlling interests		(168,534)	(52,130)
Profit for the year		4,054,096	12,703,421
Total comprehensive income attributable to:			
Owners of the Company		4,190,894	14,454,711
Non-controlling interests		(173,146)	(53,065)
Total comprehensive income for the year		4,017,748	14,401,646
Earnings per share (cents)			
	28		
- Basic		1.34	4.64
- Diluted		1.34	4.64

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 30 September 2015

	← Attributable to owners of the Company					→ Total			
	Share capital	Retained profits	Merger reserve	Reserve on disposal of non-controlling interests	Asset revaluation reserve	Exchange fluctuation reserve	attributable to owners of the Company	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 October 2014	2,000,001	28,998,913	-	268,690	2,188,962	(730,006)	32,726,560	(130,548)	32,596,012
Profit/(loss) for the year	-	4,222,630	-	-	-	-	4,222,630	(168,534)	4,054,096
Other comprehensive income/(expense)	-	-	-	-	253,883	(285,619)	(31,736)	(4,612)	(36,348)
Total comprehensive income/(expense) for the year	-	4,222,630	-	-	253,883	(285,619)	4,190,894	(173,146)	4,017,748
Effect on non-controlling interest on:									
- newly incorporated subsidiaries	-	-	-	-	-	-	-	45,184	45,184
- a newly acquired subsidiary	-	-	-	-	-	-	-	31,522	31,522
Effect on issuance of shares to a non-controlling interest of a subsidiary	-	-	-	-	-	-	-	76,706	76,706
Adjustment arising from the share swap agreement [see Note 1(a)(g)]	(2,000,000)	-	(30,726,559)	-	-	-	(32,726,559)	-	(32,726,559)
Issue of new shares pursuant to the Restructuring Exercise	32,726,559	-	-	-	-	-	32,726,559	-	32,726,559
Issue of Pre-IPO shares	2,000,000	-	-	-	-	-	2,000,000	-	2,000,000
Issue of shares as part payment of Sponsor fee	320,000	-	-	-	-	-	320,000	-	320,000
Issuance of placement shares	16,999,990	-	-	-	-	-	16,999,990	-	16,999,990
Less: share issue costs	(803,494)	-	-	-	-	-	(803,494)	-	(803,494)
	51,243,055	-	-	-	-	-	51,243,055	-	51,243,055
Transactions with owners	49,243,055	-	(30,726,559)	-	-	-	18,516,496	176,706	18,693,202
Balance at 30 September 2015	51,243,056	33,221,543	(30,726,559)	268,690	2,442,845	(1,015,625)	55,433,950	(126,988)	55,306,962

Share issue costs relate to incremental costs that are directly attributable to issuing new shares.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity (Cont'd)

for the financial year ended 30 September 2015

	← Attributable to owners of the Company →				Total			
	Share capital	Retained profits	Reserve on disposal of non-controlling interests	Asset revaluation reserve	Exchange fluctuation reserve	attributable to owners of the Company	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
Profit/(loss) for the year	-	12,755,551	-	-	-	12,755,551	(52,130)	12,703,421
Other comprehensive income/(expense)	-	-	-	1,833,947	(134,787)	1,699,160	(935)	1,698,225
Total comprehensive income/ (expense) for the year	-	12,755,551	-	1,833,947	(134,787)	14,454,711	(53,065)	14,401,646
Effect on incorporation of Company	1	-	-	-	-	1	-	1
2014 tax-exempt (one-tier) dividend of \$1.00 per share	-	(2,000,000)	-	-	-	(2,000,000)	-	(2,000,000)
Transactions with owners	1	(2,000,000)	-	-	-	(1,999,999)	-	(1,999,999)
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

Note

Balance at 1 October 2013

Profit/(loss) for the year
Other comprehensive income/(expense)

Total comprehensive income/ (expense) for the year

Effect on incorporation of Company
2014 tax-exempt (one-tier) dividend of \$1.00 per share

31

Transactions with owners

Balance at 30 September 2014

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 30 September 2015

	Financial year ended 30 September	
	2015 \$	2014 \$
Cash flows from Operating Activities		
Profit before taxation	4,267,644	14,004,263
Share of associated companies' results	(26,303)	(24,271)
	4,241,341	13,979,992
Adjustments for:		
Depreciation of property, plant and equipment	5,531,502	5,191,174
(Gain)/loss on disposal of property, plant and equipment (Note D)	(24,784)	108,294
Property, plant and equipment written off	21,663	36,516
Fair value gain on investment properties	(574,655)	(5,784,352)
Waiver of debt from a director of subsidiaries	(127,138)	(81,348)
Interest income	(114,859)	(70,332)
Interest expense	445,949	707,452
Shares issued as part payment of Sponsor fee (Note 14)	320,000	-
Operating profit before working capital changes	9,719,019	14,087,396
Decrease/(increase) in inventories	93,729	(25,962)
Decrease in work-in-progress	58,159	222,792
(Increase)/decrease in operating receivables	(6,113,087)	2,552,088
Increase/(decrease) in operating payables	5,157,346	(4,152,245)
Cash generated from operations	8,915,166	12,684,069
Interest expense paid	(445,949)	(707,452)
Income tax paid	(909,677)	(1,847,527)
Income tax refunded	91,190	1,066,086
Net cash generated from operating activities	7,650,730	11,195,176
Cash flows from Investing Activities		
Acquisition of property, plant and equipment (Note A)	(10,670,862)	(4,833,670)
Purchase of investment properties	(10,687,177)	(500,509)
Proceeds from disposal of property, plant and equipment (Note D)	96,070	532,117
Acquisition of a subsidiary, net of cash acquired (Note B)	591,370	-
Net cash outflow on disposal of investment in a subsidiary (Note C)	-	(619,692)
Interest received	114,859	70,332
Net cash used in investing activities	(20,555,740)	(5,351,422)
Cash flows from Financing Activities		
Repayment of obligations under hire-purchase contracts	(1,423,452)	(1,126,055)
(Placements)/uplift of deposits pledged		
- current	(70,692)	(1,873,871)
- non-current	-	1,857,150
Effect on non-controlling interest on newly incorporated subsidiaries	45,184	-
Proceeds from issuance of shares to a non-controlling interest of a subsidiary	100,000	-
Bank borrowings obtained	10,280,000	3,000,000
Bank borrowings repaid	(875,251)	(5,356,704)
Proceeds from pre-IPO convertible loans	2,000,000	-
Proceeds from issuance of placement shares	16,999,990	-
Share issue costs	(803,494)	-
Repayment to immediate holding company	-	(2,914,999)
Repayment by fellow subsidiaries, net	-	2,937,590
Amount owing (by)/to related parties, net	(1,795)	4,869
Repayment to a director	-	(417,000)
Repayment to a director of subsidiaries	(1,105,177)	(866,141)
Dividends paid	(2,000,000)	-
Net cash generated from/(used in) financing activities	23,145,313	(4,755,161)
Net increase in cash and cash equivalents	10,240,303	1,088,593
Exchange differences on translation of cash and bank balances at beginning	(27,940)	(15,899)
Cash and cash equivalents at beginning of year	14,425,085	13,352,391
Cash and cash equivalents at end of year	24,637,448	14,425,085

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows (Cont'd)

for the financial year ended 30 September 2015

	Note	Financial year ended 30 September	
		2015 \$	2014 \$
The cash and cash equivalents comprise:			
Bank balances	12	15,603,692	14,417,165
Fixed deposits	13	14,679,917	5,583,389
		30,283,609	20,000,554
Less:			
Pledged fixed deposits that mature within one year	13	(5,646,161)	(5,575,469)
		24,637,448	14,425,085

Note:

A Property, plant and equipment

During the financial year ended 30 September 2015, the Group acquired property, plant and equipment with an aggregate cost of \$12,254,552 (2014 – \$5,945,897) of which \$1,049,453 (2014 – \$1,112,227) was acquired by means of hire-purchase. Cash payments of \$10,670,862 (2014 – \$4,833,670) was made to purchase property, plant and equipment. The remaining balance of \$534,237 (2014 – Nil) is payable to suppliers of property, plant and equipment as at 30 September 2015.

B Acquisition of a subsidiary

The Group acquired a subsidiary, HLA Holdings Pte. Ltd. on 1 October 2014. The carrying value of assets acquired and liabilities assumed were as follows:

	30 September 2015 \$
<u>Net assets/(liabilities) acquired</u>	
Trade and other receivables	124,943
Cash and bank balances	638,650
Trade and other payables	(681,172)
Current tax payable	(3,619)
	<u>78,802</u>
Identifiable net assets acquired	
Less:	
Non-controlling interests of 40%	(31,522)
	<u>47,280</u>
Purchase consideration	(638,650)
Less: cash and cash equivalents of a subsidiary acquired	
Cash inflow on acquisition	<u>(591,370)</u>

C Disposal of a subsidiary

The Group disposed of a subsidiary, HN 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)
	<u>100,000</u>
Identifiable net assets disposed of	
Sales proceeds received	100,000
Less: cash and cash equivalent of subsidiary disposed of	(719,692)
Cash outflow on disposal	<u>(619,692)</u>
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	<u>-</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows (Cont'd)

for the financial year ended 30 September 2015

D Proceeds from disposal of property, plant and equipment

During the financial year ended 30 September 2015, the Group disposed of property, plant and equipment with a net book value of \$71,286 (2014 – \$640,411) of which proceeds of \$96,070 (2014 – \$532,117) was received. The resulting gain on disposal of property, plant and equipment is therefore \$24,784 (2014 – loss of \$108,294).

E Incorporation of new subsidiaries

During the financial year ended 30 September 2015, the cash considerations paid for the newly incorporated subsidiaries were as follows:

	30 September 2015 \$
LHN Group Sdn. Bhd.	36
HLA Holdings (Thailand) Limited	40,877
HLA Container Services (Thailand) Limited	40,800
	81,713

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements

for the financial year ended 30 September 2015

1 GENERAL INFORMATION

The financial statements of the Company and of the Group for the financial year ended 30 September 2015 were authorised for issue in accordance with a resolution of the directors on the date of the Statement By Directors.

The Company was incorporated in Singapore on 10 July 2014 under the name LHN Pte. Ltd. as a private limited company.

On 16 March 2015, the Company was converted into a public limited company and assumed the present name, LHN Limited.

The Company was listed on the Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 13 April 2015.

The registered office of the Company is at 10 Raeburn Park #02-18, Singapore 088702.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are described in Note 6 to the financial statements.

The holding companies are as follows:

	<u>Name of companies</u>
Ultimate holding company	LHN Capital Pte. Ltd.
Intermediate holding company	HN Capital Ltd.
Immediate holding company	Hean Nerng Group Pte. Ltd.

For the purpose of comparative figures, the Group reflects the financial numbers of the entity under LHN Group Pte. Ltd. to which the consolidated financial numbers are used and reported. Please refer to the Note 1(a)(g) to the financial statements.

1(a) Restructuring Exercise

The Group was formed through the Restructuring Exercise ("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 and the operating results has been loss-making for the past years.

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.

Notes to the Financial Statements

for the financial year ended 30 September 2015

1(a) Restructuring Exercise (Cont'd)

(c) Sale of shares in HN 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. ("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 and has been inactive.

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. 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. ("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. to LHN Group Pte. Ltd. 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 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 \$31,522 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 \$78,802 as at 30 September 2014. The assets of this entity are mainly current receivables and cash balances.

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.

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 date of listing of the Company, 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 date of listing of the Company, all ordinary and preference shares of HLA Holdings (Thailand) have been fully paid-up.

Notes to the Financial Statements

for the financial year ended 30 September 2015

1(a) Restructuring Exercise (Cont'd)

(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)”) (Cont'd)

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 date of listing of the Company, 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 date of listing of the Company, 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.

(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(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (“FRS”) including related Interpretations to FRS (“INT FRS”) promulgated by the Accounting Standards Council (“ASC”). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollar which is the Company’s functional currency. All financial information is presented in Singapore dollar, unless otherwise stated.

The consolidated financial statements of the Group for the financial year ended 30 September 2015 were prepared in a manner similar to the “pooling of interest” method under the Restructuring Exercise. 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.

Notes to the Financial Statements

for the financial year ended 30 September 2015

2(a) Basis of preparation (Cont'd)

Significant accounting estimates and judgements

The preparation of the consolidated financial statements 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 financial statements and the reported amounts of revenues 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 significant judgement are described below.

Significant judgements in applying accounting policies

Deferred taxation on leasehold buildings under property, plant and equipment and investment properties (Notes 4, 5 and 16)

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from leasehold buildings that are measured using the fair value model, the directors have reviewed the Group's property portfolios and concluded that the Group's leasehold buildings are not held under the business model whose objective is to consume substantially all of the economic benefits embodied in the leasehold buildings over time, rather than through sale. Therefore, in determining the Group's deferred taxation on leasehold buildings, the directors have determined that the presumption that the carrying amounts of leasehold buildings measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of leasehold buildings as the Group is not subject to any income taxes on the fair value changes of the leasehold buildings on disposal, except for the property in Jakarta, Indonesia which is subject to a capital gain tax of 5%. However, the amount is insignificant.

Income tax (Note 27)

The Group has exposure to income taxes in several jurisdictions, namely Singapore, Malaysia, Indonesia, Thailand and Myanmar. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are also claims 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. Where 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.

Significant influence over Nopest Pte. Ltd. (Note 7)

In Note 7 to the financial statements, Nopest Pte. Ltd. is described as an associate of the Group although the Group only owns 50 per cent ownership interest in Nopest Pte. Ltd. The Group has significant influence over Nopest Pte. Ltd. by virtue of the contractual right to appoint two directors of that company, namely Lim Lung Tieng and Lim Bee Choo. Further details are disclosed in Note 7 to the financial statements. The Group has no significant involvement in the business decisions as to their directions or management.

Notes to the Financial Statements

for the financial year ended 30 September 2015

2(a) Basis of preparation (Cont'd)

Significant judgements in applying accounting policies (Cont'd)

Control over HLA Holdings (Thailand) Limited ("HLA Holdings (Thailand)") and HLA Container Services (Thailand) Limited ("HLA Container Services (Thailand)") (Note 6)

In Note 6 to the financial statements, HLA Holdings (Thailand) and HLA Container Services (Thailand) are described as subsidiaries of the Group although the Group has only 28.8 and 43.5 per cent effective ownership interests respectively. However, the Group has 53.2 and 56.0 per cent effective voting rights in HLA Holdings (Thailand) and HLA Container Services (Thailand) respectively. Details of HLA Holdings (Thailand) and HLA Container Services (Thailand) are set out in Note 6 to the financial statements. The varying rights of the Group is by way of voting rights whereby the preference shares held by the Group has voting proportion of 1 preference share to 10 voting rights.

The directors assessed whether or not the Group has control over HLA Holdings (Thailand) and HLA Container Services (Thailand) based on whether the Group has the practical ability to direct the relevant activities of HLA Holdings (Thailand) and HLA Container Services (Thailand) unilaterally. In making their judgements, the directors considered the Group's absolute size of holdings and voting rights of HLA Holdings (Thailand) and HLA Container Services (Thailand) and the relative size of and dispersion of the shareholdings owned by the other shareholders as well as to the extent of managerial involvement. After the assessment, the directors concluded that the Group has sufficiently dominant voting interests to direct the relevant activities of HLA Holdings (Thailand) and HLA Container Services (Thailand) and therefore the Group has control over HLA Holdings (Thailand) and HLA Container Services (Thailand).

Control over LHN Management Services Pte. Ltd. ("LHNMS") (Note 6)

In Note 6 to the financial statements, LHNMS is described as a subsidiary of the Group as the Group has 51 per cent effective ownership interests and effective voting rights in LHNMS. The directors of the Group concluded that the Group has the practical ability to direct the relevant activities of LHNMS unilaterally in making their judgements based on the extent of managerial involvement. The remaining 49 per cent effective ownership interests is held by a third party who has no significant involvement in LHNMS.

Critical accounting estimates and assumptions used in applying accounting policies

Depreciation of property, plant and equipment (Note 4)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of 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 2015 was \$26,634,910 (2014 – \$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, 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 2015 will decrease/increase by approximately \$459,000 (2014 – \$431,000).

Revaluation of property, plant and equipment and investment properties (Notes 4 and 5)

The Group carries its leasehold buildings at fair value, with changes in fair value being recognised in 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.

Notes to the Financial Statements

for the financial year ended 30 September 2015

2(a) Basis of preparation (Cont'd)

Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

Revaluation of property, plant and equipment and investment properties (Notes 4 and 5) (Cont'd)

The determination of the fair value of the leasehold buildings takes into consideration the prevailing market conditions and have made due adjustments for differences between the properties and the comparables in terms of location, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions and other factors affecting the values. These conditions 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 4 and 5 to the financial statements.

Allowance for inventory obsolescence (Note 9)

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 \$14,000 (2014 – \$21,000). The carrying amount of the inventories is disclosed in Note 9 to the financial statements.

Impairment of loans and receivables (Note 11)

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Full impairment is made for specific debts for which the directors of the Group are of the opinion that debts are not recoverable. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 11 to the financial statements.

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

2(b) Interpretations and amendments to published standards effective in 2014/2015

On 1 October 2014, the Group adopted FRSs that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. This includes the following FRSs which are relevant to the Group.

<u>Reference</u>	<u>Description</u>
Amendments to FRS 1	Presentation of Items of Other Comprehensive Income
Amendments to FRS 19	Defined Benefit Plan: Employee Contributions
Improvements to FRSs (January 2014)	
FRS 108	Operating Segments
FRS 110	Consolidated Financial Statements
Improvements to FRSs (February 2014)	
FRS 40	Investment Property
FRS 112	Disclosure of Interests in Other Entities
Amendments to:	
– FRS 16	Property, Plant and Equipment
– FRS 24	Related Party Disclosures
FRS 113	Fair Value Measurement

Notes to the Financial Statements

for the financial year ended 30 September 2015

2(b) Interpretations and amendments to published standards effective in 2014/2015 (Cont'd)

The directors do not anticipate that the adoption of the above FRSs will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following:

Improvements to FRSs (January 2014) FRS 24 Related Party Disclosures

Improvements to FRSs (January 2014) FRS 24 Related Party Disclosures clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The improvements to FRSs (January 2014) FRS 24 Related Party Disclosures are effective from annual periods beginning on or after 1 July 2014. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Company and the Group when implemented.

Improvements to FRS (January 2014) FRS 108 Operating Segments

The Improvements to FRSs (January 2014) FRS 108 Operating Segments clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. In addition, the entity is required to disclose the judgements made by management in applying the aggregation criteria to operating segments. The improvements to FRSs (January 2014) FRS 108 Operating Segments are effective from annual periods beginning on or after 1 July 2014. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Group when implemented.

Improvements to FRS (February 2014) FRS 40 Investment Property

FRS 40 Investment Property has been amended to clarify that an entity should assess whether an acquired property is an investment property under FRS 40 and perform a separate assessment under FRS 103 Business Combination to determine whether the acquisition of the investment property constitutes a business combination. The Group has used judgement to determine whether the acquisition of an investment property is an acquisition of a business under FRS 103.

2(c) FRS not yet effective

The following are the new or amended FRS issued that are not yet effective but may be early adopted for the current financial year:

<u>Reference</u>	<u>Description</u>	<u>Effective date (Annual periods beginning on or after)</u>
FRS 115	Revenue Contract from Customers	1 January 2018
FRS 109	Financial Instruments	1 January 2018
Amendments to:		
- FRS 1	Disclosure Initiative	1 January 2016
- FRS 110 and FRS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Improvements to:		
- FRS 19	Employee Benefits	1 January 2016
- FRS 107	Financial Instruments: Disclosures	1 January 2016

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

Notes to the Financial Statements

for the financial year ended 30 September 2015

2(c) FRS not yet effective (Cont'd)

FRS 115 Revenue from Contracts with Customers

FRS 115 *Revenue from Contracts with Customers* establishes a framework for determining when and how to recognise revenue. The objective of the standard is to establish the principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard replaces FRS 11 *Construction Contracts*, FRS 18 *Revenue*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for Construction of Real Estate*, INT FRS 118 *Transfer of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions involving Advertising Services*. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall into the scope of other standards.

FRS 115 is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the financial statements.

FRS 109 Financial Instruments

FRS 109 *Financial Instruments* replaces the FRS 39 and it is a package of improvements introduced by FRS 109 which include 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.

2(d) Summary of significant accounting policies

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 consolidated financial statements of the Group.

In applying merger accounting, financial statement items of the combining entities or businesses for the relevant period in which the common control combination occurs are included in the consolidated 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 consolidated financial statements of the controlling party or parties prior to the common control combination.

Notes to the Financial Statements

for the financial year ended 30 September 2015

2(d) Summary of significant accounting policies (Cont'd)

Common control (Cont'd)

The carrying amounts are included as if such consolidated 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 consolidated 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.

Consolidation

The acquisition method of accounting is used to account for business combinations by the Consolidated Group.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill, if any) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Notes to the Financial Statements

for the financial year ended 30 September 2015

2(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill if any), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs).

The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the Financial Statements

for the financial year ended 30 September 2015

2(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Property, plant and equipment and depreciation

Leasehold buildings

Leasehold buildings are initially recognised at cost and subsequently stated at their revalued amounts. The revalued amounts are the fair values 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 buildings are computed utilising the straight-line method over their remaining estimated useful lives.

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 – 3 years
Containers	1 – 5 years

No depreciation was provided for construction-in-progress.

Notes to the Financial Statements

for the financial year ended 30 September 2015

2(d) Summary of significant accounting policies (Cont'd)

Property, plant and equipment and depreciation (Cont'd)

Other property, plant and equipment (Cont'd)

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.

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 Company and 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.

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.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

During the financial year, the Group reviewed the estimated useful lives of the property, plant and equipment. This review indicated that the actual useful lives of computers of some of the subsidiaries were longer than the estimated useful lives used for depreciation purposes in the financial statements. As a result, the expected useful lives of these computers are revised from 5 years to 3 years and 1 year to 3 years respectively to better reflect the estimated periods during which these assets will remain in service. The revision in estimate has been applied on a prospective basis from 1 October 2014. The effect of the above revision on depreciation charge in current and future periods are as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
	\$	\$	\$
Increase/(decrease) in depreciation expense	1,997	(43)	(1,953)

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 profit or loss in the financial year 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 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 profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

Notes to the Financial Statements

for the financial year ended 30 September 2015

2(d) Summary of significant accounting policies (Cont'd)

Investment properties (Cont'd)

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 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 with a view to sell.

Investment in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses on an individual subsidiary basis.

Investment in associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and loss resulting from transaction between the Group and the associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss, on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Notes to the Financial Statements

for the financial year ended 30 September 2015

2(d) Summary of significant accounting policies (Cont'd)

Investment in associates (Cont'd)

Upon loss of significant influence or joint control over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would have been required if that associate or joint venture had directly disposed of the related assets or liabilities.

When an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

If the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Financial assets

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 Company and the Group commit 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 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 profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

Other than loan and receivables, the Group does not designate any financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale.

Notes to the Financial Statements

for the financial year ended 30 September 2015

2(d) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

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 end of the reporting period. These are classified as non-current assets, if any.

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 profit or loss.

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 and the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company 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 Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employees are also related to the Company;
 - (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 balances and bank deposits which are readily convertible to cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

for the financial year ended 30 September 2015

2(d) Summary of significant accounting policies (Cont'd)

Cash and cash equivalents (Cont'd)

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of pledged fixed deposits.

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.

Allowance is made 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.

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 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 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.

Notes to the Financial Statements

for the financial year ended 30 September 2015

2(d) Summary of significant accounting policies (Cont'd)

Financial liabilities (Cont'd)

Borrowings are recognised initially at the 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 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 profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the end of reporting period are included in current borrowings in the 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. 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 are included in non-current borrowings in the statements 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 and a subsidiary, LHN Group Pte. Ltd. ("LHN Group") have issued corporate guarantees to banks for bank facilities granted to its subsidiaries. These guarantees are financial guarantee contracts as they require the Company and LHN Group 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 are initially recognised at their fair value plus transaction costs in the statements of financial position.

Financial guarantee contracts are subsequently amortised to the profit or loss over the period of the subsidiaries' borrowings, unless the Company and LHN Group have incurred an obligation to reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

Provisions

Provisions are recognised when the Group have 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. Present obligations arising from onerous contracts are recognised as provisions.

The directors review 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.

Notes to the Financial Statements

for the financial year ended 30 September 2015

2(d) Summary of significant accounting policies (Cont'd)

Employee benefits

Pension obligations

The Company and the Group participate in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. In particular, the Singapore incorporated companies in the Group contribute 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 contributions to national pension schemes are charged to the 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 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.

Leases

Where the Group is the lessee,

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they have 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 the 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

Rentals on operating leases are charged to the 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 profit or loss when incurred.

Contingent rents, if any, are mainly determined as a percentage of revenue in excess of a specified amount during the month. They are charged to the profit or loss when incurred.

Where the Group is the lessor,

Operating leases

Assets leased out under operating leases are included in investment properties and are stated at revalued amounts and not depreciated. Rental income (net of any incentives given to lessees) is recognised in the profit or loss on a straight-line basis over the lease term.

Notes to the Financial Statements

for the financial year ended 30 September 2015

2(d) Summary of significant accounting policies (Cont'd)

Income taxes

Current income tax for current and prior years 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 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 financial statements 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, associates and joint ventures, 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 reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of 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 profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets subject to impairment are reviewed at 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 assets belong will be identified.

For the purposes 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 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. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Notes to the Financial Statements

for the financial year ended 30 September 2015

2(d) Summary of significant accounting policies (Cont'd)

Impairment of non-financial assets (Cont'd)

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

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 on a revalued asset, if any, is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions are complied with. When the grant is related to an expense item, it is recognised in the profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services taxes and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Rental income is recognised upon acceptance of the tenancy. Rental and related income from investment properties are recognised on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of total lease income. Penalty payments on early termination, if any, are recognised when incurred.

Revenue from warehousing, logistics services, maintenance and facility services, security services, management services fee and parking income are recognised when services are rendered.

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.

Interest income is recognised on a time-apportioned basis using the effective interest method.

Government grants are recognised as income when there is reasonable assurance that the Group complies with the conditions attaching to them and the grants are received.

Notes to the Financial Statements

for the financial year ended 30 September 2015

2(d) Summary of significant accounting policies (Cont'd)

Functional currencies

Functional and presentation currency

Items included in the consolidated financial statements of the Company and the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company and the Group ("the functional currency"). The consolidated financial statements of the Company and 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 resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the end of reporting date are recognised in the profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the profit or loss within "finance cost". Foreign currency gains and losses are reported on a net basis as either other income or other operating expense depending on whether foreign currency movements are in a net gain or net loss position.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Group entities

The results and financial position 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 for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at the exchange rates at the dates of the transactions; and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

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 Group Managing Director who regularly review the segment results in order to allocate resources to the segments and to assess segment performance.

Notes to the Financial Statements

for the financial year ended 30 September 2015

3 PRINCIPAL ACTIVITIES AND REVENUE

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are described in Note 6 to the financial statements.

The significant categories of revenue, excluding inter-company transactions and applicable goods and services tax, are detailed as follows:

The Group	2015 \$	2014 \$
Warehousing	36,076,339	33,772,367
Rental income	33,384,689	35,519,412
Logistics services	8,942,070	8,055,107
Container services	4,805,065	–
Facility revenue	1,927,331	1,110,178
General contract works	–	185,481
Parking revenue	7,125,749	6,365,252
Security services	2,278,353	1,466,186
Maintenance income	665,864	447,633
Management services fee income	297,905	2,915,967
Trading in furniture	836,668	823,877
Others	34,090	78,252
	96,374,123	90,739,712

The segment analysis of the Group is disclosed in Note 34 to the financial statements.

Notes to the Financial Statements

for the financial year ended 30 September 2015

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings 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 equipment and visual equipment At cost \$	Logistics equipment At cost \$	Motor vehicles At cost \$	Computers At cost \$	Containers At cost \$	Total \$
The Group											
<u>Cost or valuation</u>											
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
Additions	3,042,923	4,841,052	865,040	1,330,709	532,691	59,229	1,002,434	133,460	445,475	1,539	12,254,552
Transfers	-	23,500	(50,000)	26,500	-	-	-	-	-	-	-
Written off	-	(61,833)	-	-	-	(2,280)	-	-	-	(2,000)	(66,113)
Disposals	-	(83,703)	-	(27,367)	(61,285)	-	(99,510)	(11,315)	-	-	(283,180)
Adjustment arising from revaluation	253,883	-	-	-	-	-	-	-	-	-	253,883
Currency translation differences	-	(99,108)	-	-	(13,321)	(11,867)	-	(1,777)	(11,617)	-	(137,690)
At 30 September 2015	10,238,085	23,148,177	860,040	6,762,009	2,082,787	1,104,100	5,472,041	648,167	1,958,260	63,025	52,336,691

Notes to the Financial Statements

for the financial year ended 30 September 2015

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold buildings 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 equipment and visual equipment At cost	Logistics equipment At cost	Motor vehicles At cost	Computers At cost	Containers At cost	Total
The Group											
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
Depreciation for the year	253,883	2,991,461	-	1,082,848	186,382	170,928	657,211	55,721	129,175	3,893	5,531,502
Written off	-	(40,170)	-	-	-	(2,280)	-	-	-	(2,000)	(44,450)
Disposals	-	(83,703)	-	(19,394)	(18,165)	-	(87,777)	(2,855)	-	-	(211,894)
Currency translation differences	-	(14,025)	-	-	(1,650)	(1,525)	-	(444)	(1,907)	-	(19,551)
At 30 September 2015	530,734	14,998,912	-	3,404,880	871,964	660,305	3,180,779	435,122	1,562,322	56,763	25,701,781
Net book value											
At 30 September 2015	9,707,351	8,149,265	860,040	3,357,129	1,210,823	443,795	2,291,262	213,045	395,938	6,262	26,634,910
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	-	8,149,265	860,040	3,357,129	1,210,823	443,795	2,291,262	213,045	395,938	6,262	16,927,559
Valuation	9,707,351	-	-	-	-	-	-	-	-	-	9,707,351
	9,707,351	8,149,265	860,040	3,357,129	1,210,823	443,795	2,291,262	213,045	395,938	6,262	26,634,910

Notes to the Financial Statements

for the financial year ended 30 September 2015

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a)

The Group	Note	2015 \$	2014 \$
Depreciation charged to administrative expenses	22	5,531,502	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:

The Group	2015 \$	2014 \$
At net book value,		
– plant and machinery	2,295,455	2,721,094
– logistics equipment	2,130,808	1,888,708
– motor vehicles	24,352	33,207
	4,450,615	4,643,009

(c) In financial year ended 30 September 2015, the leasehold buildings of the Group were revalued by Jones Lang LaSalle Property Consultants Pte Ltd and Colliers International Consultancy & Valuation (Singapore) Pte Ltd (2014 – Jones Lang LaSalle Property Consultants Pte Ltd), firms of independent professional valuers. The open market values were \$6,664,428 for 72 Eunos Avenue 7 and \$3,042,923 for 100 Eunos Avenue 7 (2014 – \$6,664,428) for the financial year ended 30 September 2015 based on the properties' highest-and-best-use using the Direct Market Comparison Method. A revaluation surplus amounting to \$253,883 (2014 – \$1,833,947) have been recognised in the other comprehensive income and transferred to the asset revaluation reserve of the Group. The carrying amount of the leasehold buildings of the Group would have been \$7,392,000 (2014 – \$4,531,000) had the leasehold buildings been carried at historical cost less depreciation and impairment loss.

The leasehold buildings comprise:

Location & Description	Area sq. metres	Tenure	Fair value	
			2015 \$	2014 \$
72 Eunos Avenue 7, Singapore*	1,950.0	30 years lease commencing from 1 January 2011	6,664,428**	6,664,428
100 Eunos Avenue 7, Singapore*	986.5	60 years lease commencing from 1 July 1980	3,042,923***	–
			9,707,351	6,664,428

* held by wholly-owned subsidiaries

** 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 2015

*** per latest market transacted price entered to be \$13.2 million (property, plant and equipment of \$3.0 million and investment properties of \$10.2 million) for financial year ended 30 September 2015

Notes to the Financial Statements

for the financial year ended 30 September 2015

5 INVESTMENT PROPERTIES

The Group	Note	2015 \$	2014 \$
At beginning of year		20,630,972	14,577,693
Acquisition during the year		10,687,177	500,509
Net fair value gain recognised in the profit or loss	26	574,655	5,784,352
Currency translation differences		(588,150)	(231,582)
Fair value at the end of year		31,304,654	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.

At each financial year end, the Group assesses property valuation movements when compared to prior year valuation report.

- (b) The investment properties comprise:

Location & Description	Area sq. metres	Tenure	Fair value	
			2015 \$	2014 \$
72 Eunos Avenue 7, Singapore* 6-storey multiple-user light industrial building	4,143.7	30 years lease commencing from 1 January 2011	13,335,572 ^{(1)**}	13,335,572
100 Eunos Avenue 7, Singapore* 4-storey multiplier-user light industrial building	3,241.1	60 years lease commencing from 1 July 1980	10,187,177 ^{(2)***}	-
23 Woodlands Industrial Park Singapore* A flatted industrial unit	160.0	60 years lease commencing from 9 January 1995	520,000 ⁽³⁾	-
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 2014	7,261,905 ⁽⁴⁾	7,295,400
			31,304,654	20,630,972

* held by wholly-owned subsidiaries

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)

*** per latest market transacted price entered to be \$13.2 million (property, plant and equipment of \$3.0 million and investment properties of \$10.2 million) for financial year ended 30 September 2015

(1) Valued by Jones Lang LaSalle Property Consultants Pte Ltd on 24 July 2015 for FY2015

(2) Based on latest market transacted price entered to be \$13.2 million on 31 August 2015

(3) Valued by Sterling Property Consultants Pte Ltd on 4 August 2015 for FY2015

(4) Valued by KJPP Sarwono, Indrastuti & Rekan on 29 September 2015 for FY2015

Notes to the Financial Statements

for the financial year ended 30 September 2015

5 INVESTMENT PROPERTIES (CONT'D)

- (c) Industrial buildings at 100 Eunos Avenue 7 and 72 Eunos Avenue 7, Singapore are mortgaged for bank borrowings respectively. Please see Notes 19(a) and 19(b).
- (d) 4 units of office building at 38th floor, 88 Building, Jalan Casablanca Raya Kav, Jakarta, Indonesia were mortgaged for bank borrowings. 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 33 for operating leases to non-related parties.
- (f) The following amounts are recognised in profit or loss:

The Group	2015	2014
	\$	\$
Rental income	1,450,477	806,260
Direct operating expenses arising from investment properties that generated rental income	364,883	293,110

6 SUBSIDIARIES

The Company	2015	2014
	\$	\$
Unquoted equity investments, at cost	32,726,595	-

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Cost of investments	Proportion of ownership interests and voting rights held by the Group	Principal activities
		2015	2015	
		\$	%	
<u>Held by the Company</u>				
LHN Group Pte. Ltd. ⁽¹⁾	Singapore	32,726,559	100	Other investment holding and space resource management
LHN Group Sdn. Bhd. ⁽⁵⁾	Malaysia	36	100	Investment holding and space resource management
<u>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
Balance carried forward		32,726,595		

Notes to the Financial Statements

for the financial year ended 30 September 2015

6 SUBSIDIARIES (CONT'D)

Name	Country of incorporation/ principal place of business	Cost of investments	Proportion of ownership interests and voting rights held by the Group	Principal activities
		2015 \$	2015 %	
Balance brought forward		32,726,595		
Held by LHN Group Pte. Ltd. (Cont'd)				
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
Hean Nerng Corporation Pte. Ltd. ⁽¹⁾	Singapore	-	100	Space resource management
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
LHN Industrial Space Pte. Ltd. ⁽¹⁾	Singapore	-	100	Space resource management
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
LHN Parking 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
HLA Holdings Pte. Ltd. ⁽¹⁾	Singapore	-	60	Container depot management and related services
HLA Container Services Pte. Ltd. ⁽¹⁾	Singapore	-	60	Container depot management and related services
Pickjunction Pte. Ltd. ⁽¹⁾	Singapore	-	100	Inactive
Balance carried forward		32,726,595		

Notes to the Financial Statements

for the financial year ended 30 September 2015

6 SUBSIDIARIES (CONT'D)

Name	Country of incorporation/ principal place of business	Cost of investments	Proportion of ownership interests and voting rights held by the Group		Principal activities
			2015 \$	2015 %	
Balance brought forward		32,726,595			
<u>Held by LHN Group Pte. Ltd. (Cont'd)</u>					
PT. Hean Nerng Group ⁽²⁾	Indonesia	-		99	Space resource management
Greenhub Serviced Offices Yangon Limited ⁽³⁾	Myanmar	-		1	Space resource management
<u>Subsidiaries held by GREENHUB Suited Offices Pte. Ltd.</u>					
PT. Hub Hijau Serviced Offices ⁽²⁾	Indonesia	-		99	Space resource management
Greenhub Serviced Offices Yangon Limited ⁽³⁾	Myanmar	-		99	Space resource management
<u>Subsidiaries held by HLA Container Services Pte. Ltd.</u>					
HLA Holdings (Thailand) Limited ^{(4)#}	Thailand	-		48	Container depot management and related services
HLA Container Services (Thailand) Limited ^{(4)^}	Thailand	-		48	Container depot management and related services
<u>Subsidiary held by HLA Holdings (Thailand) Limited</u>					
HLA Container Services (Thailand) Limited ^{(4)^}	Thailand	-		51	Container depot management and related services
<u>Subsidiary held by Singapore Handicrafts Pte. Ltd.</u>					
Singapore Handicrafts (2012) Pte. Ltd. ⁽¹⁾	Singapore	-		100	Sales of furniture
<u>Subsidiary held by PT. Hean Nerng Group</u>					
PT. Hub Hijau Serviced Offices ⁽²⁾	Indonesia	-		1	Space resource management
		32,726,595			

(1) Audited by Foo Kon Tan LLP, Singapore

(2) Audited by Grant Thornton Gani Sigiro & Handayani, Indonesia

(3) Audited by Ngwe Inzaly, Myanmar

(4) Audited by Proact Services, Thailand

(5) Inactive

effective voting rights of 53.2% held by the Group

^ effective voting rights of 56.0% held by the Group

In accordance with Rule 715 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Group has engaged suitable auditing firms for its significant foreign-incorporated subsidiaries.

Notes to the Financial Statements

for the financial year ended 30 September 2015

6 SUBSIDIARIES (CONT'D)

Acquisition of subsidiaries

(a) HLA Holdings Pte. Ltd.

The details of the acquisition of HLA Holdings Pte. Ltd. is found in Note 1(a)(e) to the financial statements.

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	30 September 2014 \$
The Group	
<u>Net assets/(liabilities) acquired</u>	
Trade and other receivables	124,943
Cash and bank balances	638,650
Trade and other payables	(681,172)
Current tax payable	(3,619)
Identifiable net assets acquired	78,802
Less:	
Non-controlling interests of 40%	(31,522)
Purchase consideration	47,280
Less: cash and cash equivalents of a subsidiary acquired	(638,650)
Cash inflow on acquisition	(591,370)

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of HLA Holdings Pte. Ltd.'s identifiable net assets.

The subsidiary acquired during the financial year contributed \$4,805,066 and \$52,030 to the Group's revenue and profit respectively for the financial year. The acquisition occurred on 1 October 2014 whereby the Group's revenue and profit were \$96,374,123 and \$4,054,096 respectively. The subsidiary's assets and liabilities as at 30 September 2015 were \$1,224,256 and \$1,093,420 respectively.

(b) LHN Group Pte. Ltd. and its subsidiaries

The details of the acquisition of LHN Group Pte. Ltd. and its subsidiaries is found in Note 1(a)(g) to the financial statements.

The acquisition of the entities that are under common control have been consolidated using the "pooling of interest" method.

Incorporation of subsidiaries

During the financial year ended 30 September 2015, the Group newly incorporated the following subsidiaries:

- HLA Holdings (Thailand) Limited with a paid-up capital of THB2,000,000 (S\$85,160);
- HLA Container Services (Thailand) Limited with a paid-up capital of THB2,000,000 (S\$84,694); and
- LHN Group Sdn. Bhd. with a paid-up capital of RM100 (S\$36).

Notes to the Financial Statements

for the financial year ended 30 September 2015

6 SUBSIDIARIES (CONT'D)

Strike off of a wholly-owned subsidiary

During the financial year ended 30 September 2015, the Group has intentions to strike off Maple Creek Global Inc., a company incorporated in the British Virgin Islands. The subsidiary is inactive.

Non wholly-owned subsidiaries that have material non-controlling interests

The Group has not identified non wholly-owned subsidiaries that have material non-controlling interests.

A non wholly-owned subsidiary, PT. Hub Hijau Serviced Offices reported revenue of \$497,231 and loss of \$1,084,885 in FY2015. The assets and liabilities amounted to \$2,796,452 and \$4,040,329 respectively as at 30 September 2015. However, the proportion of ownership and voting rights held by non-controlling interest was only 0.01% as at 30 September 2015 and contributed a loss of \$108 to the non-controlling interests in FY2015. No further disclosure is made accordingly.

7 ASSOCIATES

The Group	2015 \$	2014 \$
Unquoted equity investment, at cost	10,000	10,001
Share of post-acquisition reserves	78,533	52,229
	88,533	62,230
Share of associated company's results, net of tax	26,303	24,271

The summarised financial information of the associated companies, not adjusted for the percentage ownership held by the Group, are as follows:

The Group	2015 \$	2014 \$
- Assets	208,207	154,904
- Liabilities	(31,141)	(30,444)
- Revenue	266,166	278,832
- Net profit after taxation	56,296	48,542

The associated companies are as follows:

Name	Country of incorporation/ principal place of business	Cost of investments		Proportion of ownership interests and voting rights held by the Group		Principal activities
		2015 \$	2014 \$	2015 %	2014 %	
Nopest Pte. Ltd.*	Singapore	10,000	10,000	50	50	Pest control and pest consultancy services
SRM Capital Pte. Ltd.**	Singapore	-	1	-	50	Business and management
		10,000	10,001			

* Audited by YC Tan & Co., Singapore

** Struck off on 18 February 2015

Notes to the Financial Statements

for the financial year ended 30 September 2015

7 ASSOCIATES (CONT'D)

The associated companies are accounted for using the equity method in the consolidated financial statements.

Aggregate information of associated companies that are not material

The Group	2015	2014
	\$	\$
Share of profit after taxation	26,303	24,271
Share of other comprehensive income	-	-
Share of total comprehensive income	26,303	24,271

Reconciliation of the summarised financial information to the carrying amount nor the interests in the associated companies recognised in the consolidated financial statements:

The Group	2015	2014
	\$	\$
Net assets of the associates	177,066	124,460
Carrying amount of the Group's interests in the associates (50%)	88,533	62,230

8 PREPAYMENTS

	The Company		The Group	
	2015	2014	2015	2014
	\$	\$	\$	\$
<u>Prepaid operating expenses</u>				
Current	13,508	-	3,212,569	985,150
Non-current	-	-	285,358	332,918
	13,508	-	3,497,927	1,318,068

The non-current relates to prepayment for rental of a site of lease expiring on 30 September 2022.

9 INVENTORIES

The Group	2015	2014
	\$	\$
At cost, Finished goods	162,732	256,461
Cost of inventories included in cost of sales	543,102	416,682

10 WORK-IN-PROGRESS

Work-in-progress was related to an on-going construction project that had been completed in the financial year ended 30 September 2015.

Notes to the Financial Statements

for the financial year ended 30 September 2015

11 TRADE AND OTHER RECEIVABLES

	Note	The Company		The Group	
		2015 \$	2014 \$	2015 \$	2014 \$
Trade receivables					
- external parties		-	-	6,159,351	5,249,536
- subsidiaries		1,196,393	-	-	-
- fellow subsidiaries ⁽¹⁾		-	-	22,167	11,785
- related parties		-	-	211,411	104,874
- associated company		-	-	4,062	4,026
		1,196,393	-	6,396,991	5,370,221
Accrued rental income		-	-	1,406,224	744,544
		1,196,393	-	7,803,215	6,114,765
Less:					
Impairment loss on trade receivables					
Balance at beginning of year		-	-	307,697	783,182
Allowance for the year	23,26	-	-	368,432	110,422
Allowance utilised		-	-	(138,321)	(100,224)
Allowance no longer required	20,23,26	-	-	(42,738)	(485,683)
Balance at end of year		-	-	495,070	307,697
Net trade receivables	(i)	1,196,393	-	7,308,145	5,807,068
GST/VAT receivables		-	-	1,371,888	635,436
Non-trade amount owing by					
- subsidiaries		10,244,192	-	-	-
- related parties		-	-	-	2,536
Advance payments to suppliers		-	-	-	8,990
Advances to staff		-	-	5,300	2,700
Deposits with external parties		-	-	4,784,374	2,660,552
Unpaid deposits from customers		-	-	381,885	700,519
Tax recoverable		-	-	84,379	16,321
Other receivables		4,603	-	419,883	387,830
		10,248,795	-	7,047,709	4,414,884
Less:					
Impairment loss on other receivables					
Balance at beginning of year		-	-	-	30,337
Allowance for the year	23,26	-	-	10,205	-
Allowance no longer required	20,26	-	-	-	(30,337)
Balance at end of year		-	-	10,205	-
Net other receivables	(ii)	10,248,795	-	7,037,504	4,414,884
	(i)+(ii)	11,445,188	-	14,345,649	10,221,952

Trade and other receivables are denominated in the following currencies:

	The Company		The Group	
	2015 \$	2014 \$	2015 \$	2014 \$
Singapore dollar	11,445,188	-	12,111,183	9,121,439
Indonesian Rupiah	-	-	466,432	1,100,513
Malaysian Ringgit	-	-	52,515	-
Thai Baht	-	-	172,631	-
United States dollar	-	-	1,542,888	-
	11,445,188	-	14,345,649	10,221,952

(1) This refers to LHN Culinary Concepts Pte. Ltd. and a subsidiary of LHN Culinary Concepts Pte. Ltd.

Notes to the Financial Statements

for the financial year ended 30 September 2015

11 TRADE AND OTHER RECEIVABLES (CONT'D)

The Company and The Group

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 Company and 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 Company and 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 Company and the Group is as follows:

	The Company		The Group	
	2015 \$	2014 \$	2015 \$	2014 \$
Current	<u>1,196,393</u>	<u>-</u>	<u>4,247,882</u>	<u>3,778,589</u>

Other receivables of the Company and the Group that are neither past due nor impaired amounted to \$10,248,795 (2014 – Nil) and \$6,987,461 (2014 – \$4,507,671) respectively.

(ii) Financial assets that are past due but not impaired

The ageing analysis of trade receivables past due but not impaired is as follows:

	The Company		The Group	
	2015 \$	2014 \$	2015 \$	2014 \$
Past due over 1 month but not over 2 months	-	-	650,219	495,329
Past due over 2 months but not over 3 months	-	-	242,666	155,580
More than 3 months	-	-	761,154	633,026
	<u>-</u>	<u>-</u>	<u>1,654,039</u>	<u>1,283,935</u>

(iii) Financial assets that are past due and impaired

Trade receivables

The ageing analysis of trade receivables past due and impaired is as follows:

	The Company		The Group	
	2015 \$	2014 \$	2015 \$	2014 \$
Past due over 1 month but not over 2 months	-	-	8,497	93
Past due over 2 months but not over 3 months	-	-	1,738	1,990
More than 3 months	-	-	484,835	305,614
	<u>-</u>	<u>-</u>	<u>495,070</u>	<u>307,697</u>

Notes to the Financial Statements

for the financial year ended 30 September 2015

11 TRADE AND OTHER RECEIVABLES (CONT'D)

(iii) Financial assets that are past due and impaired (Cont'd)

Other receivables

The carrying amount of other receivables individually determined to be impaired is as follows:

	The Company		The Group	
	2015 \$	2014 \$	2015 \$	2014 \$
Gross amount	-	-	10,205	-
Provision for impairment	-	-	(10,205)	-
	-	-	-	-

Impairment on trade and other receivables is made on specific debts for which the directors of the Company and the Group are of the opinion that debts are not recoverable.

The Company

The non-trade amounts owing by subsidiaries 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.

The Group

The accrued rental income relates to the apportionment of the free rental period over the lease term.

The non-trade amounts owing by 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.

Related parties refer to:

- (1) China International Investments Pte. Ltd., a company with a shareholder related to the Group; and
- (2) SRM Capital Pte. Ltd., an associated company of the Group.

Other receivables comprise mainly warehouse storage fee and sundry receivables.

12 CASH AND BANK BALANCES

	The Company		The Group	
	2015 \$	2014 \$	2015 \$	2014 \$
Cash on hand	1	1	27,750	13,948
Cash at banks	1,180,370	-	15,575,942	14,403,217
	1,180,371	1	15,603,692	14,417,165

Cash and bank balances are denominated in the following currencies:

	The Company		The Group	
	2015 \$	2014 \$	2015 \$	2014 \$
Singapore dollar	1,180,371	1	14,086,058	14,078,246
Indonesian Rupiah	-	-	453,931	294,964
United States dollar	-	-	919,045	43,955
Thai Baht	-	-	130,413	-
Malaysian Ringgit	-	-	14,164	-
Myanmar Kyat	-	-	81	-
	1,180,371	1	15,603,692	14,417,165

Notes to the Financial Statements

for the financial year ended 30 September 2015

13 FIXED DEPOSITS

	The Company		The Group	
	2015 \$	2014 \$	2015 \$	2014 \$
Fixed deposits				
- mature within 3 months	9,027,549	-	9,993,991	962,193
- mature within one year	-	-	4,685,926	4,621,196
	9,027,549	-	14,679,917	5,583,389

The fixed deposits mature between:

	The Company		The Group	
	2015	2014	2015	2014
<u>Fixed deposits that mature within a year</u>				
Earliest date	14.10.2015	-	10.10.2015	10.10.2014
Latest date	23.12.2015	-	09.07.2016	25.06.2015

Interest rates range between 0.25% and 1.45% (2014 – between 0.25% and 1.20%) per annum.

Certain fixed deposits have been pledged to financial institutions for providing banker guarantees facilities:

	The Company		The Group	
	2015 \$	2014 \$	2015 \$	2014 \$
Pledged fixed deposits				
- mature within 3 months	-	-	966,442	962,193
- mature within one year	-	-	4,679,719	4,613,276
	-	-	5,646,161	5,575,469

Fixed deposits are denominated in Singapore dollar.

14 SHARE CAPITAL

The Group and The Company	No. of shares		Amount	
	2015	2014	2015 \$	2014 \$
Issued and fully paid, with no par value				
Balance at date of incorporation/ beginning of year	2,000,001	1	2,000,001	1
Shares issued under the subsidiary, LHN Group Pte. Ltd.	-	2,000,000	-	2,000,000
Adjustment arising from the share swap agreement	(2,000,000)	-	(2,000,000)	-
	1	2,000,001	1	2,000,001
Shares issued under the share swap	999,999	-	32,726,559	-
	1,000,000	2,000,001	32,726,560	2,000,001
After share split	275,000,000	2,000,001	32,726,560	2,000,001
Pre-IPO New Shares issued	11,220,000	-	2,000,000	-
Shares issued as part payment of Sponsor fee	1,391,300	-	320,000	-
Shares issued for cash	73,913,000	-	16,999,990	-
Less: share issue costs	-	-	(803,494)	-
Balance at end of year	361,524,300	2,000,001	51,243,056	2,000,001

Notes to the Financial Statements

for the financial year ended 30 September 2015

14 SHARE CAPITAL (CONT'D)

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.

15 RESERVES

	The Company		The Group	
	2015 \$	2014 \$	2015 \$	2014 \$
Reserve on disposal of non-controlling interests	-	-	268,690	268,690
Exchange fluctuation reserve	-	-	(1,015,625)	(730,006)
Asset revaluation reserve	-	-	2,442,845	2,188,962
Merger reserve	-	-	(30,726,559)	-
Retained profits	2,128,214	-	33,221,543	28,998,913
	2,128,214	-	4,190,894	30,726,559
Represented by:				
Distributable	2,128,214	-	2,763,674	29,267,603
Non-distributable	-	-	1,427,220	1,458,956
	2,128,214	-	4,190,894	30,726,559

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 Company.

Asset revaluation reserve arises from surplus on revaluation of leasehold buildings as at the end of the reporting period.

Merger reserve arises from the difference between the purchase consideration and the carrying value of the share capital acquired under the pooling-of-interests method of consolidation in the restructuring exercise undertaken with the intention of the Company's listing on the SGX-ST. Please see Note 1(a)(g) to the financial statements.

16 DEFERRED TAX

Deferred tax assets and liabilities are offsetted when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statements of financial position as follows:

(a) Deferred tax assets

The Group	Note	2015 \$	2014 \$
Balance at beginning of year		-	-
Charged to profit or loss	27	334,000	-
Balance at end of year		334,000	-

Deferred tax assets are to be recovered after one year.

The balance comprises tax on lease incentives recognised on rental expenses.

Notes to the Financial Statements

for the financial year ended 30 September 2015

16 DEFERRED TAX (CONT'D)

(b) Deferred tax liabilities

	Note	2015 \$	2014 \$
The Group			
Balance at beginning of year		223,143	231,000
Charged to profit or loss	27	6,857	(7,857)
Balance at end of year		230,000	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.

At the end of the reporting period, there are no deferred tax liabilities on net investment in subsidiaries.

17 TRADE AND OTHER PAYABLES

	The Company		The Group	
	2015 \$	2014 \$	2015 \$	2014 \$
Current				
Trade payables				
– external parties	-	-	2,650,328	1,389,334
– related parties	-	-	137,113	27,688
– a director of subsidiaries	-	-	8,973	12,388
			2,796,414	1,429,410
GST/VAT payables	71,306	-	662,271	613,385
Non-trade amount owing to				
– a subsidiary	641,654	-	-	-
– a related party	-	-	-	4,331
	641,654	-	-	4,331
Amount owing to a director of subsidiaries	-	-	165,552	1,105,177
Provision for directors' fees	93,935	-	93,935	-
Accruals	208,013	-	3,982,412	2,761,318
Accrued rental expense	-	-	2,392,153	551,390
Rental deposits received from customers	-	-	13,927,969	12,082,693
Rental deposits received from related parties ⁽¹⁾	-	-	141,608	221,784
Rental in advance	-	-	658,345	835,725
Advances received from customers	-	-	898,523	891,700
Unpaid deposits – external parties	-	-	381,885	778,545
Dividend payable	-	-	-	2,000,000
Withholding tax	-	-	37,120	5,352
Sundry creditors	7,033	-	327,964	315,716
	1,021,941	-	23,669,737	22,167,116
Total	1,021,941	-	26,466,151	23,596,526
Non-Current				
Other payables	-	-	-	165,552

(1) This refers to Master Care Services Pte. Ltd., a non-controlling shareholder of a subsidiary and Café @ Phoenix Pte. Ltd., wholly owned by the spouse of a director

Notes to the Financial Statements

for the financial year ended 30 September 2015

17 TRADE AND OTHER PAYABLES (CONT'D)

Trade and other payables are denominated in the following currencies:

	The Company		The Group	
	2015 \$	2014 \$	2015 \$	2014 \$
Singapore dollar	1,021,941	-	25,736,974	21,475,629
Indonesian Rupiah	-	-	608,861	2,285,940
United States dollar	-	-	995	509
Thai Baht	-	-	116,856	-
Malaysian Ringgit	-	-	2,465	-
	1,021,941	-	26,466,151	23,762,078

The Company and The Group

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 statements of financial position to be reasonable approximation of their fair values.

The Company

The non-trade amount owing to a subsidiary represents advances which are unsecured and interest-free. They have no fixed terms of repayment and are repayable only when the cash flow of the Company permits.

The Group

The non-trade amount owing to a related party represented advances which were unsecured and interest-free. They had no fixed terms of repayment and were repayable only when the cash flow of the Group permitted.

A related party refers to Nopest Pte. Ltd., an associated company of a subsidiary.

Amount owing to a director of subsidiaries comprise the following:

	2015 \$	2014 \$
The Group		
Interest-free advances (current)*	-	143,073
Notional interest advances:		
- Current	165,552	962,104
	165,552	1,105,177
- Non-current	-	165,552
	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.

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.

Notes to the Financial Statements

for the financial year ended 30 September 2015

17 TRADE AND OTHER PAYABLES (CONT'D)

Notional interest advances is presented as follows:

The Group	2015	2014
	\$	\$
Notional interest advances:		
– Current	165,552	962,104
– Non-current	–	165,552
	165,552	1,127,656

A notional discount 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 \$37,896 (2014 – \$91,396) is reported in FY2015. Please see Note 24 to the financial statements.

The table below analyses the maturity profile of the amount owing to a director of subsidiaries based on contractual undiscounted cash flows:

The Group	2015		2014	
	Carrying amount	Contractual cash flows	Carrying amount	Contractual cash flows
	\$	\$	\$	\$
Less than one year	165,552	166,667	962,104	1,000,000
Between one to five years	–	–	165,552	166,667
	165,552	166,667	1,127,656	1,166,667

18 OBLIGATIONS UNDER FINANCE LEASE

The Group	2015	2014
	\$	\$
Minimum instalments payable:		
Due not later than one year	1,617,425	1,418,035
Due later than one year and not later than five years	2,358,383	2,954,107
Due later than five years	–	–
	3,975,808	4,372,142
Finance charges allocated to future periods	(148,445)	(170,779)
Present value of minimum lease payments	3,827,363	4,201,363
Present value of minimum lease payments:		
Due not later than one year	1,533,703	1,331,465
Due later than one year and not later than five years	2,293,660	2,869,898
Due later than five years	–	–
	3,827,363	4,201,363

The Group leases property, plant and equipment from non-related parties under finance lease. The lease agreements 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 4), personal guarantees provided by certain directors of the Group and corporate guarantees provided by the Group.

The effective interest rate on hire purchase contracts ranged between 2.21% and 5.0% (2014 – 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.

Notes to the Financial Statements

for the financial year ended 30 September 2015

19 BANK BORROWINGS

The Group	Note	2015 \$	2014 \$
Bank loan			
– #1 (secured)	(a)	10,228,670	–
– #2 (secured)	(b)	9,246,008	10,069,929
		19,474,678	10,069,929
Amount repayable:			
Not later than one year		1,420,443	823,922
Later than one year and not later than five years		5,805,599	3,321,992
Later than five years		12,248,636	5,924,015
		18,054,235	9,246,007
		19,474,678	10,069,929

Bank borrowings are denominated in Singapore dollar.

- (a) The bank loan facility #1 of \$10,280,000 granted to a subsidiary by a bank is repayable in 180 monthly instalments of \$63,581 commencing August 2015 and is secured by:
- (i) legal mortgage of leasehold property at 100 Eunos Avenue 7 [Note 5(c)];
 - (ii) corporate guarantee by LHN Group Pte. Ltd.; and
 - (iii) assignment of rental proceeds of the mortgaged property.

Interest is charged between 1.45% and 2.95% (2014 – Nil) per annum. The interest rate is repriced monthly.

- (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 5(c)]; and
- (ii) corporate guarantees by the Company and LHN Group Pte. Ltd.

Interest is charged between 1.45% and 4.25% (2014 – between 1.45% and 4.25%) per annum. The interest rate is repriced monthly.

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:

The Group	2015		2014	
	Carrying amount* \$	Contractual cash flows \$	Carrying amount* \$	Contractual cash flows \$
Less than one year	1,420,443	1,910,890	823,922	1,103,540
Between one to five years	5,805,599	7,804,411	3,321,992	4,520,798
More than five years	12,248,636	14,085,976	5,924,015	6,837,380
	18,054,235	21,890,387	9,246,007	11,358,178
	19,474,678	23,801,277	10,069,929	12,461,718

As at the end of reporting period, the Group has unutilised bank facilities of \$11,534,000 (2014 – \$8,752,000).

* The monthly repricing of the bank loans represents the fair value of these loans at the end of each reporting date.

Notes to the Financial Statements

for the financial year ended 30 September 2015

20 OTHER OPERATING INCOME

The Group	Note	2015 \$	2014 \$
Administrative charges		233,505	217,763
Gain on disposal of property, plant and equipment		24,784	-
Interest income	26	114,859	70,332
Vehicle rental and parking		130,068	132,724
Government grants		427,937	99,058
Special employment credit		471,812	252,649
Waiver of debt from a director of subsidiaries		127,138	81,348
Services charges		328,690	153,400
Interior design income		90,000	-
Rubbish disposal		73,602	85,612
Impairment loss on trade receivables no longer required	11,26	-	485,683
Impairment loss on other receivables no longer required	11,26	-	30,337
Other income		649,758	584,873
		2,672,153	2,193,779

21 SELLING AND DISTRIBUTION EXPENSES

The Group	2015 \$	2014 \$
Advertising	798,046	412,483
Commission	1,177,829	276,646
Entertainment	213,583	171,671
Marketing	130,921	111,077
Others	953	2,729
	2,321,332	974,606

22 ADMINISTRATIVE EXPENSES

The Group	Note	2015 \$	2014 \$
Depreciation of property, plant and equipment	4	5,531,502	5,191,174
Employee benefit costs	25	7,832,074	7,833,616
Professional fees		536,555	787,918
Consultancy fees		303,341	643,723
Insurance		490,565	419,450
Directors' fees	26	93,935	-
Fees paid to a director of subsidiaries	26	12,000	12,000
Donations		40,519	47,402
Property, plant and equipment written off		21,663	36,516
Loss on disposal of property, plant and equipment		-	108,294
Rental expenses	26	424,478	394,632
Vehicle related expenses		112,310	114,702
Bank charges		58,939	39,865
Others		2,320,947	1,607,018
		17,778,828	17,236,310

Notes to the Financial Statements

for the financial year ended 30 September 2015

23 OTHER OPERATING EXPENSES

The Group	Note	2015 \$	2014 \$
Impairment loss on trade receivables	11,26	368,432	110,422
Less: impairment loss on trade receivables no longer required	11,26	(42,738)	-
		325,694	110,422
Impairment loss on other receivables	11,26	10,205	-
Bad debts	26	13,072	-
		348,971	110,422

24 FINANCE COSTS

The Group	2015 \$	2014 \$
Interest expense:		
- bank loans	306,018	462,370
- finance lease	102,035	153,686
- amount owing to a director of subsidiaries (Note 17)	37,896	91,396
	445,949	707,452

25 EMPLOYEE BENEFIT COSTS

The Group	Note	2015 \$	2014 \$
Directors			
- Salaries and related costs		1,174,587	1,467,561
- CPF contributions		33,530	31,750
Key management personnel (other than directors)			
- Salaries and related costs		502,053	583,014
- CPF contributions		38,332	53,003
Other than directors and key management personnel			
- Salaries and related costs		13,664,857	13,071,611
- CPF contributions		1,188,549	817,648
		16,601,908	16,024,587
Charged to:			
Cost of sales		8,769,834	8,190,971
Administrative expenses	22	7,832,074	7,833,616
		16,601,908	16,024,587

Notes to the Financial Statements

for the financial year ended 30 September 2015

26 PROFIT BEFORE TAXATION

The Group	Note	2015 \$	2014 \$
Profit before taxation has been arrived at after charging:			
Depreciation of property, plant and equipment	4	5,531,502	5,191,174
Property, plant and equipment written off	4	21,663	36,516
Directors' fees	22	93,935	–
Fees paid to a director of subsidiaries	22	12,000	12,000
Impairment loss on			
– trade receivables	11,23	368,432	110,422
– other receivables	11,23	10,205	–
Bad debts (trade)	23	13,072	–
Loss on disposal of property, plant and equipment		–	108,294
Operating lease rental charged to			
– cost of sales		51,140,773	44,949,405
– administrative expenses	22	424,478	394,632
		51,565,251	45,344,037
Audit fees paid to			
– Auditor of the Company		210,379	138,050
– Other auditors		75,082	15,681
Non-audit fees paid to			
– Auditor of the Company (tax compliance)		104,600	91,370
– Other auditors		6,414	6,300
IPO fees paid to auditor of the Company		94,040	160,000
Interest expense		445,949	707,452
and crediting:			
Net fair value gain of investment properties recognised in the profit or loss	5	574,655	5,784,352
Gain on disposal of property, plant and equipment		24,784	–
Impairment loss on trade receivables no longer required	11,20,23	42,738	485,683
Impairment loss on other receivables no longer required	11,20	–	30,337
Interest income	20	114,859	70,332
Waiver of debt from a director of subsidiaries	20	127,138	81,348

27 TAXATION

The Group	Note	2015 \$	2014 \$
Current taxation		1,364,833	1,531,612
(Over)/under provision of current taxation in respect of prior years		(57,968)	101,895
Group relief utilised		(766,174)	(324,808)
		540,691	1,308,699
Deferred taxation	16(a), 16(b)	(327,143)	(7,857)
Tax expense		213,548	1,300,842

Notes to the Financial Statements

for the financial year ended 30 September 2015

27 TAXATION (CONT'D)

The tax expense on the results of the financial year varies 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:

The Group	2015 \$	2014 \$
Profit before taxation	4,267,644	14,004,263
Tax at the domestic rates applicable to the profits in the countries concerned ⁽¹⁾	608,334	2,302,168
Tax effect on non-taxable income	(612,327)	(1,221,359)
Tax effect on non-deductible expenses	1,266,668	1,055,518
Group relief utilised	(766,174)	(324,808)
Enhanced PIC deduction	(598,901)	(483,791)
Deferred tax assets on temporary differences not recognised	786,432	468,677
Utilisation of deferred tax assets not recognised in prior years	(92,245)	(62,038)
Effect of different tax rates in different jurisdictions	107,469	-
Singapore statutory stepped income exemption	(419,079)	(537,341)
(Over)/under provision of current taxation in respect of prior years	(57,968)	101,895
Others	(8,661)	1,921
Tax expense	213,548	1,300,842

(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 \$917,000 (2014 - \$328,000) and \$4,041,000 (2014 - Nil) respectively, available for offset against future taxable profits provided that the provision of tax legislation are complied with. The related tax benefits of \$843,000 (2014 - \$56,000) have not been recognised in the financial statements of the Group as there is no reasonable certainty of their realisation in future periods.

The Myanmar subsidiary has no income to be subject to tax as it has incurred losses during the financial year.

In the financial years ended 30 September 2015 and 2014, the Group has utilised the available tax losses of \$4,656,000 and \$1,924,000 in respect of financial years ended 30 September 2013 and 2012 respectively under the group tax relief scheme from its subsidiaries. Deferred tax assets have not been recognised in respect of the unabsorbed tax losses and capital allowances of \$4,630,000 (2014 - \$2,757,000) as it is not probable that future taxable profits will be available against which the Group can utilise the benefits.

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.

Income not taxable for tax purposes comprise mainly fair value gains from investment properties.

The Group is not exposed to any significant deferred tax on foreign subsidiaries in Indonesia and Thailand as the business relates mainly to owning of investment properties and provision of container depot management services respectively.

There is no significant business activities for the Malaysia and Myanmar entities.

Notes to the Financial Statements

for the financial year ended 30 September 2015

28 EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

The following table reflects the consolidated income statement and share data used in the computation of basic and diluted earnings per share from continuing operations for the financial years ended 30 September:

The Group	2015 \$	2014 \$
Net profit attributable to equity holders of the Group	4,222,630	12,755,551
Weighted average number of ordinary shares for purpose of calculating basic and diluted earnings per share	316,019,763	275,000,000
Basic and diluted earnings per share (cents)	1.34	4.64

For comparative and illustrative purposes, the earnings per ordinary share for the financial year ended 30 September 2014 was computed based on the number of ordinary shares issued after share split of 275,000,000 which was completed on 10 March 2015.

As there are no dilutive potential ordinary shares that were outstanding during the financial year, the basic earnings per share is the same as the diluted earnings per share.

29 OTHER MATTERS

The following are commitments not provided for in the financial statements of the Group:

(a) Letters of undertaking

A subsidiary, LHN Group Pte. Ltd., has given letters of undertaking to provide financial support for the following subsidiaries which had aggregate net tangible deficits of \$4.3 million (2014 – \$2.9 million) and for subsidiaries with aggregate net current liabilities of \$19.4 million (2014 – \$10.4 million) as at 30 September 2015 to enable them to continue to operate as going concern and to meet their respective obligations as and when they fall due:

LHN Group Sdn. Bhd.
 Chua Eng Chong Holdings Pte. Ltd.
 Greenhub Serviced Offices Yangon Limited
 HLA Container Services Pte. Ltd.
 HLA Container Services (Thailand) Limited
 LHN Industrial Space Pte. Ltd.
 LHN Management Services Pte. Ltd.
 LHN Parking Pte. Ltd.
 LHN Properties Investments Pte. Ltd.
 LHN Residence Pte. Ltd.
 Pickjunction Pte. Ltd.
 PT. Hean Nerng Group
 PT. Hub Hijau Serviced Offices
 Singapore Handicrafts Pte. Ltd.
 Singapore Handicrafts (2012) Pte. Ltd.
 Soon Wing Investments Pte. Ltd.
 Work Plus Store Pte. Ltd.

Notes to the Financial Statements

for the financial year ended 30 September 2015

31 DIVIDENDS (CONT'D)

At the forthcoming Annual General Meeting, a first and final tax-exempt (one-tier) dividend of 0.3 Singapore cents (*2014 - \$1) per ordinary share amounting to \$1,084,573 (*2014 - \$2,000,000) will be proposed. These financial statements do not reflect these dividends payable, which will be accounted for as a reduction in equity as a distribution of retained profits in the financial year ending 30 September 2016.

* refers to financial information under LHN Group Pte. Ltd. and its subsidiaries.

32 SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into by the Group and the related parties at agreed rates:

The Group	2015	2014
	\$	\$
Administrative fee charged to related parties	-	200
Security services charged to		
- fellow subsidiaries ⁽¹⁾	76,350	93,892
- related parties	5,660	66,798
Facility management fees charged to		
- fellow subsidiaries ⁽¹⁾	4,432	10,680
- related parties	8,536	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	653,358	785,916
Utilities charged to related parties	51,755	59,883
Management fee charged to related parties	-	2,869,844
Container trucking charged to fellow subsidiaries ⁽¹⁾	488	578
Dividend declared to immediate holding company	-	2,000,000
Repair and maintenance service charged by related parties	200,114	220,444

(1) This refers to LHN Culinary Concepts Pte. Ltd. and its subsidiaries.

Notes to the Financial Statements

for the financial year ended 30 September 2015

32 SIGNIFICANT RELATED PARTY TRANSACTION (CONT'D)

The Group	2015 \$	2014 \$
Purchase of investment property from a related party	500,000	-
Purchase of property, plant and equipment from a related party	-	50,944
Entertainment charged by		
– fellow subsidiaries ⁽¹⁾	52,552	65,687
– related parties	81	2,018
Staff welfare charged by		
– fellow subsidiaries ⁽¹⁾	14,215	23,873
– related parties	2,360	5,102
Staff wages charged by related parties	16,299	-
Settlement of liabilities on behalf of		
– fellow subsidiaries ⁽¹⁾	5,570	24,413
– related parties	2,277	7,302
Settlement of liabilities on behalf by		
– fellow subsidiaries ⁽¹⁾	2,500	400,278
– related parties	571	215,460
<u>Income received from associated company</u>		
– Management fee	26,617	27,883
– Rental income	19,200	19,200
– Settlement of liabilities on behalf of	-	1,613
<u>Expenses charged by associated company</u>		
– Cleaning and maintenance services	5,280	8,050

(1) This refers to LHN Culinary Concepts Pte. Ltd. and its subsidiaries.

33 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	2015 \$	2014 \$
Not later than one year	48,093,118	43,703,814
Later than one year and not later than five years	32,559,681	25,955,705
Later than five years	1,698,575	7,590,104

The leases on the Group's premises on which rentals are received will expire between 7 October 2015 (2014 – 31 October 2014), the earliest date and 12 June 2022 (2014 – 30 June 2019), the latest date, with renewals at the then prevailing rates.

Notes to the Financial Statements

for the financial year ended 30 September 2015

33 COMMITMENTS (CONT'D)

Operating lease commitments (non-cancellable) (Cont'd)

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	2015 \$	2014 \$
Not later than one year	40,237,296	36,064,941
Later than one year and not later than five years	67,879,852	47,998,862
Later than five years	24,891,484	11,177,136

The lease on the Group's premises on which rentals are payable will expire between 14 October 2015 (2014 – 21 October 2014), the earliest date and 27 March 2027 (2014 – 24 July 2023), the latest date. The current rent payable on the leases is between \$10 and \$660,000 (2014 – between \$700 and \$330,062) per month, which is subject to revision on renewal of lease agreements.

34 OPERATING SEGMENTS

For management purposes, the Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's reportable operating segments are as follows:

- (1) Industrial group
- (2) Commercial group
- (3) Residential group
- (4) Logistics group
- (5) Facilities support group
- (6) Investment holding

Industrial, commercial and residential groups form the space optimisation business.

There are no other operating segments that have been aggregated to form the above reportable operating segments.

The Group Managing Director 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 profit or loss which in certain respects, as set out below, is measured differently from operating profit or loss in the consolidated financial statements of the Group. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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 taxation is managed on a group basis and is 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.

Notes to the Financial Statements

for the financial year ended 30 September 2015

34 OPERATING SEGMENTS (CONT'D)

(a) Business segments

	Industrial		Commercial		Residential		Logistics		Facilities support	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE										
Total sales	47,326,596	41,340,534	25,557,616	22,935,936	11,941,611	16,285,517	17,173,462	12,062,902	13,103,134	15,663,236
Inter-segment sales	(1,462,328)	(856,852)	(2,112,214)	(1,737,519)	(9,297,714)	(7,405,925)	(2,500,609)	(363,133)	(3,355,431)	(7,184,984)
External sales	45,864,268	40,483,682	23,445,402	21,198,417	2,643,897	8,879,592	14,672,853	11,699,769	9,747,703	8,478,252
RESULTS										
Segment results	3,541,136	7,675,568	1,544,226	1,132,409	1,963,977	(978,810)	1,263,410	786,470	(618,388)	(39,338)
Dividend income	-	-	-	-	4,200,000	3,000,000	-	-	-	-
Fair value gain on investment properties	20,000	3,344,161	554,655	1,997,984	-	-	-	-	-	-
Finance costs	(338,664)	(240,025)	(150,356)	(407,099)	(6,292)	(5,089)	(75,727)	(72,697)	(30,666)	(34,683)
Share of associated companies' results, net of tax	3,222,472	10,779,704	1,948,525	2,723,294	6,157,685	2,016,101	1,187,683	713,773	(649,054)	(74,021)
Profit before taxation	3,222,472	10,779,704	1,948,525	2,723,294	6,157,685	2,016,101	1,187,683	713,773	(622,751)	(50,698)
									26,303	23,323
									(622,751)	(50,698)

Notes to the Financial Statements

for the financial year ended 30 September 2015

34 OPERATING SEGMENTS (CONT'D)

(a) Business segments (Cont'd)

	Investment holding	Eliminations		Consolidated	
	2015	2015	2014	2015	2014
	\$	\$	\$	\$	\$
REVENUE					
Total sales	1,120,767	-	-	116,223,186	108,288,125
Inter-segment sales	(1,120,767)	-	-	(19,849,063)	(17,548,413)
External sales	-	-	-	96,374,123	90,739,712
RESULTS					
Segment results	(1,571,786)	(2,009,940)	326,793	4,112,635	8,903,092
Dividend income	3,700,000	(7,900,000)	(3,000,000)	-	-
Fair value gain on investment properties	-	-	442,207	574,655	5,784,352
Finance costs	-	155,756	52,141	(445,949)	(707,452)
	2,128,214	(9,754,184)	(2,178,859)	4,241,341	13,979,992
Share of associated companies' results, net of tax	-	-	948	26,303	24,271
Profit before taxation	2,128,214	(9,754,184)	(2,177,911)	4,267,644	14,004,263
Taxation				(213,548)	(1,300,842)
Non-controlling interests				168,534	52,130
Net profit for the year, net of tax				4,222,630	12,755,551

Notes to the Financial Statements

for the financial year ended 30 September 2015

34 OPERATING SEGMENTS (CONT'D)

(a) Business segments (Cont'd)

	Industrial		Commercial		Residential		Logistics		Facilities support	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
OTHER INFORMATION										
Segment assets	58,133,615	45,906,279	27,230,958	24,220,106	38,520,746	33,735,765	8,985,197	7,023,551	7,566,523	7,805,786
Investment in associated companies	-	-	-	-	-	1	-	-	88,533	62,230
Consolidated total assets (excluding taxation)	58,133,615	45,906,279	27,230,958	24,220,106	38,520,746	33,735,766	8,985,197	7,023,551	7,655,056	7,868,016
Segment liabilities (excluding taxation)	40,730,830	26,535,234	20,065,133	15,953,079	23,282,083	21,252,538	6,203,405	4,478,935	5,335,555	5,100,306
Capital expenditure										
- property, plant and equipment	6,883,382	2,214,220	2,150,769	2,763,916	882,758	248,561	1,744,769	1,274,465	722,134	73,545
- investment properties	10,187,177	942,715	-	-	500,000	-	-	-	-	-
	17,070,559	3,156,935	2,150,769	2,763,916	1,382,758	248,561	1,744,769	1,274,465	722,134	73,545
Depreciation of property, plant and equipment	872,750	1,058,210	3,132,310	2,558,781	132,260	267,013	1,095,518	993,234	741,326	752,590

Notes to the Financial Statements

for the financial year ended 30 September 2015

34 OPERATING SEGMENTS (CONT'D)

(a) Business segments (Cont'd)

	Investment holding 2015 \$	Eliminations		Consolidated	
	2015 \$	2015 \$	2014	2015 \$	2014 \$
OTHER INFORMATION					
Segment assets	54,393,211	(90,057,036)	(46,988,013)	104,773,214	71,703,474
Investment in associated companies	-	-	(1)	88,533	62,230
Consolidated total assets (excluding taxation)	54,393,211	(90,057,036)	(46,988,014)	104,861,747	71,765,704
Segment liabilities (excluding taxation)	950,636	(47,498,841)	(35,905,459)	49,068,801	37,414,633
Capital expenditure					
- property, plant and equipment	-	(129,260)	(628,810)	12,254,552	5,945,897
- investment properties	-	-	(442,206)	10,687,177	500,509
	-	(129,260)	(1,071,016)	22,941,729	6,446,406
Depreciation of property, plant and equipment	-	(442,662)	(438,654)	5,531,502	5,191,174

Reconciliation of segments' total assets and total liabilities

	30 September	
	2015 \$	2014 \$
Reportable segments' assets are reconciled to total assets:		
Segment assets	104,773,214	71,703,474
Investment in associated companies	88,533	62,230
GST/VAT receivables	1,371,888	635,436
Deferred tax assets	334,000	-
Tax recoverable	84,379	16,321
Total assets	106,652,014	72,417,461
Reportable segments' liabilities are reconciled to total liabilities:		
Segment liabilities	49,068,801	37,414,633
Deferred tax liabilities	230,000	223,143
GST/VAT payables	662,271	613,385
Withholding tax	37,120	5,352
Current tax payable	1,346,860	1,564,936
Total liabilities	51,345,052	39,821,449

Notes to the Financial Statements

for the financial year ended 30 September 2015

34 OPERATING SEGMENTS (CONT'D)

(b) Geographical segment

(i) Consolidated sales

The following table shows the distribution of the Group's consolidated sales based on geographical location of customers:

Sales Revenue by Geographical Market

	Financial years ended 30 September	
	2015	2014
	\$	\$
Singapore	95,818,629	90,677,842
Indonesia	489,815	61,870
Thailand	65,679	-
	96,374,123	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	
	2015	2014
	\$	\$
Singapore	48,638,086	32,483,855
Indonesia	8,830,854	8,411,330
Thailand	116,924	-
Myanmar	727,591	-
	58,313,455	40,895,185

35 DISCLOSURE OF DIRECTORS' REMUNERATION

As required by the Listing Manual of the Singapore Exchange, the remuneration of directors of the Company is disclosed in bands as follows:

	Number of directors	
	2015	2014
Above \$2,000,000	-	-
\$1,750,000 to \$1,999,999	-	-
\$1,000,000 to \$1,249,999	-	-
\$500,000 to \$749,999	-	1
\$250,000 to \$499,999	1	1
Below \$250,000	4	-
Total	5	2

Notes to the Financial Statements

for the financial year ended 30 September 2015

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company and the Group financial risk management policies set out the Company's and the Group's overall business strategies and its risk management philosophy. The Company and the Group are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, liquidity risk, interest rate risk and foreign currency risk. The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Company's and the Group's financial performance. The Company and the Group do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

Risk management is carried out by the Finance Division under policies approved by the Board of Directors. The Finance Division identifies, evaluates and hedges financial risks in close co-operation with the Company's and the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity.

As at 30 September 2015 and 2014, the Group's financial instruments mainly consisted of cash and cash equivalents, receivables, payables, bank borrowings and obligations under finance lease.

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

36.1 Foreign 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, Thailand, Malaysia and Myanmar. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") and are therefore exposed to transactional currency exposures. Exposures to foreign currency risk are monitored on an on-going basis. There is no significant business activities in the Malaysia and Myanmar entities.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Indonesian Rupiah ("IDR"), United States dollar ("US\$"), Thai Baht ("THB"), Malaysian Ringgit ("MYR") and Myanmar Kyat ("MMK"). However, the currency risk in the Myanmar entity is insignificant as transactions in MMK are minimal. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

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, Thailand, Malaysia and Myanmar are managed primarily through bank borrowings and sales and purchases, denominated in the relevant foreign currencies to mitigate the risk of currency exposure.

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.

Notes to the Financial Statements

for the financial year ended 30 September 2015

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

36.1 Foreign currency risk (Cont'd)

The exposure to major currencies of the Group is as follows:

At 30 September 2015	MYR	THB	IDR	US\$
Financial assets				
Cash and bank balances	14,164	130,413	453,931	919,045
Trade and other receivables	52,515	172,631	466,432	1,542,888
	66,679	303,044	920,363	2,461,933
Financial liabilities				
Trade and other payables	2,465	116,856	608,861	995
	2,465	116,856	608,861	995
Currency exposure on financial assets and liabilities	64,214	186,188	311,502	2,460,938
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
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

Sensitivity analysis

With all other variables being held constant, a 5% strengthening/weakening of the MYR, THB, 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:

The Group	2015 \$	2014 \$
IDR	13,000	(37,000)
US\$	102,000	2,000
MYR	3,000	-
THB	8,000	-

36.2 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 Company's exposure to fluctuations in interest rates relates primarily to cash placed with financial institutions (Note 13).

The Group's exposure to fluctuations in interest rates relates primarily to its debt obligations to a director of subsidiaries (Note 17), obligations under finance lease (Note 18), debt obligations with financial institutions (Note 19) and cash placed with financial institutions (Note 13). 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.

Notes to the Financial Statements

for the financial year ended 30 September 2015

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

36.2 Interest rate risk (Cont'd)

The following table sets out the carrying amount, by maturity, of the Company's and the Group's financial instruments that are exposed to interest rate risk:

	Within 1 year \$	1 – 5 years \$	More than 5 years \$	Total \$
The Company				
2015				
Fixed rate				
Fixed deposits	9,027,549	-	-	9,027,549
The Group				
2015				
Fixed rate				
Fixed deposits	14,679,917	-	-	14,679,917
Obligations under finance lease	1,533,703	2,293,660	-	3,827,363
Debt obligations to a director of subsidiaries	165,552	-	-	165,552
Floating rate				
Bank borrowings	1,420,443	5,805,599	12,248,636	19,474,678
2014				
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

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 Company's and the Group's profit net of tax and equity would have increased/decreased as follows:

	Increase/(decrease) Profit net of tax 2015 \$
The Company	
Interest rate	
- decreased by 1% per annum	(75,000)
- increased by 1% per annum	75,000
The Company	
Interest rate	
- decreased by 1% per annum	(75,000)
- increased by 1% per annum	75,000

Notes to the Financial Statements

for the financial year ended 30 September 2015

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

36.2 Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk (Cont'd)

	Increase/(decrease) Profit net of tax	
	2015 \$	2014 \$
The Group		
Interest rate		
– decreased by 1% per annum	73,000	81,000
– increased by 1% per annum	(73,000)	(81,000)
	Equity	
	2015 \$	2014 \$
The Group		
Interest rate		
– decreased by 1% per annum	73,000	81,000
– increased by 1% per annum	(73,000)	(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.

36.3 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 statements of financial position.

The five largest debtors accounted about 18% (2014 – 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.

The maximum exposure to credit risk is the amount that the Company and LHN Group Pte. Ltd. could have to pay if the corporate guarantees are called on for hire-purchase facilities of \$3.8 million (2014 – \$4.2 million) and bank loan facilities of \$19.5 million (2014 – \$10.1 million). Please see Note 29(b) to the financial statements. As at the reporting date, the Group does not consider it probable that a claim will be made against the Company and LHN Group Pte. Ltd. under the corporate guarantees.

Notes to the Financial Statements

for the financial year ended 30 September 2015

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

36.4 Liquidity risk

Liquidity or funding 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 table below analyses the maturity profile of the Company's and the Group's financial liabilities based on contractual undiscounted cash flows:

	Less than 1 year \$	Between 1 and 5 years \$	More than 5 years \$	Total \$
The Company				
<u>At 30 September 2015</u>				
Trade and other payables	1,021,941	-	-	1,021,941
The Group				
<u>At 30 September 2015</u>				
Obligations under finance lease	1,617,425	2,358,383	-	3,975,808
Bank borrowings	1,910,890	7,804,411	14,085,976	23,801,277
Trade and other payables	26,467,266	-	-	26,467,266
	<u>29,995,581</u>	<u>10,162,794</u>	<u>14,085,976</u>	<u>54,244,351</u>
<u>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>

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 19 to the financial statements.

37 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.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder 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.

Notes to the Financial Statements

for the financial year ended 30 September 2015

37 CAPITAL MANAGEMENT (CONT'D)

There were no changes in the Group's approach to capital management during the financial year ended 30 September 2015.

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 is 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.

Total capital is calculated as equity plus net debt.

The Group	Note	2015 \$	2014 \$
Obligations under finance lease	18	3,827,363	4,201,363
Bank borrowings	19	19,474,678	10,069,929
Trade and other payables	17	26,466,151	23,762,078
Less: Cash and bank balances	12	(15,603,692)	(14,417,165)
Fixed deposits	13	(14,679,917)	(5,583,389)
Net debt		19,484,583	18,032,816
Total equity		55,433,950	32,726,560
Total capital		74,918,533	50,759,376
Gearing ratio		0.26	0.36

38 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 Company and the Group do not anticipate that the carrying amounts recorded at financial position date 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 statements of financial position, except for the following:

	The Company 2015 \$	The Group 2015 \$	2014 \$
Loans and receivables	21,653,108	43,172,991	29,570,749
Financial liabilities at amortised cost	950,635	49,068,801	37,414,633

Notes to the Financial Statements

for the financial year ended 30 September 2015

39 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.

39.1 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 and 2015:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
At 30 September 2015				
Investment properties:				
Commercial – Offices	–	31,304,654	–	31,304,654
Property, plant and equipment:				
Commercial – Offices	–	9,707,351	–	9,707,351
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
At 30 September 2014				
Investment properties:				
Commercial – Offices	–	20,630,972	–	20,630,972
Property, plant and equipment:				
Commercial – Offices	–	6,664,428	–	6,664,428

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 and property, plant and equipment – Commercial offices (Level 2)

Commercial offices 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.

Notes to the Financial Statements

for the financial year ended 30 September 2015

40 EVENTS AFTER END OF REPORTING DATE

The Group

Incorporation of a joint venture company and purchase of property

- (a) The Group's wholly-owned subsidiary, Work Plus Store Pte. Ltd. ("WPS") has together with Mr Low See Ching ("Mr Low"), an independent unrelated third party, jointly incorporated a new company, Work Plus Store (AMK) Pte. Ltd. (the "JV Co") in Singapore on 23 October 2015. The JV Co has an issued and paid-up capital of \$2.00 comprising of 2 ordinary shares. WPS and Mr Low have each subscribed for 50 per cent of the issued and paid-up capital of the JV Co, amounting to \$1.00 each (the "Investment"). The JV Co's principal activities include general warehousing and other business support services activities that may be similar to business activities of the Group, such as real estate management services, facilities management services and logistic services.

On 1 December 2015, the JV Co has entered into a sale and purchase agreement with Renesas Semiconductor Singapore Pte. Ltd. for the purchase of a property located at 38 Ang Mo Kio Industrial Park 2 Singapore 569511 for a purchase consideration of \$30 million, subject to the approval by the relevant government authority. The JV Co has paid a deposit amounting to 10 per cent of the purchase consideration.

Entry into a joint venture agreement

- (b) WPS, W&S Flexi Pte. Ltd. ("W&S"), and the JV Co had on 8 December 2015 entered into a joint venture agreement for the conduct of business to be undertaken by the JV Co (the "JV Agreement"). W&S is 100 per cent owned by Mr Low.

As at the date of this report, there are no other material developments in the activities of the JV Co.

Statistics of Shareholdings

as at 14 December 2015

Number of Ordinary Shares in Issue (excluding treasury shares)	:	361,524,300
Number of Treasury Shares held	:	Nil
Class of Shares	:	Ordinary
Voting Rights (on a poll)	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	111	19.41	106,700	0.03
1,001 – 10,000	115	20.10	893,800	0.25
10,001 – 1,000,000	334	58.39	33,663,400	9.31
1,000,001 AND ABOVE	12	2.10	326,860,400	90.41
TOTAL	572	100.00	361,524,300	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HEAN NERNG GROUP PTE. LTD.	275,000,000	76.07
2	UOB KAY HIAN PRIVATE LIMITED	16,681,500	4.61
3	DBS NOMINEES (PTE) LIMITED	8,662,100	2.40
4	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	8,454,000	2.34
5	HSBC (SINGAPORE) NOMINEES PTE LTD	3,535,600	0.98
6	IFS CAPITAL LIMITED	2,805,000	0.78
7	PHILLIP SECURITIES PTE LTD	2,624,100	0.73
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,497,200	0.69
9	RAFFLES NOMINEES (PTE) LIMITED	2,342,500	0.65
10	HONG LEONG FINANCE NOMINEES PTE LTD	1,826,300	0.51
11	PUI CHENG WUI	1,427,300	0.39
12	PRIMEPARTNERS CORPORATE FINANCE PTE LTD	1,004,800	0.28
13	LIM CHIN PENG (LIN JINPING)	980,000	0.27
14	LIM CHIEW GEOK (LIN QIUYU)	976,000	0.27
15	LOH JUN KITT (LUO JUNJIE)	965,000	0.27
16	LIM & TAN SECURITIES PTE LTD	823,800	0.23
17	LIM CHER KHIANG	813,800	0.23
18	RAMESH S/O PRITAMDAS CHANDIRAMANI	800,000	0.22
19	LEE WEE SIENG	666,300	0.18
20	TAN BOON HUAT	612,300	0.17
	TOTAL	333,497,600	92.27

PUBLIC FLOAT

Based on the information available to the Company as at 14 December 2015, approximately 23.93% of the issued ordinary shares of the Company are held by the public. Accordingly the Company has complied with Rule 723 of the Listing Manual Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited.

Statistics of Shareholdings

as at 14 December 2015

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders

NAME	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	% ⁽¹⁾	NO. OF SHARES	% ⁽¹⁾
Kelvin Lim ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	–	–	275,000,000	76.07
Jess Lim ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	–	–	275,000,000	76.07
Trident Trust Company (B.V.I.) Limited ⁽³⁾	–	–	275,000,000	76.07
LHN Capital Pte. Ltd. ⁽⁴⁾	–	–	275,000,000	76.07
HN Capital Ltd. ⁽⁵⁾	–	–	275,000,000	76.07
Hean Nerng Group Pte. Ltd. ⁽⁶⁾	275,000,000	76.07	–	–
Lim Hean Nerng ⁽⁶⁾	–	–	275,000,000	76.07
Foo Siau Foon ⁽⁶⁾	–	–	275,000,000	76.07
Lim Yun En ⁽⁶⁾	–	–	275,000,000	76.07
Lim Wei Yong Matthew ⁽⁶⁾	–	–	275,000,000	76.07
Lim Wei Yee ⁽⁶⁾	–	–	275,000,000	76.07
Lin Weichen ⁽⁶⁾	–	–	275,000,000	76.07
Lim Wei Kheng (Lin Weiqing) ⁽⁶⁾	–	–	275,000,000	76.07

Notes:

(1) Based on the total issued share capital of 361,524,300 ordinary shares of the Company as at 14 December 2015.

(2) Kelvin Lim and Jess Lim are siblings. They are therefore deemed interested in each other's interests in the shares of the Company.

(3) Trident Trust Company (B.V.I.) Limited, a licensed trust company incorporated in BVI, holds the entire issued and paid-up share capital in LHN Capital Pte. Ltd. as trustee of The Land Banking Trust in BVI. LHN Capital Pte. Ltd., a company incorporated in Singapore, is the trustee of The LHN Capital Trust in Singapore. LHN Capital Pte. Ltd. holds the entire issued and paid-up share capital in HN Capital Ltd., 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 Pte. Ltd. ("**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 Capital Pte. Ltd., 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 Company (Singapore) Pte. Limited is the trust administrator of The LHN Capital Trust.

HN Capital Ltd., Jess Lim and Kelvin Lim hold 85.0%, 10.0% and 5.0% respectively of the entire issued and paid-up share capital in Hean Nerng Group Pte. Ltd.. Kelvin Lim and Jess Lim are also directors of Hean Nerng Group Pte. Ltd..

As Trident Trust Company (B.V.I.) Limited and its associates, namely LHN Capital Pte. Ltd. and HN Capital Ltd., are entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in Hean Nerng Group Pte. Ltd., Trident Trust Company (B.V.I.) Limited is deemed to have an interest in the issued and paid-up share capital of the Company held by Hean Nerng Group Pte. Ltd..

(4) Kelvin Lim and Jess Lim are directors of LHN Capital Pte. Ltd.. In connection with footnote (3) above, as LHN Capital Pte. Ltd. and its associate, namely HN Capital Ltd. are entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in Hean Nerng Group Pte. Ltd., LHN Capital Pte. Ltd. is deemed to have an interest in the issued and paid-up share capital of the Company held by Hean Nerng Group Pte. Ltd..

(5) Kelvin Lim and Jess Lim are directors of HN Capital Ltd.. In connection with footnote (3) above, as HN Capital Ltd. is entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in Hean Nerng Group Pte. Ltd., HN Capital Ltd. is deemed to have an interest in the issued and paid-up share capital of the Company held by Hean Nerng Group Pte. Ltd..

(6) Section 4(3) of the Securities and Futures Act, Chapter 289 of Singapore ("**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 deemed to have an interest in those securities". In connection with footnote (3) 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 the Company held by Hean Nerng Group Pte. Ltd..

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 the 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 the Company. Pursuant to the Fourth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("**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 the Company within the meaning of the Fourth Schedule of the SFR.

However, as Lim Hean Nerng was one of the initial founders of the Group and is deemed to be interested in 15.0% or more of the voting shares of the Company through The LHN Capital Trust, as disclosed in the Company's offer document dated 1 April 2015, he is considered to be a Controlling Shareholder.

Statistics of Shareholdings

as at 14 December 2015

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

However, Kelvin Lim, a beneficiary of The LHN Capital Trust, is also a director of LHN Capital Pte. Ltd., HN Capital Ltd., Hean Nerng Group Pte. Ltd. and the Company. Accordingly, he is deemed to be able to exercise control over the Company and is deemed to be a Controlling Shareholder of the Company.

Jess Lim is Kelvin Lim's sibling and is also a director of LHN Capital Pte. Ltd., HN Capital Ltd., Hean Nerng Group Pte. Ltd. and the Company. Accordingly, she is deemed to be able to exercise control over the Company and is deemed to be a Controlling Shareholder of the Company.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **LHN LIMITED** will be held at Six Battery Road #10-01 Singapore 049909 on Thursday, 28 January 2016 at 10.00 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 30 September 2015 together with the Independent Auditors' Report thereon. **(Resolution 1)**
2. To declare a first and final dividend of 0.3 Singapore cents per ordinary share tax exempt (one-tier) for the financial year ended 30 September 2015. **(Resolution 2)**
3. To re-elect the following Directors of the Company retiring pursuant to Articles 98 and 102 of the Articles of Association of the Company, and who have, being eligible, offered themselves for re-election as Directors:

Ms Jess Lim	[Retiring under Article 98]	(Resolution 3)
Mr Lee Gee Aik	[Retiring under Article 102]	(Resolution 4)
Ms Ch'ng Li-Ling	[Retiring under Article 102]	(Resolution 5)
Mr Eddie Yong	[Retiring under Article 102]	(Resolution 6)

*The detailed information of the above mentioned directors as recommended under Guideline 4.7 of the Code of Corporate Governance 2012 can be found under the section entitled "Board of Directors" and the "Corporate Governance Report" in the Annual Report.
[See Explanatory Note (i)]*

4. To approve the payment of Directors' fees of S\$93,935 for the financial year ended 30 September 2015. **(Resolution 7)**
5. To approve the payment of Directors' fees of S\$168,000 for the financial year ending 30 September 2016, payable quarterly in arrears. **(Resolution 8)**
6. To re-appoint Messrs Foo Kon Tan LLP as the Independent Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors of the Company to fix their remuneration. **(Resolution 9)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. Authority to issue shares

That pursuant to Section 161 of the Singapore Companies Act, Cap. 50 and Rule 806 of Section B of the Singapore Exchange Securities Trading Limited Listing Manual: Rules of Catalyst (the "**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or
- (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) options, 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 the Directors of the Company may in their absolute discretion deem fit; and

Notice of Annual General Meeting

- (b) (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 of the Company 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) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares (including shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) in the capital of the Company shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from the exercising of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association, for the time being, of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)]

(Resolution 10)

9. Authority to allot and issue shares under the LHN Performance Share Plan

That pursuant to Section 161 of the Singapore Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the LHN Performance Share Plan and to allot and issue from time to time, such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the LHN Performance Share Plan, provided always that the aggregate number of shares issued and issuable pursuant to vesting of awards granted under the LHN Performance Share Plan, when added to (i) the number of shares issued and issuable in respect of all awards granted or awarded thereunder; and (ii) all shares issued and issuable in respect of all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) of the Company on the day preceding the relevant date of the award.

[See Explanatory Note (iii)]

(Resolution 11)

Notice of Annual General Meeting

10. Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Catalist Rules of the SGX-ST (**"Chapter 9"**), for the Company, its subsidiaries and associated companies that are "entities at risk" (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix I dated 13 January 2016 accompanying the Annual Report (the **"Appendix I"**) with any party who is of the class of interested persons described in the Appendix I, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;
- (b) the approval given in sub-paragraph (a) above (the **"IPT Mandate"**) shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company;
- (c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendments to Chapter 9 of the Catalist Rules which may be prescribed by the SGX-ST from time to time; and
- (d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.
[See Explanatory Note (iv)] **(Resolution 12)**

11. Adoption of the Share Buy Back Mandate

- (a) for the purposes of Sections 76C and 76E of the Companies Act (Chapter 50 of Singapore) (the **"Act"**), approval be and is hereby given for the adoption of the Share Buy Back Mandate (as defined therein the Appendix II dated 13 January 2016 accompanying the Annual Report); and the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire ordinary shares of the Company (**"Shares"**) not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
 - (i) on-market purchases (each a **"Market Purchase"**) on the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**); and/or
 - (ii) off-market purchases (each an **"Off-Market Purchase"**) effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the Company's Articles of Association, the provisions of the Act and the Catalist Rules as may for the time being be applicable (the **"Share Buy Back Mandate"**);
- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Act;
- (c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:
 - (i) the conclusion of the next AGM or the date by which such AGM is required by law to be held;
 - (ii) the date on which the buy-back of the shares is carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred in the Share Buy Back Mandate is varied or revoked by the shareholders in a general meeting;

Notice of Annual General Meeting

(d) for purposes of this Resolution:-

“Prescribed Limit” means ten per cent (10%) of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

“Relevant Period” means the period commencing from the date of passing of this Resolution and expiring on the date the next AGM is held or is required by law to be held, the date on which the buy-back of the Shares are carried out to the full extent mandated, or the date the said mandate is revoked or varied by the Shareholders of the Company in a general meeting, whichever is the earlier; and

“Maximum Price” in relation to a Share to be purchased, means an amount (including brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, 110% of the Average Closing Price, where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period;

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“market day” means a day on which the SGX-ST is open for trading in securities; and

(e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (v)]

(Resolution 13)

By Order of the Board

Kenneth Leong
Company Secretary
Singapore,
13 January 2016

Notice of Annual General Meeting

Explanatory Notes:

- (i) Ms Jess Lim, upon re-election as a Director of the Company, will remain as an Executive Director and Group Deputy Managing Director.

Mr Lee Gee Aik, upon re-election as a Director of the Company, will remain as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees, and the Board of Directors (save for Mr Lee Gee Aik) considers him independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. Mr Lee will also remain as the Lead Independent Director of the Company.

Ms Ch'ng Li-Ling, upon re-election as a Director of the Company, will remain as the Chairman of the Remuneration Committee, and a member of the Nominating and Audit Committees, and the Board of Directors (save for Ms Ch'ng Li-Ling) considers her independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.

Mr Eddie Yong, upon re-election as a Director of the Company, will remain as the Chairman of the Nominating Committee, and a member of the Remuneration and Audit Committees, and the Board of Directors (save for Mr Eddie Yong) considers him independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.

- (ii) The Ordinary Resolution 10 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (iii) The Ordinary Resolution 11 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards under the LHN Performance Share Plan in accordance with the provisions of the LHN Performance Share Plan and to allot and issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the vesting of the awards under the LHN Performance Share Plan subject to the maximum number of shares prescribed under the terms and conditions of the LHN Performance Share Plan.

The aggregate number of ordinary shares which may be allotted and issued pursuant to the LHN Performance Share Plan and under any other share incentive scheme or share plan adopted by the Company for the time being in force, is limited to fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) of the Company from time to time. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution No. 10.

- (iv) The Ordinary Resolution 12 proposed in item 10 above, if passed, will allow the Company and its subsidiaries to enter into transactions with interested persons as defined in Chapter 9 of the Catalist Rules of the SGX-ST. Please refer to the Appendix I to the Annual Report for details.
- (v) The Ordinary Resolution 13 in item 11 above, if passed, will empower the Directors of the Company, effective period commencing from the date on which the ordinary resolution in relation to the Share Buy Back Mandate is passed in a general meeting and expiring on the earliest of the date on which the next Annual General Meeting is held or is required by law to be held, or the date the said mandate is revoked or varied by the Company in a general meeting to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per cent (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price as defined in this Notice of Annual General Meeting.

The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buy Back Mandate on the audited consolidated financial accounts of the Group for the financial year ended 30 September 2015 are set out in greater detail in the Appendix II to the Annual Report.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint one or two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies. If the Member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.
2. A member of a company having a share capital who is a relevant intermediary (as defined in the Companies (Amendment) Act 2014) may appoint more than two (2) proxies in relation to a meeting to exercise all or any of his rights to attend and to speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). In such an event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
3. The instrument appointing a proxy together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at **10 Raeburn Park, #02-18, Singapore 088702** not less than **seventy-two (72)** hours before the time set for the Annual General Meeting.

Notice of Annual General Meeting

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

LHN LIMITED

(Company Registration No. 201420225D)
(Incorporated in Singapore)

IMPORTANT

1. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

*I/We _____ (Name)
of _____ (Address)
being *a Member/Members of LHN Limited (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or (delete as appropriate)

--	--	--	--

and/or such other persons as furnished by us in accordance with Note 8 of this proxy form, or failing him/her, the Chairman of the meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company (the "Meeting"), to be held at Six Battery Road #10-01 Singapore 049909 on Thursday, 28 January 2016 at 10.00 a.m. and at any adjournment thereof. *I/we direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specified direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matters arising at the Meeting.

(Please indicate your vote "For" or "Against" with a tick [V] within the box provided.)

No.	Resolutions relating to:	For	Against
Ordinary Business			
1	Directors' Statement and Audited Financial Statements for the financial year ended 30 September 2015.		
2	Declaration of a first and final dividend (one tier tax exempt) of 0.3 Singapore cents per ordinary share for the financial year ended 30 September 2015.		
3	Re-election of Ms Jess Lim as a Director.		
4	Re-election of Mr Lee Gee Aik as a Director.		
5	Re-election of Ms Ch'ng Li-Ling as a Director.		
6	Re-election of Mr Eddie Yong as a Director.		
7	Approval of Directors' fees amounting to S\$93,935 for the financial year ended 30 September 2015.		
8	Approval of Directors' fees amounting to S\$168,000 for the financial year ending 30 September 2016, payable quarterly in arrears.		
9	Re-appointment of Messrs Foo Kon Tan LLP as Independent Auditors of the Company.		
Special Business			
10	Authority to issue new shares.		
11	Authority to allot and issue shares under the LHN Performance Share Plan.		
12	Renewal of the Shareholders' Mandate for Interested Person Transactions.		
13	Adoption of the Share Buy Back Mandate.		

Dated this _____ day of _____ 2016

Total Number of Shares Held

--

Signature(s) of Member(s)/Common Seal

* Delete accordingly

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two (2) proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two (2) proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
5. The instrument appointing a proxy together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 10 Raeburn Park, #02-18, Singapore 088702 not less than seventy-two (72) hours before the time set for the Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in the Securities and Futures Act), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. A member of a company having a share capital who is a relevant intermediary (as defined in the Companies (Amendment) Act 2014) may appoint more than two (2) proxies in relation to a meeting to exercise all or any of his rights to attend and to speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). In such an event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
9. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register seventy-two (72) hours before the time set for the Annual General Meeting.

General

Subject to Note 5 above, the Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 January 2016.



The Company Secretary
LHN LIMITED
10 Raeburn Park
#02-18
Singapore 088702