

**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 ("3Q2019") AND NINE MONTHS ENDED 30 JUNE 2019**

	Group					
	3 Months Ended 30 June		Change	9 Months Ended 30 June		Change
	2019 (unaudited)	2018 (unaudited)		2019 (unaudited)	2018 (unaudited)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	27,824	26,339	5.6	81,423	82,543	(1.4)
Cost of sales	(21,209)	(19,702)	7.6	(62,631)	(60,457)	3.6
<b>Gross profit</b>	6,615	6,637	(0.3)	18,792	22,086	(14.9)
Other income	1,975	923	>100	3,781	2,602	45.3
Other operating expenses	(12)	-	NM	(202)	(436)	(53.7)
Selling and distribution expenses	(297)	(237)	25.3	(973)	(1,238)	(21.4)
Administrative expenses	(5,934)	(5,699)	4.1	(17,107)	(18,727)	(8.7)
Finance cost	(423)	(211)	>100	(992)	(610)	62.6
Share of results of associates and joint ventures, net of tax	345	152	>100	2,298	800	>100
<b>Profit before income tax</b>	2,269	1,565	45.0	5,597	4,477	25.0
Income tax expenses	(4)	(238)	(98.3)	(236)	(754)	(68.7)
<b>Profit for the period</b>	2,265	1,327	70.7	5,361	3,723	44.0
<b>Other comprehensive income/(loss)</b>						
<u>Item that will be reclassified subsequently to profit or loss</u>						
Currency translation differences arising from consolidation	8	1	>100	35	(80)	NM
<u>Item that will not be reclassified subsequently to profit or loss</u>						
Revaluation gains on leasehold building	-	-	-	-	12	NM
Share of other comprehensive income of joint venture	-	-	-	14	44	(68.2)
Other comprehensive income/(loss)	8	1	>100	49	(24)	NM
Total comprehensive income for the period	2,273	1,328	71.2	5,410	3,699	46.3
<b>Profit attributable to:</b>						
Equity holders of the Company	2,146	1,186	80.9	4,961	3,554	39.6
Non-controlling interests	119	141	(15.6)	400	169	>100
Profit for the period	2,265	1,327	70.7	5,361	3,723	44.0
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	2,143	1,190	80.1	4,997	3,532	41.5
Non-controlling interests	130	138	(5.8)	413	167	>100
Total comprehensive income for the period	2,273	1,328	71.2	5,410	3,699	46.3
<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>3 Months Ended 30 June</b>		<b>9 Months Ended 30 June</b>	
	<b>2019 (unaudited)</b>	<b>2018 (unaudited)</b>	<b>2019 (unaudited)</b>	<b>2018 (unaudited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Depreciation of property, plant and equipment	1,605	1,464	4,583	4,381
Amortisation of intangible assets	17	-	51	-
Interest income	(63)	(116)	(246)	(317)
Finance costs	423	211	992	610
Allowance for impairment of trade and other receivables	12	-	183	-
Bad debts written off	-	-	-	28
Foreign exchange (gain)/loss, net	(53)	(277)	(182)	408
Loss/(gain) on disposal of property, plant and equipment, net	1	(14)	(83)	(373)
Property, plant and equipment written off	5	2	12	3
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 30 June 2019 (unaudited) S\$'000	As At 30 September 2018 (audited) S\$'000	As At 30 June 2019 (unaudited) S\$'000	As At 30 September 2018 (audited) S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	33,339	20,854	-	-
Investment properties	66,022	46,054	-	-
Intangible assets	124	176	-	-
Financial assets, available-for-sale	-	138	-	-
Financial assets, at FVOCI	317	-	-	-
Investment in subsidiaries	-	-	32,727	32,727
Investment in associates	612	277	-	-
Investment in joint ventures	15,044	13,165	-	-
Deferred tax assets	998	476	-	-
Long-term prepayments	355	396	9	10
Other asset	12,344	7,690	-	-
	129,155	89,226	32,736	32,737
<b>Current assets</b>				
Inventories	4	46	-	-
Trade and other receivables	18,506	18,506	29,111	25,195
Loans to joint ventures	1,798	12,557	-	-
Prepayments	2,305	2,468	58	32
Cash and bank balances	16,776	15,319	498	1,658
Fixed deposits	8,555	10,029	2,504	5,334
	47,944	58,925	32,171	32,219
<b>TOTAL ASSETS</b>	177,099	148,151	64,907	64,956
<b>EQUITY</b>				
<b>Capital and Reserves</b>				
Share capital	63,407	63,407	63,407	63,407
Reserves	28,690	24,127	967	887
	92,097	87,534	64,374	64,294
Non-controlling interests	1,385	972	-	-
<b>TOTAL EQUITY</b>	93,482	88,506	64,374	64,294
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities	409	362	-	-
Other payables	32	33	-	-
Provision for reinstatement costs	421	52	-	-
Finance lease liabilities	3,502	2,934	-	-
Bank borrowings	38,871	16,520	-	-
	43,235	19,901	-	-
<b>Current liabilities</b>				
Trade and other payables	32,068	32,165	511	568
Provision for reinstatement costs	-	398	-	-
Finance lease liabilities	2,092	1,652	-	-
Bank borrowings	5,556	4,854	-	-
Current income tax liabilities	666	675	22	94
	40,382	39,744	533	662
<b>TOTAL LIABILITIES</b>	83,617	59,645	533	662
<b>TOTAL EQUITY AND LIABILITIES</b>	177,099	148,151	64,907	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 30 June 2019 (unaudited) S\$'000	As At 30 September 2018 (audited) S\$'000
	<b>Amount repayable in one year or less (secured and guaranteed)</b>	
- Bank borrowings	5,556	4,854
- Finance lease liabilities	2,092	1,652
	7,648	6,506
<b>Amount repayable after one year (secured and guaranteed)</b>		
- Bank borrowings	38,871	16,520
- Finance lease liabilities	3,502	2,934
	42,373	19,454
<b>Total borrowings</b>	50,021	25,960

The Group does not have any unsecured borrowings and debt securities as at 30 June 2019 and 30 September 2018.

**Details of any collaterals:**

- (a) Bank borrowings of approximately S\$44.4 million as at 30 June 2019 (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, 100 Eunos Avenue 7 and 71 Lorong 23 Geylang (the "**Geylang Property**"); (ii) corporate guarantees provided by the Group; (iii) personal guarantees provided by a director and shareholder of a non-wholly owned subsidiary, who is not a controlling shareholder of the Company (the "**Subsidiary Director**"); and (iv) 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 the Subsidiary Director 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 2019**

	Group			
	3 Months Ended 30 June		9 Months Ended 30 June	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities:</b>				
Profit before income tax	2,269	1,565	5,597	4,477
Share of results of associates and joint ventures	(345)	(152)	(2,298)	(800)
Adjustments for:				
Amortisation of intangible assets	17	-	51	-
Depreciation of property, plant and equipment	1,605	1,464	4,583	4,381
Loss/(gain) on disposal of property, plant and equipment	1	(14)	(83)	(373)
Property, plant and equipment written off	5	2	12	3
Bad and doubtful debts	12	-	183	-
Waiver of debt from a director of subsidiaries	-	(7)	-	(49)
Dual Listing expenses	-	-	-	1,842
Finance income	(63)	(116)	(246)	(317)
Finance cost	423	211	992	610
<b>Operating profit before working capital changes</b>	<b>3,924</b>	<b>2,953</b>	<b>8,791</b>	<b>9,774</b>
Changes in working capital:				
- Inventories	91	(4)	42	18
- Trade and other receivables	709	(3,187)	(556)	(8,157)
- Trade and other payables	2,212	449	3,563	1,713
<b>Cash generated from operations</b>	<b>6,936</b>	<b>211</b>	<b>11,840</b>	<b>3,348</b>
Interest expense paid	(1)	-	(3)	(6)
Income tax paid	(694)	(557)	(1,484)	(1,355)
Income tax refunded	1	1	906	542
<b>Net cash generated from/(used in) operating activities</b>	<b>6,242</b>	<b>(345)</b>	<b>11,259</b>	<b>2,529</b>
<b>Cash flows from investing activities:</b>				
Additions of property, plant and equipment	(6,741)	(1,011)	(14,140)	(2,899)
Purchase of investment properties	(872)	-	(19,705)	-
Purchase of financial assets, at FVOCI	(137)	-	(179)	-
Additions to other asset	(510)	-	(8,997)	-
Proceeds from disposals of property, plant and equipment	12	18	96	498
Repayment from/(loans to) joint ventures, net	6,600	(475)	10,920	(1,725)
Cash outflow on incorporation of associate	-	(20)	-	(20)
Dividend from associate	-	-	98	100
Interest received	32	43	74	61
<b>Net cash used in investing activities</b>	<b>(1,616)</b>	<b>(1,445)</b>	<b>(31,833)</b>	<b>(3,985)</b>
<b>Cash flows from financing activities:</b>				
Repayment of finance lease	(578)	(445)	(1,565)	(1,453)
Increase in fixed deposits - pledged	(1,323)	-	(1,356)	-
Proceeds from bank borrowings	9,804	2,000	37,941	4,446
Repayment of bank borrowings	(9,515)	(549)	(14,857)	(4,042)
Proceeds from issuance of shares	-	-	-	13,638
Share issue expense	-	-	-	(1,332)
Dual Listing expenses paid	-	-	-	(2,067)
Capital contribution from non-controlling shareholder	-	86	-	86
Interest expenses paid	(427)	(211)	(992)	(598)
Dividend paid	-	(798)	-	(798)
<b>Net cash (used in)/generated from financing activities</b>	<b>(2,039)</b>	<b>83</b>	<b>19,171</b>	<b>7,880</b>
Net increase/(decrease) in cash and cash equivalents	2,587	(1,707)	(1,403)	6,424
Cash and cash equivalents at beginning of period	16,692	22,970	20,667	14,885
Effect of currency translation on cash and cash equivalents	14	16	29	(30)
<b>Cash and cash equivalents at end of period</b>	<b>19,293</b>	<b>21,279</b>	<b>19,293</b>	<b>21,279</b>

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	Group			
	3 Months Ended 30 June		9 Months Ended 30 June	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
Consolidated cash and cash equivalents are represented by:				
Cash and bank balances	16,776	14,965	16,776	14,965
Fixed deposits	8,555	10,981	8,555	10,981
	25,331	25,946	25,331	25,946
Less: Pledged fixed deposits	(6,038)	(4,667)	(6,038)	(4,667)
<b>Cash and cash equivalents as per consolidated statement of cash flows</b>	19,293	21,279	19,293	21,279

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

**Statements of Changes in Equity**

<b>GROUP (unaudited)</b>	<b>Share capital</b>	<b>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>Balance at 1 April 2018</b>	63,407	49,594	(30,727)	269	3,632	(918)	85,257	362	85,619
Dividend paid for FY2017	-	(798)	-	-	-	-	(798)	-	(798)
Capital contribution from non-controlling shareholder	-	-	-	-	-	-	-	86	86
Profit for the period	-	1,186	-	-	-	-	1,186	141	1,327
Other comprehensive income/(loss)	-	-	-	-	-	4	4	(3)	1
Total comprehensive income for the period	-	1,186	-	-	-	4	1,190	138	1,328
<b>Balance at 30 June 2018</b>	<b>63,407</b>	<b>49,982</b>	<b>(30,727)</b>	<b>269</b>	<b>3,632</b>	<b>(914)</b>	<b>85,649</b>	<b>586</b>	<b>86,235</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>GROUP (unaudited)</b>	<b>Share capital</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>Balance at 1 April 2019</b>	63,407	54,216	(30,727)	269	3,694	(905)	89,954	1,255	91,209
Profit for the period	-	2,146	-	-	-	-	2,146	119	2,265
Other comprehensive (loss)/income	-	-	-	-	-	(3)	(3)	11	8
Total comprehensive Income/(loss) for the period	-	2,146	-	-	-	(3)	2,143	130	2,273
<b>Balance at 30 June 2019</b>	<b>63,407</b>	<b>56,362</b>	<b>(30,727)</b>	<b>269</b>	<b>3,694</b>	<b>(908)</b>	<b>92,097</b>	<b>1,385</b>	<b>93,482</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>Retained profits</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Balance at 1 April 2018</b>	63,407	1,466	64,873
Dividend paid for FY2017	-	(798)	(798)
Total comprehensive income for the period	-	190	190
<b>Balance at 30 June 2018</b>	<b>63,407</b>	<b>858</b>	<b>64,265</b>
<b>Balance at 1 April 2019</b>	63,407	939	64,346
Total comprehensive income for the period	-	28	28
<b>Balance at 30 June 2019</b>	<b>63,407</b>	<b>967</b>	<b>64,374</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 30 June 2019 and 31 March 2019, 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 30 June 2019 and 30 June 2018.

- 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 2019 and 30 September 2018 was 402,445,400.

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

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

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

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

- 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 30 June 2019 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.**

As at 1 October 2018, the Company and the Group applied new accounting standards (i) IFRS 9 Financial Instrument; and (ii) IFRS 15 Revenue from Contracts with Customers.

IFRS 9 replaces the “incurred loss” model with the “expected credit loss” model for assessing impairment of financial assets. As a result of adopting the new model, an additional impairment allowance of S\$617,000 against trade receivables was recognised. As allowed under the transition rules of the new standard, S\$434,000 was adjusted against the retained earnings as at 1 October 2018, and the remaining S\$183,000 was recognised in the 9-month period ended 30 June 2019. The effects on adoption of IFRS 9 would have resulted in a similar increase of S\$434,000 on impairment allowance on trade receivable and a corresponding decrease in the retained earnings and the reclassification of available for sale financial assets to financial assets, at FVOCI at 30 June 2019.

Management has assessed that there is no significant impact on the adoption of IFRS 15.

**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 30 June		Nine months Ended 30 June	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
<b><u>Earnings per ordinary share</u></b>				
(i) Based on weighted average number of ordinary shares in issue (Singapore Cents)	0.53	0.29	1.23	0.91
(ii) On a fully diluted basis (Singapore Cents)	0.53	0.29	1.23	0.91
Weighted average number of shares (in '000)	402,445	402,445	402,445	388,753

The basic and diluted earnings per share are the same as there were no potentially dilutive ordinary securities in issue as at 30 June 2019 and 30 June 2018.

**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 June 2019 (unaudited)	As at 30 September 2018 (audited)	As at 30 June 2019 (unaudited)	As at 30 September 2018 (audited)
Net asset attributable to Shareholders (S\$ '000)	92,097	87,534	64,374	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)	22.88	21.75	16.00	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 30 June 2019 ("3Q2019") vs three months ended 30 June 2018 ("3Q2018")**

**Revenue**

	3Q2019 S\$'000 (unaudited)	3Q2018 S\$'000 (unaudited)	Variance	
			S\$'000	%
Industrial Properties	9,717	10,070	(353)	(3.5)
Commercial Properties	5,307	5,169	138	2.7
Residential Properties	1,226	400	826	>100
<b>Space Optimisation Business</b>	16,250	15,639	611	3.9
<b>Facilities Management Business</b>	5,063	4,539	524	11.5
<b>Logistics Services Business</b>	6,511	6,161	350	5.7
<b>Total</b>	27,824	26,339	1,485	5.6

The Group's revenue increased by approximately S\$1.5 million or 5.6% from approximately S\$26.3 million in 3Q2018 to approximately S\$27.8 million in 3Q2019 primarily due to an increase in revenue from (i) the Commercial Properties and Residential Properties of our Space Optimisation Business; (ii) the Facilities Management Business; and (iii) the Logistics Services Business. The increase was partially offset by the decrease in revenue from the Industrial Properties of our Space Optimisation Business.

**(a) Space Optimisation Business**

Industrial Properties

Revenue derived from Industrial Properties decreased by approximately S\$0.4 million or 3.5% from approximately S\$10.1 million in 3Q2018 to approximately S\$9.7 million in 3Q2019 mainly due to (i) movement of tenants due to expiry of sub-leases; and (ii) renewal of sub-leases at lower rental rates.

The average occupancy rate of the Group's Industrial Properties decreased by 2.3 percentage points to 87.2% in 3Q2019 as compared to approximately 89.5% in 3Q2018.

Commercial Properties

Revenue derived from Commercial Properties slightly increased by approximately S\$0.1 million or 2.7% from approximately S\$5.2 million in 3Q2018 to approximately S\$5.3 million in 3Q2019 mainly due to increase in rental income as a result of higher occupancy rates.

The average occupancy rate of the Group's Commercial Properties increased by 4.6 percentage points to approximately 91.0% in 3Q2019 as compared to 86.4% in 3Q2018.

Residential Properties

Revenue derived from Residential Properties increased by approximately S\$0.8 million or 206.5% from approximately S\$0.4 million in 3Q2018 to approximately S\$1.2 million in 3Q2019 mainly due to the co-live business at 31 Boon Lay Drive in Singapore which started to generate revenue from the second quarter of our financial year ended 30 September 2019.

**(b) Facilities Management Business**

Revenue derived from our Facilities Management Business increased by approximately S\$0.5 million or 11.5% from approximately S\$4.5 million in 3Q2018 to approximately S\$5.0 million in 3Q2019 mainly due to increase in revenue of approximately S\$0.9 million from the management of new carparks in Singapore. This was partially offset by the decrease in revenue of approximately S\$0.4 million from the security services business as a result of the completion of the disposal of the business as disclosed in the announcement dated 31 May 2019.

**(c) Logistics Services Business**

Revenue derived from our Logistics Services Business increased by approximately S\$0.3 million or 5.7% from approximately S\$6.2 million in 3Q2018 to approximately S\$6.5 million in 3Q2019 mainly due to increase in transportation services provided from the trucking business and an increase in demand for storage and repairs of leasing containers in Thailand.

**Cost of sales**

Cost of sales increased by approximately S\$1.5 million or 7.6% from approximately S\$19.7 million in 3Q2018 to approximately S\$21.2 million in 3Q2019 mainly due to an increase in (i) rental costs of approximately S\$1.3 million relating to the new sites secured for the carpark business and the co-work co-live business at 31 Boon Lay Drive and 150 Cantonment Road which is currently under renovation; and (ii) upkeep and maintenance costs of approximately S\$0.7 million mainly due to the increase in demand for transportation services, storage and repairs of leasing containers under the Logistics Services Business. The increase was partially offset by the decrease in direct labour costs of approximately S\$0.5 million as a result of decrease in manpower cost under the Facilities Management Business as the disposal of the security services business was completed in May 2019.

**Gross profit**

In view of the above mentioned, gross profit remained relatively stable at approximately S\$6.6 million in 3Q2018 and 3Q2019.

**Other income**

Other income increased by approximately S\$1.1 million or 114.0% from approximately S\$0.9 million in 3Q2018 to approximately S\$2.0 million in 3Q2019 mainly due to the non-recurring gain on disposal of our security services business of approximately S\$1.4 million. This was partially offset by the decrease in (i) foreign exchange gain of approximately S\$0.2 million; and (ii) miscellaneous income of approximately S\$0.1 million.

**Selling and distribution expenses**

Selling and distribution expenses increased by approximately S\$0.1 million or 25.3% from approximately S\$0.2 million in 3Q2018 to approximately S\$0.3 million in 3Q2019 mainly due to increase in advertising expenses and agent commission incurred under our Space Optimisation Business to secure sub-leases for the co-work co-live business.

**Administrative expenses**

Administrative expenses increased by approximately S\$0.2 million or 4.1% from approximately S\$5.7 million in 3Q2018 to approximately S\$5.9 million in 3Q2019 mainly due to increase in (i) depreciation of property, plant and equipment of approximately S\$0.1 million; and (ii) miscellaneous expenses of approximately S\$0.1 million.

**Finance cost**

Finance cost increased by approximately S\$0.2 million or 100.5% from approximately S\$0.2 million in 3Q2018 to approximately S\$0.4 million in 3Q2019 mainly due to increased interest expenses from the increase in bank borrowings.

**Share of results of associates and joint ventures**

Share of results of associates and joint ventures increased by approximately S\$0.2 million or 127.0% from approximately S\$0.1 million in 3Q2018 to approximately S\$0.3 million in 3Q2019 mainly due to an increase in share of operating profits of approximately S\$0.2 million in 3Q2019.

### **Profit before income tax**

As a result of the aforementioned, the Group's profit before income tax was approximately S\$2.3 million in 3Q2019 as compared to approximately S\$1.6 million in 3Q2018.

### **Income tax expenses**

Income tax expense decreased by approximately S\$0.2 million or 98.3% from approximately S\$0.2 million in 3Q2018 to approximately S\$4,000 in 3Q2019 mainly due to lower taxable profit.

### **Profit for the period**

As a result of the above, the Group's net profit was approximately S\$2.3 million in 3Q2019 as compared to approximately S\$1.3 million in 3Q2018, representing an increase of 70.7%.

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

### **Non-current assets**

Non-current assets increased by approximately S\$39.9 million from approximately S\$89.2 million as at 30 September 2018 to approximately S\$129.1 million as at 30 June 2019 mainly due to increase in (i) property, plant and equipment ("PPE") of approximately S\$12.5 million due to additions amounting to approximately S\$17.1 million mainly for renovation costs for our new co-work co-live business and serviced residence property under the Space Optimisation Business, renovation costs for our container depot and purchase of logistics equipment under the Logistics Services Business, offset by depreciation of approximately S\$4.6 million; (ii) investment properties of approximately S\$19.9 million mainly for the purchase of the Geylang Property; (iii) investment in associates and joint ventures of approximately S\$2.2 million mainly due to the share of profit of associates and joint ventures for the nine months ended 30 June 2019; (iv) deferred tax assets of approximately S\$0.5 million; and (v) other assets of approximately S\$4.6 million due to the progress billing of the property under construction in Cambodia under the Space Optimisation Business ("Axis Residences").

Approximately S\$0.1 million of investment in WeOffices ApS, a company incorporated in Denmark and principally engaged in the business of rental of serviced office space in Denmark, was reclassified to financial assets, at fair value through other comprehensive income ("FVOCI"), from financial assets, available-for-sale, due to the adoption of IFRS 9 as explained in Paragraph 5 above. In addition, there was an increase of approximately S\$0.2 million of investment in WeOffices ApS during the nine months ended 30 June 2019.

### **Current assets**

Current assets decreased by approximately S\$11.0 million from approximately S\$58.9 million as at 30 September 2018 to approximately S\$47.9 million as at 30 June 2019 mainly arising from the decrease in (i) loans to joint ventures of approximately S\$10.8 million mainly due to the repayment of shareholders' loan from our joint venture companies; and (ii) prepayments of approximately S\$0.2 million.

Trade and other receivables remained unchanged at approximately S\$18.5 million as at 30 June 2019. Trade receivables decreased by approximately S\$1.4 million, offset by an increase in other receivables of approximately S\$2.0 million which consist largely of deposits paid and an increase in allowance for impairment of approximately S\$0.6 million due to the adoption of IFRS 9 as explained in Paragraph 5 above. The decrease in trade receivables was mainly due to the receipt of approximately S\$1.9 million from the billing of rights to use 85 SOHO brand in Cambodia, which was partially offset by higher trade receivables from the Logistics Services Business of approximately S\$0.8 million which was in line with the increase in logistics revenue.

### **Non-current liabilities**

Non-current liabilities increased by approximately S\$23.3 million from approximately S\$19.9 million as at 30 September 2018 to approximately S\$43.2 million as at 30 June 2019 mainly due to (i) reclassification of provision for reinstatement costs of approximately S\$0.4 million from current liabilities due to the renewal of our master leases; (ii) an increase in finance lease liabilities of approximately S\$0.6 million; and (iii) an increase in bank borrowings of approximately S\$22.3 million mainly for the purchase of the Geylang Property of approximately S\$14.1 million and the purchase of Axis Residences in Cambodia of approximately S\$4.9 million.

### **Current liabilities**

Current liabilities increased by approximately S\$0.6 million from approximately S\$39.7 million as at 30 September 2018 to approximately S\$40.3 million as at 30 June 2019 mainly due to the increase in (i) bank borrowings of approximately S\$0.7 million; and (ii) finance lease liabilities of approximately S\$0.4 million. These were partially offset by a decrease in (i) trade and other payables of approximately S\$0.1 million; and (ii) provision for reinstatement costs of approximately S\$0.4 million to non-current liabilities as mentioned above.

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

In 3Q2019, the Group recorded net cash generated from operating activities of approximately S\$6.2 million, which was a result of operating profit before changes in working capital of S\$3.9 million, decrease in inventories of approximately S\$0.1 million, decrease in trade and other receivables of approximately S\$0.7 million, increase in trade and other payables of approximately S\$2.2 million and adjusted for net income tax paid of approximately S\$0.7 million.

Net cash used in investing activities amounted to approximately S\$1.6 million, which was mainly due to (i) additions to PPE for renovation costs paid for our new co-work co-live business and serviced residence property under the Space Optimisation Business and logistics equipment under the Logistics Services Business of approximately S\$6.7 million; (ii) additions to investment property, the Geylang Property, of approximately S\$0.9 million; (iii) purchase of financial assets, at FVOCI of approximately S\$0.1 million; and (iv) additions to other asset of approximately S\$0.5 million for Axis Residences. These were partially offset by the repayment of loans from joint ventures of approximately S\$6.6 million.

Net cash used in financing activities amounted to approximately S\$2.0 million, which was due to (i) repayment of bank borrowings of approximately S\$9.5 million; (ii) interest expenses paid of approximately S\$0.4 million; (iii) repayment of finance lease of approximately S\$0.6 million for logistics and carpark equipment; and (iv) increase in pledged fixed deposits of approximately S\$1.3 million. These were partially offset by the proceeds from bank borrowings of approximately S\$9.8 million.

As a result of the above, cash and cash equivalents increased by approximately S\$2.6 million, amounting to S\$19.3 million as at 30 June 2019.

**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 12 July 2019 issued by the Ministry of Trade and Industry Singapore<sup>1</sup>, the Singapore economy grew by 0.1% on a year-on-year basis in the second quarter of 2019, slower than the 1.1% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy shrank by 3.4%, after posting growth of 3.8% in the preceding quarter.

Given the present economic outlook, the Group continues to remain very cautious in its business outlook. As announced in The Business Times<sup>2</sup> dated 13 July 2019, the Singapore economy has now notched its lowest quarterly growth since 2009, and has slowed sharply from the first quarter's 1.1% expansion. With the road ahead looking rocky, the Group is cautiously exploring new opportunities in Singapore and also other growth markets in the ASEAN region to expand its current business offerings.

For our Space Optimisation Business, the Group continues to grow its co-living space business. In May 2019, the Group was awarded a three-year lease by the Singapore Land Authority to operate a student hostel at 1A Lutheran Road, Singapore 267745. The lease includes a three years option to renew with a further option to renew for another three years.

<sup>1</sup> [https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2019/07/Adv\\_Est2Q19.pdf](https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2019/07/Adv_Est2Q19.pdf)

<sup>2</sup> <https://www.businesstimes.com.sg/government-economy/how-low-can-gdp-numbers-go-dpm-heng-rebuffs-recession-fears>

On 29 July 2019, the Group announced its grand opening and ribbon cutting of the 13-storey property at 137 Upper Pansodan, M-8, Mingala Taung Nyunt Township in Myanmar. The 13-storey property has completed the renovation and is now fully operational to be managed as a premium serviced residence. It comprises 88 units of premium one-bedroom apartments that are equipped with smart-home features including digital lockset, smart lightings, controlled air-conditioning system, and wash-and-dry toilet system. The property is also fitted with Japanese Onsen SPA facilities and has a rooftop bar and restaurant for residents to enjoy their al fresco dining while admiring the panoramic view of the city and the magnificent Shwedagon Pagoda.

Under the Group's Facilities Management Business, the Group announced on 31 May 2019 that it had completed the disposal of the Industrial & Commercial Security Pte Ltd ("ICS") security services business (the "Completion Date"). As there may be additional client contracts to be novated to Prosegur Singapore Pte Ltd (the "Purchaser"), additional adjustments to the completion payment may be payable by the Purchaser to ICS on the date falling eight months after the Completion Date. With the Completion of the disposal, other than those contracts that are not novated to the Purchaser in accordance with the business purchase agreement, the Group will no longer engage in ICS security services business except for the supply, installation, and maintenance of security cameras as part of a full suite of facilities management services at premises owned or managed by the Group. Please refer to the announcement of the Company dated 31 May 2019 for further details.

Moving forward, the Group continues to provide integrated facilities management services and carpark management. On 9 July 2019, the Group announced that it had secured a third carpark contract in Hong Kong from the Government of the Hong Kong Special Administrative Region. Situated on an estimated land area of 19,100 square metres at Tuen Yee Street, Area 16, Tuen Mun, New Territories, the carpark offers private car parking and lorry parking of all sizes including trailer parking which is in high demand.

Under the Logistics Services Business, the Group announced on 17 May 2019 that it has received an option to purchase a property at 7 Gul Avenue, Singapore 629651, where the property will be used to operate a parking yard for our logistics vehicles, ISO tank depot and provide logistics services. The property has a total land area of approximately 22,479.7 square meters, gross floor area of approximately 8,284 square meters with a remaining leasehold life of approximately 13 years. The consideration of the property is S\$13.0 million and a 5% deposit has been paid. In the event that our Group accepts the offer to purchase the property, the consideration will be funded from net proceeds of approximately S\$1.8 million from the global offering of the Company in Hong Kong and the balance will be funded by internal source of funding and bank borrowings. Please refer to the announcements of the Company dated 17 May 2019 and 8 August 2019 for further details. The Company will make further announcement(s) as and when there are material development(s) to the proposed acquisition.

## 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.

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**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 3Q2019 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 AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. Details are set out in the Renewal of the Shareholders' Mandate for Interested Person Transactions.

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

Name of Interested Persons and Transactions	Aggregate value of all interested person transactions during the period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	3 months ended 30 June 2019 S\$'000	9 months ended 30 June 2019 S\$'000	3 months ended 30 June 2019 S\$'000	9 months ended 30 June 2019 S\$'000
<u>Payments received by our Group</u>				
PJS Companies* - Property leases or sub-leases	-	-	59	178
	-	-	59	178
<b>Total</b>	-	-	<b>59</b>	<b>178</b>

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

**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 up 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 third quarter and nine months ended 30 June 2019 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*  
13 August 2019