

**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 FIRST QUARTER (“1Q2019”) ENDED 31 DECEMBER 2018**

	Group		
	Three months ended 31 December		Change
	2018 (unaudited)	2017 (unaudited)	
	S\$'000	S\$'000	%
<b>Revenue</b>	26,883	25,909	3.8
Cost of sales	(20,636)	(20,017)	3.1
<b>Gross profit</b>	6,247	5,892	6.0
Other income	760	743	2.3
Other operating expenses	(182)	-	NM
Selling and distribution expenses	(404)	(408)	(1.0)
Administrative expenses	(5,485)	(7,228)	(24.1)
Finance cost	(215)	(202)	6.4
Share of results of associates and joint ventures, net of tax	413	(100)	NM
<b>Profit/(loss) before income tax</b>	1,134	(1,303)	NM
Income tax (expense)/credit	(169)	296	NM
<b>Profit/(loss) for the period</b>	965	(1,007)	NM
<b>Other comprehensive income/(loss)</b>			
<u>Item that will be reclassified subsequently to profit or loss</u>			
Currency translation differences arising from consolidation	12	(33)	NM
Other comprehensive income/(loss)	12	(33)	NM
Total comprehensive income/(loss) for the period	977	(1,040)	NM
<b>Profit/(loss) attributable to:</b>			
Equity holders of the Company	836	(1,017)	NM
Non-controlling interests	129	10	>100
Profit/(loss) for the period	965	(1,007)	NM
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company	849	(1,050)	NM
Non-controlling interests	128	10	>100
Total comprehensive income/(loss) for the period	977	(1,040)	NM
<i>NM – Not Meaningful</i>			

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

	<b>Group</b>	
	<b>Three months ended 31 December</b>	
	<b>2018 (unaudited)</b>	<b>2017 (unaudited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Depreciation of property, plant and equipment	1,470	1,493
Amortisation of intangible assets	17	-
Interest income	(82)	(96)
Allowance for impairment of trade and other receivables	171	-
Finance cost	215	202
Foreign exchange (gain)/loss, net	(89)	174
Gain on disposal of property, plant and equipment, net	-	(359)
Dual Listing expenses	-	1,842

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

**Statements of Financial Position**

	Group		Company	
	As At 31 December 2018 (unaudited)	As At 30 September 2018 (audited)	As At 31 December 2018 (unaudited)	As At 30 September 2018 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	25,376	20,854	-	-
Investment properties	46,185	46,054	-	-
Intangible assets	159	176	-	-
Available for sale financial assets	180	138	-	-
Investment in subsidiaries	-	-	32,727	32,727
Investment in associates	335	277	-	-
Investment in joint ventures	13,422	13,165	-	-
Deferred tax assets	695	476	-	-
Long-term prepayments	447	396	10	10
Other asset	7,677	7,690	-	-
	94,476	89,226	32,737	32,737
<b>Current assets</b>				
Inventories	87	46	-	-
Trade and other receivables	18,607	18,506	24,912	25,195
Loans to joint ventures	7,928	12,557	-	-
Prepayments	2,533	2,468	69	32
Cash and bank balances	16,648	15,319	2,288	1,658
Fixed deposits	9,698	10,029	5,000	5,334
	55,501	58,925	32,269	32,219
<b>TOTAL ASSETS</b>	149,977	148,151	65,006	64,956
<b>EQUITY</b>				
<b>Capital and Reserves</b>				
Share capital	63,407	63,407	63,407	63,407
Reserves	24,976	24,127	910	887
	88,383	87,534	64,317	64,294
Non-controlling interests	1,100	972	-	-
<b>TOTAL EQUITY</b>	89,483	88,506	64,317	64,294
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities	393	362	-	-
Other payables	32	33	-	-
Provision for reinstatement costs	435	52	-	-
Finance lease liabilities	3,346	2,934	-	-
Bank borrowings	16,744	16,520	-	-
	20,950	19,901	-	-
<b>Current liabilities</b>				
Trade and other payables	28,034	32,165	585	568
Provision for reinstatement costs	16	398	-	-
Finance lease liabilities	1,811	1,652	-	-
Bank borrowings	7,994	4,854	-	-
Current income tax liabilities	1,689	675	104	94
	39,544	39,744	689	662
<b>TOTAL LIABILITIES</b>	60,494	59,645	689	662
<b>TOTAL EQUITY AND LIABILITIES</b>	149,977	148,151	65,006	64,956

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

	Group	
	As At 31 December 2018 (unaudited)	As At 30 September 2018 (audited)
	S\$'000	S\$'000
<b>Amount repayable in one year or less (secured and guaranteed)</b>		
- Bank borrowings	7,994	4,854
- Finance lease liabilities	1,811	1,652
	9,805	6,506
<b>Amount repayable after one year (secured and guaranteed)</b>		
- Bank borrowings	16,744	16,520
- Finance lease liabilities	3,346	2,934
	20,090	19,454
<b>Total borrowings</b>	29,895	25,960

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

**Details of any collaterals:**

- (a) Bank borrowings of approximately S\$24.7 million as at 31 December 2018 (30 September 2018 – S\$21.4 million) obtained by our subsidiaries are secured by (i) legal mortgage of leasehold properties at 72 Eunos Avenue 7 and 100 Eunos Avenue 7 in Singapore; (ii) corporate guarantees provided by the Group; (iii) personal guarantees provided by a director and shareholder of a non-wholly owned subsidiary of the Company, in proportion to his shareholdings in such non-wholly owned subsidiary (the "**Subsidiary Director**"); and (iv) assignment of rental proceeds of the mortgaged properties. The Subsidiary Director is not a controlling shareholder of the Company.
- (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 the Subsidiary Director that is proportional to his shareholdings in the non-wholly owned subsidiary and corporate guarantees provided by the Group.

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

**Consolidated Statement of Cash Flows for First Quarter Ended 31 December 2018**

	<b>Group</b>	
	<b>Three months ended 31 December</b>	
	<b>2018 (unaudited) S\$'000</b>	<b>2017 (unaudited) S\$'000</b>
<b>Cash flows from operating activities:</b>		
Profit/(loss) before income tax	1,134	(1,303)
Share of results associates and joint ventures, net of tax	(413)	100
Adjustments for:		
Amortisation of intangible assets	17	-
Depreciation of property, plant and equipment	1,470	1,493
Gain on disposal of property, plant and equipment	-	(359)
Bad and doubtful debts	171	-
Dual Listing expenses	-	1,842
Finance income	(82)	(96)
Finance cost	215	202
<b>Operating profit before working capital changes</b>	<b>2,512</b>	<b>1,879</b>
Changes in working capital:		
-Inventories	(41)	25
-Trade and other receivables	(538)	(2,228)
-Trade and other payables	(423)	541
<b>Cash generated from operations</b>	<b>1,510</b>	<b>217</b>
Interest expense paid	(2)	(3)
Income tax paid	(80)	(34)
Income tax refunded	890	541
<b>Net cash generated from operating activities</b>	<b>2,318</b>	<b>721</b>
<b>Cash flows from investing activities:</b>		
Additions to property, plant and equipment	(4,492)	(972)
Purchase of available for sale financial assets	(42)	-
Additions to other asset	(4,272)	-
Proceeds from disposal of property, plant and equipment	-	480
Repayment from/(loans to) joint ventures, net	4,693	(900)
Dividend from associate	98	-
Interest received	14	6
<b>Net cash used in investing activities</b>	<b>(4,001)</b>	<b>(1,386)</b>
<b>Cash flows from financing activities:</b>		
Repayment of finance lease	(485)	(555)
Increase in fixed deposits - pledged	(2)	-
Proceeds from bank borrowings	4,957	1,300
Repayment of bank borrowings	(1,587)	(1,471)
Proceeds from issuance of shares	-	13,638
Share issue expense	-	(1,332)
Dual Listing expenses paid	-	(99)
Interest expense paid	(215)	(193)
<b>Net cash generated from financing activities</b>	<b>2,668</b>	<b>11,288</b>
Net increase in cash and cash equivalents	985	10,623
Cash and cash equivalents at beginning of period	20,667	14,885
Exchange gains/(losses) on cash and cash equivalents	10	(19)
<b>Cash and cash equivalents at end of period</b>	<b>21,662</b>	<b>25,489</b>

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	<b>Group</b>	
	<b>Three months ended 31 December</b>	
	<b>2018 (unaudited)</b>	<b>2017 (unaudited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash and cash equivalents comprise:		
Cash and bank balances	16,648	24,271
Fixed deposits	9,698	5,942
	26,346	30,213
Less: Pledged fixed deposits	(4,684)	(4,649)
Less: Bank overdrafts	-	(75)
<b>Cash and cash equivalents as per consolidated statement of cash flows</b>	<b>21,662</b>	<b>25,489</b>

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

**Statements of Changes in Equity**

GROUP (unaudited)	Share capital	Treasury shares	Retained profits	Merger reserve	Other reserve	Asset revaluation reserve	Exchange translation reserve	Total attributable to equity holders of the Company	Non- controlling interests	Total equity
<b>Balance at 1 October 2017</b>	51,287	(186)	47,197	(30,727)	298	3,576	(836)	70,609	333	70,942
New Shares issued pursuant to Dual Listing	13,638	-	-	-	-	-	-	13,638	-	13,638
Share issue expense	(1,332)	-	-	-	-	-	-	(1,332)	-	(1,332)
Cancellation of treasury shares	(186)	186	-	-	-	-	-	-	-	-
(Loss)/profit for the period	-	-	(1,017)	-	-	-	-	(1,017)	10	(1,007)
Other comprehensive loss	-	-	-	-	-	-	(33)	(33)	-	(33)
Total comprehensive (loss)/income for the period	-	-	(1,017)	-	-	-	(33)	(1,050)	10	(1,040)
<b>Balance at 31 December 2017</b>	<b>63,407</b>	<b>-</b>	<b>46,180</b>	<b>(30,727)</b>	<b>298</b>	<b>3,576</b>	<b>(869)</b>	<b>81,865</b>	<b>343</b>	<b>82,208</b>

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

<b>GROUP (unaudited)</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Retained profits</b>	<b>Merger reserve</b>	<b>Other reserve</b>	<b>Asset revaluation reserve</b>	<b>Exchange translation reserve</b>	<b>Total attributable to equity holders of the Company</b>	<b>Non- controlling interests</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Balance at 1 October 2018</b>	63,407	-	51,835	(30,727)	269	3,680	(930)	87,534	972	88,506
Profit for the period	-	-	836	-	-	-	-	836	129	965
Other comprehensive income/(loss)	-	-	-	-	-	-	13	13	(1)	12
Total comprehensive income for the period	-	-	836	-	-	-	13	849	128	977
<b>Balance at 31 December 2018</b>	<b>63,407</b>	<b>-</b>	<b>52,671</b>	<b>(30,727)</b>	<b>269</b>	<b>3,680</b>	<b>(917)</b>	<b>88,383</b>	<b>1,100</b>	<b>89,483</b>

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

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

<b>COMPANY (unaudited)</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Other reserve</b>	<b>Retained profits</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Balance at 1 October 2017</b>	51,287	(186)	29	2,495	53,625
New Shares issued pursuant to Dual Listing	13,638	-	-	-	13,638
Share issue expense	(1,332)	-	-	-	(1,332)
Cancellation of treasury shares	(186)	186	-	-	-
Total comprehensive loss for the period	-	-	-	(832)	(832)
<b>Balance at 31 December 2017</b>	<b>63,407</b>	<b>-</b>	<b>29</b>	<b>1,663</b>	<b>65,099</b>
<b>Balance at 1 October 2018</b>	63,407	-	-	887	64,294
Total comprehensive income for the period	-	-	-	23	23
<b>Balance at 31 December 2018</b>	<b>63,407</b>	<b>-</b>	<b>-</b>	<b>910</b>	<b>64,317</b>

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

As at 31 December 2018 and 30 September 2018, the share capital of the Company amounted to S\$63,406,836 comprising 402,445,400 issued ordinary shares.

The Company did not have any outstanding options, treasury shares, convertibles or subsidiary holdings as at 31 December 2018 and 31 December 2017.

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

The total number of issued ordinary shares (excluding treasury shares) as at 31 December 2018 was 402,445,400 (as at 30 September 2018: 402,445,400).

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

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

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

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

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

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

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

Not applicable.

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

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

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

The Company has adopted IFRS since the financial year ended 30 September 2017 as the Group is required to adopt IFRS to prepare its financial statements subsequent to obtaining the listing approval of its shares on The Stock Exchange of Hong Kong Limited (“SEHK”).

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

	Group	
	Three months Ended 31 December	
	2018 (unaudited)	2017 (unaudited)
<b>Earnings/(loss) per ordinary share</b>		
(i) Based on weighted average number of ordinary shares in issue (Singapore Cents)	0.21	(0.28)
(ii) On a fully diluted basis (Singapore Cents)	0.21	(0.28)
Weighted average number of shares (in '000)	402,445	361,815

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

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

	Group		Company	
	As at 31 December 2018 (unaudited)	As at 30 September 2018 (audited)	As at 31 December 2018 (unaudited)	As at 30 September 2018 (audited)
Net asset attributable to Shareholders (S\$ '000)	88,383	87,534	64,317	64,294
Number of ordinary shares in issue (in '000)	402,445	402,445	402,445	402,445
Net asset value per ordinary share (Singapore Cents)	21.96	21.75	15.98	15.98

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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**

For the period three months ended 31 December 2018 ("1Q2019") vs three months ended 31 December 2017 ("1Q2018")

**Revenue**

	1Q2019 S\$'000 (unaudited)	1Q2018 S\$'000 (unaudited)	Variance	
			S\$'000	%
Industrial Properties	9,735	10,214	(479)	(4.7)
Commercial Properties	5,604	5,250	354	6.7
Residential Properties	285	1,006	(721)	(71.7)
<b>Space Optimisation Business</b>	15,624	16,470	(846)	(5.1)
<b>Facilities Management Business</b>	5,183	4,629	554	12.0
<b>Logistics Services Business</b>	6,076	4,810	1,266	26.3
Total	26,883	25,909	974	3.8

The Group's revenue increased by approximately S\$1.0 million or 3.8% from approximately S\$25.9 million in 1Q2018 to approximately S\$26.9 million in 1Q2019 primarily due to an increase in revenue from the Commercial Properties under the Space Optimisation Business, as well as the Facilities Management Business and Logistics Services Business. The increase was partially offset by the decrease in revenue from the Industrial Properties and Residential Properties under the Space Optimisation Business.

**(a) Space Optimisation Business**

**Industrial Properties**

Revenue derived from Industrial Properties decreased by approximately S\$0.5 million or 4.7% from approximately S\$10.2 million in 1Q2018 to approximately S\$9.7 million in 1Q2019 mainly due to (i) movement of tenants due to expiry of sub-leases; and (ii) expiry and renewal of sub-leases at lower rental rates.

The average occupancy rate of the Group's Industrial Properties increased slightly by 1.3 percentage points to approximately 87.3% in 1Q2019 as compared to approximately 86.0% in 1Q2018.

**Commercial Properties**

Revenue derived from Commercial Properties increased by approximately S\$0.4 million or 6.7% from approximately S\$5.2 million in 1Q2018 to approximately S\$5.6 million in 1Q2019 mainly due to (i) increase in rental income as a result of higher occupancy rates; and (ii) one new master lease secured and tenanted in the East zone in Singapore in the third quarter of the financial year ended 30 September 2018.

The average occupancy rate of the Group's Commercial Properties increased by 4.1 percentage points to approximately 90.9% in 1Q2019 as compared to approximately 86.8% in 1Q2018.

### **Residential Properties**

Revenue derived from Residential Properties decreased by approximately S\$0.7 million or 71.7% from approximately S\$1.0 million in 1Q2018 to approximately S\$0.3 million in 1Q2019 mainly due to decrease in design consultancy fees.

### **(b) Facilities Management Business**

Revenue derived from our Facilities Management Business increased by approximately S\$0.6 million or 12.0% from approximately S\$4.6 million in 1Q2018 to approximately S\$5.2 million in 1Q2019 mainly due to increase in revenue from management of new car parks in Singapore.

### **(c) Logistics Services Business**

Revenue derived from our Logistics Services Business increased by approximately S\$1.3 million or 26.3% from approximately S\$4.8 million in 1Q2018 to approximately S\$6.1 million in 1Q2019 mainly due to an increase in transportation services provided and increase in demand of storage and repairs of leasing containers.

### **Cost of Sales**

Cost of sales increased by approximately S\$0.6 million or 3.1% from approximately S\$20.0 million in 1Q2018 to approximately S\$20.6 million in 1Q2019 mainly due to an increase in (i) upkeep and maintenance costs of approximately S\$0.3 million mainly due to the Space Optimisation Business; (ii) rental costs of approximately S\$0.2 million; and (iii) container depot management charges of approximately S\$0.1 million and transportation costs of approximately S\$0.1 million from our Logistics Services Business in line with the increase in logistics services rendered. The increase was partially offset by a decrease in direct labour costs of approximately S\$0.1 million.

### **Gross Profit**

In view of the above mentioned, gross profit increased by approximately S\$0.3 million from approximately S\$5.9 million in 1Q2018 to approximately S\$6.2 million in 1Q2019.

### **Other Income**

Other income increased marginally by approximately S\$17,000 or 2.3% from approximately S\$743,000 in 1Q2018 to approximately S\$760,000 in 1Q2019.

### **Other Operating Expenses**

Other operating expenses was approximately S\$0.2 million in 1Q2019 mainly due to impairment loss on trade receivables of approximately S\$0.2 million from the Space Optimisation Business (1Q2018: nil).

### **Selling and Distribution Expenses**

Selling and distribution expenses remained relatively unchanged at approximately S\$0.4 million in 1Q2019 and 1Q2018.

### **Administrative Expenses**

Administrative expenses decreased by approximately S\$1.7 million or 24.1% from approximately S\$7.2 million in 1Q2018 to approximately S\$5.5 million in 1Q2019 mainly due to expenses of approximately S\$1.8 million relating to the dual primary listing on the Main Board of SEHK (the "Dual Listing") in 1Q2018. This was partially offset by an increase in miscellaneous expenses of approximately S\$0.1 million in 1Q2019.

### **Finance Cost**

Finance cost remained relatively unchanged at approximately S\$0.2 million in 1Q2019 and 1Q2018.

### **Share of Results of Associates and Joint Ventures**

Share of results of associates and joint ventures amounted to a profit of approximately S\$0.4 million in 1Q2019 as compared to a loss of approximately S\$0.1 million in 1Q2018. The increase of approximately S\$0.5 million was mainly due to the increase in operating profit of associates and joint ventures.

### **Profit/(Loss) before Income Tax**

As a result of the aforementioned, the Group's profit before income tax was approximately S\$1.1 million in 1Q2019 as compared to a loss before income tax of approximately S\$1.3 million in 1Q2018.

### **Income Tax (Expense)/Credit**

Income tax expense amounted to approximately S\$0.2 million in 1Q2019 as compared to an income tax credit of approximately S\$0.3 million in 1Q2018. The increase in income tax expense of approximately S\$0.5 million was mainly due to higher taxable profits in 1Q2019 as compared to 1Q2018.

### **Profit/(Loss) for the Period**

As a result of the above, the Group's net profit was approximately S\$1.0 million in 1Q2019 as compared to a net loss of approximately S\$1.0 million in 1Q2018.

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

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

Non-current assets increased by approximately S\$5.3 million from approximately S\$89.2 million as at 30 September 2018 to approximately S\$94.5 million as at 31 December 2018 mainly due to increase in (i) property, plant and equipment ("PPE") of approximately S\$4.5 million due to additions to PPE of approximately S\$6.0 million mainly for renovation costs for our Space Optimisation Business and purchase of logistics equipment offset by depreciation of approximately S\$1.5 million; (ii) investment properties of approximately S\$0.1 million due to currency exchange translation gain; (iii) available for sale financial assets of approximately S\$42,000 due to additional capital injection in WeOffices ApS, a company incorporated in Denmark and principally engaged in the business of rental of serviced office space in Denmark; (iv) investment in associates and joint ventures of approximately S\$0.4 million mainly due to the share of profit of associates and joint ventures in 1Q2019; and (v) deferred tax assets of approximately S\$0.2 million.

#### **Current assets**

Current assets decreased by approximately S\$3.4 million from approximately S\$58.9 million as at 30 September 2018 to approximately S\$55.5 million as at 31 December 2018 mainly arising from a decrease in loans to joint ventures of approximately S\$4.6 million mainly due to the repayment of shareholders' loan from our joint venture company, Work Plus Store (AMK) Pte. Ltd.. The decrease was partially offset by an increase in (i) cash and bank balances and fixed deposits of approximately S\$1.0 million; (ii) trade and other receivables of approximately S\$0.1 million; and (iii) prepayments of approximately S\$0.1 million.

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

Non-current liabilities increased by approximately S\$1.0 million from approximately S\$19.9 million as at 30 September 2018 to approximately S\$20.9 million as at 31 December 2018 mainly due to (i) transfer of provision for reinstatement costs of approximately S\$0.4 million from current liabilities; (ii) an increase in finance lease liabilities of approximately S\$0.4 million; and (iii) an increase in bank borrowings of approximately S\$0.2 million.

#### **Current liabilities**

Current liabilities decreased by approximately S\$0.2 million from approximately S\$39.7 million as at 30 September 2018 to approximately S\$39.5 million as at 31 December 2018 mainly due to a decrease in (i) trade and other payables of approximately S\$4.1 million which was largely due to the progress payment for the property under construction in Cambodia; and (ii) transfer of provision for reinstatement costs of approximately S\$0.4 million to non-current liabilities due to the renewal of our master leases. These were partially offset by an increase in (i) income tax liabilities of approximately S\$1.0 million; (ii) bank borrowings of approximately S\$3.1 million; and (iii) finance lease liabilities of approximately S\$0.2 million.

### **Review of Statement of Cash Flows**

In 1Q2019, the Group recorded net cash generated from operating activities of approximately S\$2.3 million, which was a result of operating profit before changes in working capital of S\$2.5 million, increase in inventories of approximately S\$0.1 million, increase in trade and other receivables of approximately S\$0.5 million, decrease in trade and other payables of approximately S\$0.4 million and adjusted for net income tax refunded of approximately S\$0.8 million.

Net cash used in investing activities amounted to approximately S\$4.0 million, which was mainly due to additions to PPE for logistics equipment and renovation costs paid of approximately S\$4.5 million and additions to other asset of approximately S\$4.3 million for the property under construction in Cambodia. These were partially offset by the net repayment of loans from joint ventures of approximately S\$4.7 million and dividend received from associate of approximately S\$0.1 million.

Net cash generated from financing activities amounted to approximately S\$2.7 million, which was due to proceeds from bank borrowings of approximately S\$5.0 million. These were partially offset by the repayment of finance lease of approximately S\$0.5 million for logistics and carpark equipment, repayment of bank borrowings of approximately S\$1.6 million and interest expense paid of approximately S\$0.2 million.

As a result of the above, cash and cash equivalents increased by approximately S\$1.0 million, amounting to S\$21.7 million as at 31 December 2018.

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

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

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

Based on advance estimates as announced in the press release dated 2 January 2019 issued by the Ministry of Trade and Industry Singapore<sup>1</sup>, the Singapore economy grew by 2.2% on a year-on-year basis in the fourth quarter of 2018, easing slightly from the 2.3% growth in the preceding quarter. On 22 January 2019, the International Monetary Fund cut its world economic growth forecasts for 2019 and 2020, due to weakness in Europe and some emerging markets as well as global trade tensions<sup>2</sup>. Looking ahead, the Group expects continued market volatility and hence, shall continue to remain cautious in its business outlook.

As part of the Group's business strategy to tap on the growing popularity of the co-living space business, we are pleased to announce that at the start of January 2019, the Group was awarded a three-year lease by the Singapore Land Authority to operate a serviced apartment at 150 Cantonment Road Singapore 089762. The lease includes a three years option to renew with a further option to renew for another three years. The Group intends to manage this property under the Group's 85SOHO serviced residence brand.

On 7 January 2019, the Group announced that its wholly-owned subsidiary Work Plus Store (Joo Seng) Pte. Ltd. had completed the acquisition of the property at 71 Lorong 23 Geylang, THK Building, Singapore 388386. The purchase consideration of S\$18,000,000, of which, approximately S\$4.5 million (equivalent to HK\$26.8 million) was funded from the net proceeds from the global offering of the Company in Hong Kong and the remaining balance through a combination of internal source of funding and bank borrowings. The Group intends to use the property for self-storage and last mile logistics services.

The Group will continue to look for new properties and opportunities to grow and expand our Space Optimisation Business in Singapore and in other regions that we currently have a presence in as well as into other countries in Asia including China.

In the Facilities Management Business, the Group will continue to seek more external facilities management contracts by providing integrated facilities management services covering security services, repair, maintenance and cleaning of buildings and offices, pest control and fumigation. In addition, the Group will continue to look for more locations for our car park management business in both Singapore and Hong Kong and also intends to expand the car park management business to Cambodia.

<sup>1</sup> [https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2019/01/AdvEst\\_4Q18.pdf](https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2019/01/AdvEst_4Q18.pdf)

<sup>2</sup> [https://www.theedgesingapore.com/imf-cuts-global-growth-outlook-cites-trade-war-and-weak-europe?mc\\_cid=59109002c9&mc\\_eid=cde85cd309](https://www.theedgesingapore.com/imf-cuts-global-growth-outlook-cites-trade-war-and-weak-europe?mc_cid=59109002c9&mc_eid=cde85cd309)

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Our Logistics Services Business continues to be on track bringing in positive results and the Group is optimistic on the demand for container storage and repair services and transportation services. As part of the expansion plan in ASEAN countries, the Group intends to set up a new container depot in Myanmar and has already incorporated a subsidiary there.

**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 and the reason(s) for the decision.**

No dividend has been declared or recommended for 1Q2019 as the Group intends to better use the cash for expansion and other business opportunities.

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

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the Audit Committee and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. Details are set out in the Renewal of the Shareholders' Mandate for Interested Person Transactions dated 31 December 2018.

There were no interested persons transactions of S\$100,000 and above entered into during the financial period reported on.

**14. Utilisation of proceeds from the listing in Hong Kong**

Under the global offering in Hong Kong which was completed on 29 December 2017, the Company had allotted and issued 42,000,000 ordinary shares at a price of HK\$1.90 per share and raised HK\$79.8 million (equivalent to S\$13.6 million) in total gross proceeds. The net proceeds from the Dual Listing amounted to approximately HK\$44.4 million (equivalent to S\$7.4 million) after deduction of related expenses of approximately HK\$35.4 million (equivalent to S\$6.2 million) (the "Net Proceeds").

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

S/N	Purpose of Net Proceeds	Amount Allocated HK\$'000	Amount Utilised HK\$'000	Balance HK\$'000
1	Expansion of our space optimisation business by acquiring a new property in Singapore	26,815	26,815	-
2	Acquiring a property in Singapore for our logistics services management business	10,611	-	10,611
3	Set out our first operation in the PRC	1,776	-	1,776
4	General working capital	4,439	4,439	-
5	Acquiring transportation equipment for our logistics services business	755	274	481
	<b>Total</b>	44,396	31,528	12,868

Amount utilised for general working capital of approximately HK\$4.4 million (equivalent to S\$0.7 million) consisted of payment for renovation cost in relation to master lease secured under our Space Optimisation Business.

Approximately HK\$26.8 million (equivalent to S\$4.5 million) allocated for the acquisition of property in Singapore for the Space Optimisation Business had been utilised as the partial payment for the Geylang Property Acquisition, as announced by the Company on 7 January 2019.

The above utilisations are in accordance with the intended use of the Net Proceeds and percentage allocated, as stated in the Company's prospectus for the global offering dated 15 December 2017. The Company expects to utilise the remaining balance of the Net Proceeds of approximately HK\$12.9 million (equivalent to S\$2.2 million) by the end of year 2020.

The Company will continue to update in periodic announcements on the utilisation of the balance of the proceeds from the Dual Listing as and when the proceeds are materially disbursed and provide a status report on such use in its annual report and its quarterly and full year financial results announcements.

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

The board of directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for the three months ended 31 December 2018 to be false or misleading in any material aspect.

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

By Order of the Board of Directors of  
**LHN Limited**  
**Lim Lung Tieng**  
*Executive Chairman and Group Managing Director*  
12 February 2019