

LHN LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 201420225D

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENT
1(a) (i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.
STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ("3Q2017") AND NINE MONTHS ENDED 30 JUNE 2017 ("9M2017")

	Group						
	3 Months Ended 30 June			Change	9 Months Ended 30 June		Change
	2017 (unaudited)	2016 (unaudited)			2017 (unaudited)	2016 (unaudited)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Revenue	26,183	26,757	(2.1)	79,767	78,724	1.3	
Cost of sales	(20,339)	(19,397)	4.9	(60,556)	(57,744)	4.9	
Gross profit	5,844	7,360	(20.6)	19,211	20,980	(8.4)	
Other operating income	511	537	(4.8)	1,815	2,140	(15.2)	
Selling and distribution expenses	(259)	(398)	(34.9)	(821)	(1,448)	(43.3)	
Administrative expenses	(5,414)	(4,867)	11.2	(16,465)	(14,366)	14.6	
Other operating expenses	-	-	-	(161)	(42)	>100	
Finance costs	(153)	(151)	1.3	(457)	(455)	0.4	
Share of results of associates and joint ventures, net of tax	(447)	(107)	>100	3,430	(88)	NM	
Dual Listing expenses	(2,938)	-	NM	(2,938)	-	NM	
Fair value loss on investment properties	-	-	-	(1,439)	-	NM	
Impairment loss on asset held-for-sale	(500)	-	NM	(500)	-	NM	
(Loss)/profit before taxation	(3,356)	2,374	NM	1,675	6,721	(75.1)	
Taxation	(289)	(479)	(39.7)	(341)	(809)	(57.8)	
(Loss)/profit after taxation for the period	(3,645)	1,895	NM	1,334	5,912	(77.4)	
Other comprehensive (expenses)/income after tax							
<u>Item that will be reclassified subsequently to profit or loss</u>							
Currency translation differences arising from consolidation	(50)	33	NM	(51)	217	NM	
<u>Item that will not be reclassified subsequently to profit or loss</u>							
Revaluation gains on leasehold building	-	-	-	279	-	NM	
Other comprehensive (expenses)/income after tax	(50)	33	NM	228	217	5.1	
Total comprehensive (expenses)/income for the year, net of tax	(3,695)	1,928	NM	1,562	6,129	(74.5)	
(Loss)/profit attributable to:							
Equity holders of the Company	(3,669)	1,865	NM	1,038	5,876	(82.3)	
Non-controlling interests	24	30	(20.0)	296	36	>100	
(Loss)/profit for the period	(3,645)	1,895	NM	1,334	5,912	(77.4)	
Total comprehensive (expenses)/income attributable to:							
Equity holders of the Company	(3,719)	1,899	NM	1,268	6,091	(79.2)	
Non-controlling interests	24	29	(17.2)	294	38	>100	
Total comprehensive (expenses)/income for the period	(3,695)	1,928	NM	1,562	6,129	(74.5)	
<i>NM – Not Meaningful</i>							

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

	Group			
	3 Months Ended 30 June		9 Months Ended 30 June	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,483	1,567	4,533	4,846
Interest income	(79)	(41)	(227)	(121)
Finance costs	153	151	457	455
Allowance for impairment of trade receivables	-	-	31	42
Foreign exchange loss/(gain), net	172	(55)	91	(174)
Gain on disposal of property, plant and equipment, net	(16)	(47)	(90)	(14)
Property, plant and equipment written off	20	45	35	45

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

	Group		Company	
	As At 30/06/17 (unaudited)	As At 30/09/16 (audited)	As At 30/06/17 (unaudited)	As At 30/09/16 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	17,372	26,453	-	-
Investment properties	27,273	37,472	-	-
Subsidiaries	-	-	32,727	32,727
Associates	125	111	-	-
Joint ventures	11,301	7,294	-	-
Deferred tax assets	395	441	-	-
Long-term prepayments	452	658	-	-
	56,918	72,429	32,727	32,727
Current assets				
Inventories	76	18	-	-
Trade and other receivables	22,166	19,831	18,351	19,824
Prepayments	2,824	3,652	34	19
Cash and bank balances	15,818	19,926	216	2,872
Fixed deposits	5,576	5,706	-	-
	46,460	49,133	18,601	22,715
Non-current assets classified as held-for-sale	19,500	-	-	-
	65,960	49,133	18,601	22,715
TOTAL ASSETS	122,878	121,562	51,328	55,442
EQUITY				
Capital and Reserves				
Share capital	51,287	51,287	51,287	51,287
Treasury shares	(186)	(245)	(186)	(245)
Reserves	18,181	18,506	(1,385)	3,070
	69,282	69,548	49,716	54,112
Non-controlling interests	175	(119)	-	-
TOTAL EQUITY	69,457	69,429	49,716	54,112
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	304	267	-	-
Provision for reinstatement cost	204	351	-	-
Other payables	18	7	-	-
Obligations under finance lease	2,665	2,401	-	-
Bank borrowings	16,855	18,187	-	-
	20,046	21,213	-	-
Current liabilities				
Trade and other payables	26,815	26,390	1,598	1,256
Provision for reinstatement cost	152	-	-	-
Obligations under finance lease	1,562	1,363	-	-
Bank borrowings	3,897	1,817	-	-
Current tax payable	949	1,350	14	74
	33,375	30,920	1,612	1,330
TOTAL LIABILITIES	53,421	52,133	1,612	1,330
TOTAL EQUITY AND LIABILITIES	122,878	121,562	51,328	55,442

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

	Group	
	As At 30/06/17 (unaudited)	As At 30/09/16 (audited)
	S\$'000	S\$'000
Amount repayable in one year or less (secured and guaranteed)		
- Bank borrowings	3,897	1,817
- Obligations under finance lease	1,562	1,363
	5,459	3,180
Amount repayable after one year (secured and guaranteed)		
- Bank borrowings	16,855	18,187
- Obligations under finance lease	2,665	2,401
	19,520	20,588
Total borrowings	24,979	23,768

The Group does not have any unsecured borrowings and debt securities as at 30 June 2017 and 30 September 2016.

Details of any collaterals:

- (a) Bank borrowings of approximately S\$20.8 million (30 September 2016 – S\$20.0 million) obtained by our subsidiaries are secured by legal mortgage of leasehold property at 72 Eunos Avenue 7 and 100 Eunos Avenue 7, corporate guarantees by the Group and assignment of rental proceeds of the mortgaged properties.
- (b) Finance lease liabilities of the Group are secured by the underlying assets of certain plant and machinery, logistics equipment and motor vehicles, personal guarantees provided by certain directors of the Group and corporate guarantees provided by the Group.

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1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows for Third Quarter and Nine Months Ended 30 June 2017

	Group			
	3 Months Ended 30 June		9 Months Ended 30 June	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
(Loss)/profit before income tax	(3,356)	2,374	1,675	6,721
Share of results of associates and joint ventures	447	107	(3,430)	88
Adjustments for:				
Depreciation of property, plant and equipment	1,483	1,567	4,533	4,846
Gain on disposal of property, plant and equipment	(16)	(47)	(90)	(14)
Property, plant and equipment written off	20	45	35	45
Fair value loss on investment properties	-	-	1,439	-
Impairment loss on asset held-for-sale	500	-	500	-
Waiver of debt from a director of subsidiaries	-	(22)	(22)	(57)
Employee performance shares expenses	-	-	87	44
Interest income	(79)	(41)	(227)	(121)
Interest expenses	153	151	457	455
Operating (loss)/profit before working capital changes	(848)	4,134	4,957	12,007
(Increase)/decrease in inventories	(63)	24	(58)	132
Decrease/(Increase) in operating receivables	941	(1,028)	331	(2,971)
Increase/(decrease) in operating payables	877	(572)	13	(2,193)
Cash generated from operations	907	2,558	5,243	6,975
Interest expense paid	(156)	(176)	(451)	(448)
Income tax paid	(602)	(553)	(656)	(1,079)
Net cash generated from operating activities	149	1,829	4,136	5,448
Cash flows from investing activities:				
Acquisition of property, plant and equipment	(1,469)	(1,513)	(3,577)	(5,440)
Addition of investment properties	-	-	(955)	-
Acquisition of a joint venture	-	-	(150)	-
Incorporation of joint venture	-	(500)	-	(500)
Advances to joint ventures, net	(775)	-	(1,745)	-
Proceeds from disposals of property, plant and equipment	15	2	95	260
Interest received	15	41	42	90
Net cash used in investing activities	(2,214)	(1,970)	(6,290)	(5,590)
Cash flows from financing activities:				
Repayment of obligations under finance lease	(382)	(460)	(1,192)	(1,261)
Uplift/(placements) of deposits - current	135	(27)	129	(37)
Bank borrowings obtained	2,000	375	2,000	1,265
Bank borrowings repaid	(481)	(375)	(1,252)	(1,085)
Repayment to a director of subsidiaries	-	-	-	(167)
Dividend paid	-	(724)	(1,622)	(1,808)
Net cash generated from/(used in) financing activities	1,272	(1,211)	(1,937)	(3,093)
Net decrease in cash and cash equivalents	(793)	(1,352)	(4,091)	(3,235)
Cash and cash equivalents at beginning of period	16,634	22,773	19,926	24,637
Effect of currency translation on cash and cash equivalents	(23)	(3)	(17)	16
Cash and cash equivalents at end of period	15,818	21,418	15,818	21,418
Consolidated cash and cash equivalents are represented by:				
Cash and bank balances	15,818	16,892	15,818	16,892
Fixed deposits	5,576	10,210	5,576	10,210
	21,394	27,102	21,394	27,102
Less: Pledged fixed deposits	(5,576)	(5,684)	(5,576)	(5,684)
Cash and cash equivalents as per consolidated statement of cash flows	15,818	21,418	15,818	21,418

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

Statements of Changes in Equity

GROUP (unaudited)	Share capital	Treasury shares	Retained profits	Merger reserves	Capital reserves	Reserve on disposal of non- controlling interests	Asset revaluation reserves	Currency translation reserves	Total attributable to equity holders of the Company	Non- controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 01/04/16	51,287	-	36,148	(30,727)	-	269	2,443	(835)	58,585	(118)	58,467
Interim dividend for FY2016	-	-	(724)	-	-	-	-	-	(724)	-	(724)
Profit for the period	-	-	1,865	-	-	-	-	-	1,865	30	1,895
Other comprehensive income/(expenses)	-	-	-	-	-	-	-	34	34	(1)	33
Total comprehensive income/(expenses) for the period	-	-	1,865	-	-	-	-	34	1,899	29	1,928
Balance at 30/06/16	51,287	-	37,289	(30,727)	-	269	2,443	(801)	59,760	(89)	59,671
Balance at 01/04/17	51,287	(186)	49,592	(30,727)	28	269	3,481	(743)	73,001	151	73,152
(Loss)/profit for the period	-	-	(3,669)	-	-	-	-	-	(3,669)	24	(3,645)
Other comprehensive expenses	-	-	-	-	-	-	-	(50)	(50)	-	(50)
Total comprehensive (expenses)/ income for the period	-	-	(3,669)	-	-	-	-	(50)	(3,719)	24	(3,695)
Balance at 30/06/17	51,287	(186)	45,923	(30,727)	28	269	3,481	(793)	69,282	175	69,457

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

Statements of Changes in Equity (Cont'd)

COMPANY (unaudited)	Share capital	Treasury shares	Capital reserve	Retained Profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 01/04/16	51,287	-	-	1,789	53,076
Interim dividend for FY2016	-	-	-	(724)	(724)
Total comprehensive income for the period	-	-	-	25	25
Balance at 30/06/16	51,287	-	-	1,090	52,377
Balance at 01/04/17	51,287	(186)	28	1,497	52,626
Total comprehensive expenses for the period	-	-	-	(2,910)	(2,910)
Balance at 30/06/17	51,287	(186)	28	(1,413)	49,716

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

As at 30 June 2017 and 31 March 2017, the share capital of the Company amounted to S\$51,286,998 comprising 360,445,400 issued ordinary shares excluding treasury shares.

The Company had 1,411,800 treasury shares as at 30 June 2017 (30 June 2016: nil).

Save as disclosed, the Company did not have any outstanding options, convertibles or subsidiary holdings as at 30 June 2017 and 30 June 2016.

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

The total number of issued ordinary shares (excluding treasury shares) as at 30 June 2017 was 360,445,400 (as at 30 September 2016: 360,004,200).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the financial period from 1 April 2017 to 30 June 2017.

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

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

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

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

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

Not applicable.

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

Save as disclosed in paragraph 5 below, the Group and the Company have applied the same accounting policies and methods of computation in preparation of the financial statements for the current reporting period compared with the audited financial statements for the last report ended 30 September 2016.

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

In the current financial period, the Group and the Company have adopted all the new revised Financial Reporting Standards (FRSs) and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 October 2016. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior reporting periods.

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

	Group			
	3 Months Ended 30 June		9 Months Ended 30 June	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
<u>(Loss)/Earnings per ordinary share</u>				
(i) Based on weighted average number of ordinary shares in issue (Singapore Cents)	(1.02)	0.52	0.29	1.62
(ii) On a fully diluted basis (Singapore Cents)	(1.02)	0.52	0.29	1.62
Weighted average number of shares (in '000)	360,445	361,857	360,269	361,660

The basic and diluted (loss)/earnings per share are the same as there were no potentially dilutive ordinary shares in issue as at 30 June 2017 and 30 June 2016.

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

	Group		Company	
	As at 30/06/17 (unaudited)	As at 30/09/16 (audited)	As at 30/06/17 (unaudited)	As at 30/09/16 (audited)
Net asset attributable to Shareholders (S\$ '000)	69,282	69,548	49,716	54,112
Number of ordinary shares in issue (in '000)	360,445	360,004	360,445	360,004
Net asset value per ordinary share (Singapore Cents)	19.22	19.32	13.79	15.03

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

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

Review on Group's Financial Results

Revenue

S\$ (in million)	3Q2017	3Q2016	Variance	
			S\$	%
Industrial Properties	10.7	13.3	(2.6)	(19.5)
Commercial Properties	5.7	5.9	(0.2)	(3.4)
Residential Properties	0.3	0.4	(0.1)	(25.0)
Space Optimisation Business	16.7	19.6	(2.9)	(14.8)
Facilities Management Business	4.6	3.2	1.4	43.8
Logistics Services Business	4.9	4.0	0.9	22.5
Total	26.2	26.8	(0.6)	(2.1)

3 months ended 30 June 2017 (3Q2017) vs 3 months ended 30 June 2016 (3Q2016)

The Group's revenue decreased by approximately S\$0.6 million to approximately S\$26.2 million in 3Q2017 due to decrease in revenue from the Space Optimisation Business, partially offset by the increase in revenue from our Facilities Management Business and Logistics Services Business.

(a) Space Optimisation Business

Industrial Properties

Revenue derived from Industrial Properties decreased by 19.5% to approximately S\$10.7 million in 3Q2017 mainly due to the expiry of some head leases, movement of tenants and lower rental rates arising from expiry and renewal of sub-leases.

Commercial Properties

Revenue derived from Commercial Properties decreased by 3.4% to approximately S\$5.7 million in 3Q2017 mainly due to the movement of tenants and lower rental rates arising from expiry and renewal of sub-leases.

Residential Properties

Revenue derived from Residential Properties decreased by 25.0% to approximately S\$0.3 million in 3Q2017 mainly due to decrease in revenue from design works of approximately S\$0.2 million, partially offset by increase in rental income from Myanmar of approximately S\$0.1 million.

(b) Facilities Management Business

Revenue derived from our Facilities Management Business increased by 43.8% to approximately S\$4.6 million in 3Q2017, mainly due to an increase in demand from security services and car park management services (in the form of management of new car parks), and increase in car park rate of existing car parks managed by our Group.

(c) Logistics Services Business

Revenue derived from our Logistics Services Business increased by 22.5% to approximately S\$4.9 million in 3Q2017, mainly from the increase in demand of storage and repairs of leasing containers contributed by slow-down of shipments worldwide and transportation services.

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Cost of sales increased by 4.9% to approximately S\$20.3 million in 3Q2017, mainly due to an increase in upkeep and maintenance costs of approximately S\$0.3 million, rental costs and costs of approximately S\$0.3 million, direct labour cost of approximately S\$0.4 million. The increase was offset by a decrease in miscellaneous costs of approximately S\$0.1 million.

In view of the above mentioned, gross profit decreased by approximately S\$1.5 million from approximately S\$7.4 million in 3Q2016 to approximately S\$5.9 million in 3Q2017.

Other operating income remained relatively unchanged at approximately S\$0.5 million in 3Q2016 and 3Q2017.

Selling and distribution expenses decreased by 34.9% to approximately S\$0.3 million in 3Q2017 mainly due to decrease in agent commission of approximately S\$0.1 million.

Administrative expenses increased by 11.2% to approximately S\$5.4 million in 3Q2017 mainly due to increase in employee benefit cost of approximately S\$0.3 million due to increase in headcount as compared to 3Q2016, increase in foreign exchange loss of approximately S\$0.1 million and miscellaneous expenses of approximately S\$0.1 million.

Finance costs remained relatively unchanged at approximately S\$0.2 million in 3Q2016 and 3Q2017.

Share of results of associates and joint ventures decreased by approximately S\$0.4 million from operating losses of approximately S\$0.1 million in 3Q2016 to approximately S\$0.5 million in 3Q2017 as we just obtained Temporary Occupation Permit in June 17 for our joint ventures property at 38 Ang Mo Kio and the property at 44 Kallang is still under renovation.

Dual Listing expenses incurred during 3Q2017 of approximately S\$2.9 million relates to dual primary listing on the Main Board of The Stock Exchange of Hong Kong Limited.

Impairment loss on asset held-for-sale of approximately S\$0.5 million in 3Q2017 was mainly due to the decrease in valuation of non-current assets classified as held-for-sale.

As a result of the aforementioned, the Group's profit before income tax decreased by approximately S\$5.7 million from approximately S\$2.4 million in 3Q2016 to a loss of approximately S\$3.3 million in 3Q2017.

Taxation decreased by approximately S\$0.2 million mainly due to lower taxable profit.

Review of Statements of Financial Position

Non-current assets

Non-current assets decreased by approximately S\$15.5 million to approximately S\$56.9 million as at 30 June 2017, mainly due to the reclassification of non-current assets of approximately S\$19.5 million to current assets held-for-sale. These were partially offset by an increase in investment in joint ventures of approximately S\$4.0 million.

Current assets

Current assets increased by approximately S\$16.9 million to approximately S\$66.0 million as at 30 June 2017, mainly due to reclassification as elaborated above as well as an increase in trade and other receivables of approximately S\$2.3 million largely attributable to the amount due from joint ventures. These were partially offset by the decrease in cash and bank balances of approximately S\$4.1 million largely due to the payment of dividend of approximately S\$1.6 million and expenses for the Company's dual primary listing.

Non-current liabilities

Non-current liabilities decreased by approximately S\$1.2 million to approximately S\$20.0 million as at 30 June 2017, mainly due to repayment of bank borrowings of approximately S\$1.3 million and reduction of provision for reinstatement cost of approximately S\$0.2 million partially offset by increase in obligations under finance lease of approximately S\$0.3 million.

Current liabilities

Current liabilities increased by approximately S\$2.5 million to approximately S\$33.4 million as at 30 June 2017, mainly due to proceeds received from bank borrowings obtained of approximately S\$2.1 million, increase in obligations under finance lease of approximately S\$0.2 million and increase in provision for reinstatement cost of approximately S\$0.2 million.

Review of Statement of Cash Flows

3Q2017

In 3Q2017, the Group recorded net cash generated from operating activities of approximately S\$0.2 million, which was a result of operating losses before changes in working capital of S\$0.8 million, decrease in operating receivables of approximately S\$0.9 million and increase in operating payables of approximately S\$0.9 million, adjusted for income tax paid of approximately S\$0.6 million and net interest expense paid of approximately S\$0.2 million.

Net cash used in investing activities amounted to approximately S\$2.2 million, which was mainly due to the acquisition of property, plant and equipment of approximately S\$1.4 million and advances to joint ventures of approximately S\$0.8 million.

Net cash generated from financing activities amounted to approximately S\$1.2 million, which was due to proceeds received from bank borrowings of approximately S\$2.0 million and uplift of deposit of approximately S\$0.1 million. These were partially offset by the repayment of obligations under finance lease of approximately S\$0.4 million and repayment of bank borrowings of approximately S\$0.5 million.

As a result of the above, the cash and cash equivalents decreased by approximately S\$0.8 million, amounting to S\$15.8 million as at 30 June 2017.

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

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

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

The Group expects rental demand for industrial and commercial properties to remain depressed mainly because the market is currently facing an oversupply of industrial and commercial space. This is expected to cause further downward pressures in rental and occupancy.

Our expectations are in line with the recent report released by JTC in its quarterly market report, which highlighted that prices and rentals of industrial space in Singapore continued to moderate in the second quarter of the year with the price and rental indices for the overall industrial property market falling by 1.6% and 0.8%, respectively from the first quarter of 2017. Looking at a year ago, the second quarter 2017 price and rental indices fell by 8.2 per cent and 4.1 per cent as compared to the second quarter 2016.¹ The report also highlighted that about 1.4 million sqm of industrial space, including 311,000 sqm of multiple-user factory space, was estimated to come on-stream in the second half of 2017.

Regardless of the current challenges in our Space Optimisation Business, we remain optimistic that our Facilities Management Business and Logistics Services Business will continue to enjoy strong growth because of the rising demand for such services.

On 5 May 2017, our Group announced it was seeking a proposed dual primary listing of its ordinary shares on the Main Board of The Stock Exchange of Hong Kong Limited (“SEHK”) and in an update posted on 11 June 2017, the Group announced the application proof of the prospectus has been uploaded on the website of the SEHK. Shareholders should note that upon successful dual listing on SEHK, there will be a further listing expenses of approximately \$2.3million to be paid.

On 22 May 2017, LHN announced its entry into the Greater China market with its first car park management contract in Hong Kong. This milestone is in-line with the Group’s strategy to expand into the Greater China Region and supports its intention for a dual listing on the Hong Kong bourse.

11. Dividend

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

None.

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

None.

(c) The date the dividend is payable.

Not applicable.

(d) Books closure date.

Not applicable.

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

No dividend has been declared or recommended for 3Q2017.

¹ Prices, rentals of industrial space in Singapore continue to moderate in Q2, *The Straits Times* (28 July 2017): <http://www.businesstimes.com.sg/government-economy/prices-rentals-of-industrial-space-in-singapore-continue-to-moderate-in-q2>

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

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 dated 1 April 2015, 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)	
	3 months ended 30 June 2017 S\$'000	9 months ended 30 June 2017 S\$'000	3 months ended 30 June 2017 S\$'000	9 months ended 30 June 2017 S\$'000
<u>Payments received by our Group</u>				
PJS Companies*				
- Property leases or sub-leases	-	-	74	335
- Facilities management services	-	-	3	6
	-	-	77	341
<u>Payments paid by our Group</u>				
PJS Companies*				
- Purchase of food and beverage products and services	-	-	1	2
	-	-	1	2
Total	-	-	78	343

* 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.

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14. Utilisation of Proceeds from the Initial Public Offering (“IPO”)

The following table sets out the breakdown of the use of proceeds from the IPO as at the date of announcement:

S/N	Purpose of IPO Proceeds	Amount Allocated	Amount Utilised	Balance
		S\$'000	S\$'000	S\$'000
1	To grow our property portfolio and acquire our own properties	5,000	5,000	-
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	3,000	-
4	Development of technological capability	500	254	246
5	General working capital	2,931	2,931	-
6	Listing expenses	2,569	2,569	-
	Total	17,000	16,754	246

The above utilisation is in accordance with the intended use of proceeds of IPO as stated in the Offer Document dated 1 April 2015.

Amount utilised for general working capital of approximately S\$2.9 million consisted of payment for:

- (i) partial rental cost and security deposit of approximately S\$0.4 million in relation to master lease secured for our second GreenHub Suited Offices in Jakarta; and
- (ii) renovation cost of approximately S\$2.5 million in relation to master leases secured for our Space Optimisation Business.

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

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

The Board of Directors of the Company confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for the third quarter and nine months ended 30 June 2017 to be false or misleading in any material aspect.

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

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

By Order of the Board
Kelvin Lim
Executive Chairman and Group Managing Director
7 August 2017



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This announcement has been prepared by LHN Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

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

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).