

LHN LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 201420225D

PART I - INFORMATION REQUIRED FOR 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 HALF YEAR ENDED 31 MARCH 2021

	Group		
	Six months ended 31 March		Change
	2021 (unaudited) S\$'000	2020 (unaudited) S\$'000	
Revenue	64,478	51,619	24.9
Cost of sales	(29,295)	(29,703)	(1.4)
Gross profit	35,183	21,916	60.5
Other income	5,963	2,757	>100
Other operating expenses			
- Impairment loss on trade, other and lease receivables	(1,050)	(197)	>100
- Others	(1,062)	(444)	>100
Selling and distribution expenses	(843)	(751)	12.3
Administrative expenses	(15,612)	(13,185)	18.4
Finance cost	(2,508)	(2,576)	(2.6)
Share of results of associates and joint ventures, net of tax	925	579	59.8
Fair value losses on investment properties	(2,720)	(4,317)	(37.0)
Profit before income tax	18,276	3,782	>100
Income tax expense	(3,012)	(315)	>100
Profit for the period	15,264	3,467	>100
Other comprehensive (loss)/income			
<u>Item that will not be reclassified subsequently to profit or loss</u>			
Currency translation differences arising from consolidation	(6)	(26)	(76.9)
Financial assets, at FVOCI			
- Fair value gain – equity investment	-	13	NM
Share of other comprehensive income of joint venture	5	4	25.0
Other comprehensive loss	(1)	(9)	(88.9)
Total comprehensive income for the period	15,263	3,458	>100
Profit attributable to:			
Equity holders of the Company	14,809	3,176	>100
Non-controlling interests	455	291	56.0
Profit for the period	15,264	3,467	>100
Total comprehensive income attributable to:			
Equity holders of the Company	14,814	3,184	>100
Non-controlling interests	449	274	63.0
Total comprehensive income for the period	15,263	3,458	>100
<i>NM – Not Meaningful</i>			

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(Incorporated in the Republic of Singapore)

Company Registration No. 201420225D

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

	Group	
	Six months ended 31 March	
	2021 (unaudited) S\$'000	2020 (unaudited) S\$'000
Depreciation of right-of-use assets	7,102	5,964
Depreciation of property, plant and equipment	3,175	4,246
Amortisation of intangible assets	34	34
Interest income on bank deposits and loans	(105)	(100)
Interest income on lease receivables	(609)	(659)
Finance cost		
- on borrowings	979	810
- on lease liabilities from hire purchase arrangement	86	93
- on lease liabilities from lease arrangement	1,443	1,673
Allowance for impairment of trade, other and lease receivables	1,050	197
Provision for losses from onerous contract	-	270
Foreign exchange loss, net	364	174
(Gain)/loss on disposal of property, plant and equipment, net	(26)	39
Property, plant and equipment written off	13	39
Gains from net investment in subleases	(1,880)	(433)
Gains from termination of lease	(2)	-
Lease modification losses	698	-
Fair value losses		
- on investment properties	690	507
- on investment properties (right-of-use)	2,030	3,810

LHN LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 201420225D

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

Statements of Financial Position

	Group		Company	
	As At 31 March 2021 (unaudited)	As At 30 September 2020 (audited)	As At 31 March 2021 (unaudited)	As At 30 September 2020 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	42,460	40,363	-	-
Right-of-use assets	44,387	35,184	-	-
Investment properties	140,230	115,578	-	-
Intangible assets	6	40	-	-
Investment in subsidiaries	-	-	32,727	32,727
Investment in associates	250	178	-	-
Investment in joint ventures	17,816	17,186	-	-
Deferred tax assets	149	77	-	-
Long-term prepayments	142	116	5	5
Lease receivables	21,585	26,149	-	-
	267,025	234,871	32,732	32,732
Current assets				
Inventories	91	75	-	-
Trade and other receivables	36,306	43,366	32,894	32,037
Grant receivables	494	1,058	-	16
Loans to joint ventures and associates	6,598	4,959	-	-
Prepayments	1,778	1,823	59	46
Lease receivables	18,596	17,104	-	-
Cash and bank balances	36,348	38,446	3,949	6,682
Fixed deposits	1,379	2,046	-	-
	101,590	108,877	36,902	38,781
TOTAL ASSETS	368,615	343,748	69,634	71,513
EQUITY				
Capital and Reserves				
Share capital	63,407	63,407	63,407	63,407
Reserves	69,045	58,234	4,485	5,473
	132,452	121,641	67,892	68,880
Non-controlling interests	2,388	1,939	-	-
TOTAL EQUITY	134,840	123,580	67,892	68,880

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(Incorporated in the Republic of Singapore)

Company Registration No. 201420225D

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 (Cont'd)

	Group		Company	
	As At 31 March 2021 (unaudited) S\$'000	As At 30 September 2020 (audited) S\$'000	As At 31 March 2021 (unaudited) S\$'000	As At 30 September 2020 (audited) S\$'000
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	3,568	3,573	-	-
Other payables	21	21	-	-
Provisions	781	212	-	-
Bank borrowings	68,767	55,997	-	-
Lease liabilities	72,276	66,182	-	-
	145,413	125,985	-	-
Current liabilities				
Trade and other payables	33,363	43,701	1,553	2,419
Deferred grant income	885	927	-	20
Provisions	287	1,106	-	-
Bank borrowings	10,263	10,725	-	-
Lease liabilities	37,960	33,193	-	-
Current income tax liabilities	5,604	4,531	189	194
	88,362	94,183	1,742	2,633
TOTAL LIABILITIES	233,775	220,168	1,742	2,633
TOTAL EQUITY AND LIABILITIES	368,615	343,748	69,634	71,513

LHN LIMITED

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Company Registration No. 201420225D

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

	Group	
	As At 31 March 2021 (unaudited) S\$'000	As At 30 September 2020 (audited) S\$'000
	Amount repayable in one year or less (secured and guaranteed)	
- Bank borrowings	10,263	10,725
- Lease liabilities	37,960	33,193
	48,223	43,918
Amount repayable after one year (secured and guaranteed)		
- Bank borrowings	68,767	55,997
- Lease liabilities	72,276	66,182
	141,043	122,179
Total borrowings	189,266	166,097

The Group does not have any unsecured borrowings and debt securities as at 31 March 2021 and 30 September 2020.

Details of any collaterals:

- (a) Bank borrowings of approximately S\$79.0 million as at 31 March 2021 (30 September 2020 – S\$66.7 million) obtained by our subsidiaries are secured by (i) legal mortgage of leasehold properties at 72 Eunos Avenue 7, 100 Eunos Avenue 7, 71 Lorong 23 Geylang, 7 Gul Avenue, 320 Balestier Road in Singapore and Axis Residences in Cambodia; (ii) corporate guarantees provided by the Group; (iii) assignment of rental proceeds of the mortgaged properties; and (iv) personal guarantees provided by directors and shareholders of certain non-wholly owned subsidiaries of the Company, who are not controlling shareholders of the Company (the "**Subsidiaries Directors**"), where applicable.
- (b) Certain 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 Subsidiaries Directors and corporate guarantees provided by the Group.

LHN LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 201420225D

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 Half Year Ended 31 March 2021

	Group	
	Six months ended 31 March	
	2021 (unaudited)	2020 (unaudited)
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit before income tax	18,276	3,782
Share of results of associates and joint ventures, net of tax	(925)	(579)
Adjustments for:		
Amortisation of intangible assets	34	34
Depreciation of property, plant and equipment	3,175	4,246
Depreciation of right-of-use assets	7,102	5,964
(Gain)/loss on disposal of property, plant and equipment	(26)	39
Property, plant and equipment written off	13	39
Fair value losses on investment properties	2,720	4,317
Gain from net investment in subleases	(1,880)	(433)
Gain from termination of lease	(2)	-
Lease modification losses	698	-
Impairment loss on trade, other and lease receivables	1,050	197
Provision for losses from onerous contract	-	270
Finance income	(714)	(759)
Finance cost	2,508	2,576
Operating profit before working capital changes	32,029	19,693
Changes in working capital:		
-Inventories	(16)	(44)
-Trade and other receivables	5,091	(388)
-Trade and other payables	(10,246)	(1,683)
Cash generated from operations	26,858	17,578
Interest expense paid	(28)	-
Income tax paid	(2,072)	(414)
Income tax refunded	62	825
Net cash generated from operating activities	24,820	17,989
Cash flows from investing activities:		
Additions to property, plant and equipment	(5,596)	(19,602)
Additions to investment properties	(17,238)	(21)
Purchase of financial assets, at FVOCI	(115)	-
Additions to other asset	-	(128)
Cash outflow on acquisition of joint venture	-	(500)
Proceeds from disposal of property, plant and equipment	81	253
Disposal of financial assets, at FVOCI	-	330
Loans to joint ventures and associates, net	(1,591)	(3,525)
Receipts from lease receivables	9,931	7,472
Interest received from lease receivables	609	658
Cash outflow on incorporation of associate	(80)	-
Dividend from associate	309	264
Interest received	50	213
Net cash used in investing activities	(13,640)	(14,586)
Cash flows from financing activities:		
Decrease in fixed deposits - pledged	-	4,710
Proceeds from bank borrowings	18,377	17,761
Repayment of bank borrowings	(5,998)	(3,729)
Repayment of lease liabilities	(19,850)	(16,858)
Refund of capital to non-controlling shareholder	-	(1)
Interest expense paid	(2,451)	(2,612)
Dividend paid	(4,003)	(2,043)
Dividend paid to non-controlling shareholder	-	(120)
Net cash used in financing activities	(13,925)	(2,892)

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(Incorporated in the Republic of Singapore)

Company Registration No. 201420225D

- 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 Half Year Ended 31 March 2021 (Cont'd)

	Group	
	Six months ended 31 March	
	2021 (unaudited)	2020 (unaudited)
	S\$'000	S\$'000
Net (decrease)/increase in cash and cash equivalents	(2,745)	511
Cash and cash equivalents at beginning of period	39,127	21,300
Exchange losses on cash and cash equivalents	(20)	(23)
Cash and cash equivalents at end of period	36,362	21,788
Consolidated cash and cash equivalents comprise:		
Cash and bank balances	36,348	18,140
Fixed deposits	1,379	4,991
	37,727	23,131
Less: Pledged fixed deposits	(1,365)	(1,343)
Cash and cash equivalents as per consolidated statement of cash flows	36,362	21,788

LHN LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 201420225D

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	Retained profits	Merger reserve	Other reserve	Fair value reserve	Asset revaluation reserve	Exchange translation reserve	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
Balance at 30 September 2019	63,407	59,587	(30,727)	269	-	3,711	(904)	95,343	1,537	96,880
Adoption of IFRS 16	-	6,554	-	-	-	-	-	6,554	-	6,554
Balance at 1 October 2019	63,407	66,141	(30,727)	269	-	3,711	(904)	101,897	1,537	103,434
Dividend paid	-	(2,043)	-	-	-	-	-	(2,043)	(120)	(2,163)
Refund of capital to non-controlling shareholder	-	-	-	-	-	-	-	-	(1)	(1)
Transfer upon disposal of equity investment	-	13	-	-	(13)	-	-	-	-	-
Profit for the period	-	3,176	-	-	-	-	-	3,176	291	3,467
Other comprehensive income/(loss)	-	-	-	-	13	4	(9)	8	(17)	(9)
Total comprehensive income/(loss) for the period	-	3,176	-	-	13	4	(9)	3,184	274	3,458
Balance at 31 March 2020	63,407	67,287	(30,727)	269	-	3,715	(913)	103,038	1,690	104,728

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Company Registration No. 201420225D

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Statements of Changes in Equity (Cont'd)

GROUP (unaudited)	Share capital	Retained profits	Merger reserve	Other reserve	Fair value reserve	Asset revaluation reserve	Exchange translation reserve	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
Balance at 1 October 2020	63,407	87,498	(30,727)	-	(1,350)	3,708	(895)	121,641	1,939	123,580
Dividend paid	-	(4,003)	-	-	-	-	-	(4,003)	-	(4,003)
Profit for the period	-	14,809	-	-	-	-	-	14,809	455	15,264
Other comprehensive income/(loss)	-	-	-	-	-	5	-	5	(6)	(1)
Total comprehensive income for the period	-	14,809	-	-	-	5	-	14,814	449	15,263
Balance at 31 March 2021	63,407	98,304	(30,727)	-	(1,350)	3,713	(895)	132,452	2,388	134,840

LHN LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 201420225D

- 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	Retained profits	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 October 2019	63,407	2,953	66,360
Dividend paid	-	(2,043)	(2,043)
Total comprehensive income for the period	-	1,567	1,567
Balance at 31 March 2020	63,407	2,477	65,884
Balance at 1 October 2020	63,407	5,473	68,880
Dividend paid	-	(4,003)	(4,003)
Total comprehensive income for the period	-	3,015	3,015
Balance at 31 March 2021	63,407	4,485	67,892

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Company Registration No. 201420225D

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

As at 31 March 2021 and 30 September 2020, 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 March 2021 and 31 March 2020.

- 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 March 2021 and 30 September 2020 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 modifications or emphasis of a matter).**

Not applicable.

LHN LIMITED

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Company Registration No. 201420225D

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable. The Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable. The Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

The Group and the Company have applied the same accounting policies and methods of computation in preparation of the financial statements for the current financial period ended 31 March 2021 compared with the audited financial statements for the financial year ended 30 September 2020.

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.

Not applicable.

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	
	Six months Ended 31 March	
	2021 (unaudited)	2020 (unaudited)
<u>Earnings per ordinary share</u>		
(i) Based on weighted average number of ordinary shares in issue (Singapore Cents)	3.68	0.79
(ii) On a fully diluted basis (Singapore Cents)	3.68	0.79
Weighted average number of shares (in '000)	402,445	402,445

The basic and diluted earnings per share are the same as there were no potentially dilutive ordinary securities in issue as at 31 March 2021 and 31 March 2020.

LHN LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 201420225D

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

	Group		Company	
	As at 31 March 2021 (unaudited)	As at 30 September 2020 (audited)	As at 31 March 2021 (unaudited)	As at 30 September 2020 (audited)
Net asset attributable to Shareholders (S\$ '000)	132,452	121,641	67,892	68,880
Number of ordinary shares in issue (in '000)	402,445	402,445	402,445	402,445
Net asset value per ordinary share (Singapore Cents)	32.91	30.23	16.87	17.12

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 six months ended 31 March 2021 ("1H2021") vs six months ended 31 March 2020 ("1H2020")

Revenue

	1H2021 S\$'000 (unaudited)	1H2020 S\$'000 (unaudited)	Variance	
			S\$'000	%
Industrial Properties	8,760	15,290	(6,530)	(42.7)
Commercial Properties	4,075	8,813	(4,738)	(53.8)
Residential Properties	6,518	5,058	1,460	28.9
Space Optimisation Business	19,353	29,161	(9,808)	(33.6)
Facilities Management Business	31,622	9,714	21,908	225.5
Logistics Services Business	13,503	12,744	759	6.0
Total	64,478	51,619	12,859	24.9

The Group's revenue increased by approximately S\$12.9 million or 24.9% from approximately S\$51.6 million in 1H2020 to approximately S\$64.5 million in 1H2021 primarily due to the increase in revenue from the Residential Properties under the Space Optimisation Business and Facilities Management Business. The increase was partially offset by the decrease in revenue from the Industrial Properties and Commercial Properties under the Space Optimisation Business.

(a) Space Optimisation Business

Industrial Properties

Revenue derived from Industrial Properties decreased by approximately S\$6.5 million or 42.7% from approximately S\$15.3 million in 1H2020 to approximately S\$8.8 million in 1H2021 mainly due to (i) decrease in revenue from subleases as a result of the expiry of four master leases between the second to fourth quarters of the financial year ended 30 September 2020 (“FY2020”); and (ii) more derecognition of revenue from subleases classified as finance lease pursuant to IFRS 16.

The average occupancy rate of the Group’s Industrial Properties decreased slightly by 0.9 percentage points to approximately 89.0% in 1H2021 as compared to 89.9% in 1H2020.

Commercial Properties

Revenue derived from Commercial Properties decreased by approximately S\$4.7 million or 53.8% from approximately S\$8.8 million in 1H2020 to approximately S\$4.1 million in 1H2021 mainly due to (i) decrease in revenue from subleases as a result of the expiry of two master leases during 1H2021; (ii) renewal of subleases at lower rates; (iii) decrease in revenue from 1557 Keppel Road Singapore since it has been undergoing progressive renovations following the Group’s successful retender for the site in December 2019; and (iv) more derecognition of revenue from subleases classified as finance lease pursuant to IFRS 16.

The average occupancy rate of the Group’s Commercial Properties decreased by 15.3 percentage points to approximately 69.2% in 1H2021 as compared to 84.5% in 1H2020.

Residential Properties

Revenue derived from Residential Properties increased by approximately S\$1.5 million or 28.9% from approximately S\$5.0 million in 1H2020 to approximately S\$6.5 million in 1H2021 mainly arising from the commencement of operations of the new serviced residence in Cambodia which started generating revenue from the first quarter of the financial year ending 30 September 2021 (“FY2021”) and the increase in revenue from our master lease at 1A Lutheran Road Singapore which started generating revenue from the second quarter of FY2020.

(b) Facilities Management Business

Revenue derived from our Facilities Management Business increased by approximately S\$21.9 million or 225.5% from approximately S\$9.7 million in 1H2020 to approximately S\$31.6 million in 1H2021 mainly due to the increase in facilities management services provided for short-term contracts under the dormitory business which started to generate revenue from the third quarter of FY2020.

(c) Logistics Services Business

Revenue derived from our Logistics Services Business increased by approximately S\$0.8 million or 6.0% from approximately S\$12.7 million in 1H2020 to approximately S\$13.5 million in 1H2021 mainly due to increase in transportation services provided from the trucking business.

Cost of Sales

Cost of sales decreased by approximately S\$0.4 million or 1.4% from approximately S\$29.7 million in 1H2020 to approximately S\$29.3 million in 1H2021.

The decrease was mainly due to a decrease in rental costs of approximately S\$8.8 million arising from (i) the expiry of four master leases between the second to fourth quarters of FY2020; and (ii) renewal of leases previously classified as short-term leases in FY2020 which have been capitalised as lease liabilities in 1H2021, with partial derecognition of rental costs to other income (gains from subleases) as a result of subleases classified as finance leases pursuant to IFRS 16.

The decrease was partially offset by the increase in (i) staff costs of approximately S\$3.2 million and upkeep and maintenance costs of approximately S\$4.3 million mainly from the Facilities Management Business which is in line with the increase in revenue; (ii) depreciation of right-of-use assets and property, plant and equipment of approximately S\$0.6 million; and (iii) other expenses of approximately S\$0.3 million.

Gross Profit

In view of the above mentioned, gross profit increased by approximately S\$13.3 million from approximately S\$21.9 million in 1H2020 to approximately S\$35.2 million in 1H2021.

Other Income

Other income increased by approximately S\$3.2 million or 116.3% from approximately S\$2.8 million in 1H2020 to approximately S\$6.0 million in 1H2021 mainly due to (i) increase in gains from subleases of approximately S\$1.4 million which were derived based on differences between the right-of-use asset derecognised and the net investment in sublease, pursuant to IFRS 16; (ii) recognition of Job Support Scheme from the Singapore Government of approximately S\$0.7 million; and (iii) net rental rebates received from Governments and landlords of approximately S\$1.2 million mainly for the carpark business division.

Other Operating Expenses

Other operating expenses increased by approximately S\$1.5 million or 229.5% from approximately S\$0.6 million in 1H2020 to approximately S\$2.1 million in 1H2021 mainly due to (i) increase in impairment losses on receivables of approximately S\$0.8 million under the Space Optimisation Business due to uncertainty on recoverability; and (ii) loss on lease modification of approximately S\$0.7 million due to a change in the carrying amount of lease receivables.

Selling and Distribution Expenses

Selling and distribution expenses increased slightly by approximately S\$0.1 million or 12.3% from approximately of S\$0.7 million in 1H2020 to approximately S\$0.8 million in 1H2021.

Administrative Expenses

Administrative expenses increased by approximately S\$2.4 million or 18.4% from approximately S\$13.2 million in 1H2020 to approximately S\$15.6 million in 1H2021 mainly due to increase in (i) staff costs of approximately S\$2.6 million in line with the increase in revenue from the Residential Properties and Facilities Management Business; and (ii) miscellaneous expenses of approximately S\$0.3 million. These were partially offset by the decrease in depreciation of property, plant and equipment of approximately S\$0.5 million mainly due to depreciation of renovation being fully depreciated during 1H2021 at certain sites under the Space Optimisation Business.

Finance Cost

Finance cost decreased slightly by approximately S\$0.1 million or 2.6% from approximately S\$2.6 million in 1H2020 to approximately S\$2.5 million in 1H2021.

Share of Results of Associates and Joint Ventures

Share of results of associates and joint ventures increased by approximately S\$0.3 million or 59.8% from approximately S\$0.6 million in 1H2020 to approximately S\$0.9 million in 1H2021 mainly due to an increase in share of operating profits.

Fair Value Losses on Investment Properties

Fair value loss on investment properties decreased by approximately S\$1.6 million or 37.0% from approximately S\$4.3 million in 1H2020 to approximately S\$2.7 million in 1H2021 mainly due to lower fair value loss on investment properties.

Profit before Income Tax

As a result of the aforementioned, the Group's profit before income tax increased by approximately S\$14.5 million or 383.2% from approximately S\$3.8 million in 1H2020 to approximately S\$18.3 million in 1H2021.

Income Tax Expense

Income tax expenses increased by approximately S\$2.7 million from approximately S\$0.3 million in 1H2020 to approximately S\$3.0 million in 1H2021 mainly due to higher taxable profit.

Profit for the Period

As a result of the above, the Group's net profit increased by approximately S\$11.8 million or 340.3% from approximately S\$3.5 million in 1H2020 to approximately S\$15.3 million in 1H2021.

Review of Statements of Financial Position

Non-current assets

Non-current assets increased by approximately S\$32.2 million from approximately S\$234.8 million as at 30 September 2020 to approximately S\$267.0 million as at 31 March 2021 mainly due the factors as set out below:

Property, plant and equipment ("PPE") increased by approximately S\$2.1 million due to additions amounting to approximately S\$5.3 million mainly from renovation costs relating to our new co-work co-live project in Singapore under the Space Optimisation Business and new carparks managed under the Facilities Management Business. This was partially offset by depreciation of PPE of approximately S\$3.2 million.

Investment properties increased by approximately S\$24.6 million mainly due to (i) purchase of property at 320 Balestier Road of approximately S\$19.9 million; and (ii) net additions to investment properties (right-of-use) of approximately S\$7.7 million mainly from the Industrial Properties. These were partially offset by (i) fair value loss of approximately S\$2.7 million; and (ii) foreign currency translation loss of approximately S\$0.3 million.

Right-of-use assets increased by approximately S\$9.2 million mainly due to net additions of approximately S\$16.3 million mainly from new carparks managed under the Facilities Management Business. This was partially offset by depreciation of right-of-use assets of approximately S\$7.1 million.

Investment in associates and joint ventures increased by approximately S\$0.7 million mainly arising from the share of profit of associates and joint ventures recognised in 1H2021 of approximately S\$0.9 million and share capital injection of S\$0.1 million in an associated company. This was partially offset by dividends received from an associated company of approximately S\$0.3 million.

Lease receivables decreased by approximately S\$4.5 million mainly due to receipts in 1H2021.

Current assets

Current assets decreased by approximately S\$7.3 million from approximately S\$108.9 million as at 30 September 2020 to approximately S\$101.6 million as at 31 March 2021 mainly due to the factors as set out below.

Trade and other receivables decreased by approximately S\$7.1 million mainly due to decrease in trade receivables of approximately S\$10.3 million mainly due to the receipt of payment from our dormitory business. This was partially offset by (i) the increase in other receivables of approximately S\$3.1 million which was largely due to the development charge paid for the purchase of property at 75 Beach Road, Singapore; and (ii) decrease in allowance for impairment of trade receivables of approximately S\$0.1 million.

Grant receivables relating to job support scheme to be received from the Singapore Government decreased by approximately S\$0.6 million due to payouts received.

Loans to joint ventures and associates increased by approximately S\$1.6 million mainly for the partial payment of acquisition of a residential property in Singapore under Coliwoo East Pte. Ltd. and carpark property in Singapore under Metropolitan Parking (BTSC) Pte. Ltd..

Lease receivables increased by approximately S\$1.5 million due to recognition of receivables from new subleases.

Cash and bank balances and fixed deposits decreased by approximately S\$2.7 million.

Non-current liabilities

Non-current liabilities increased by approximately S\$19.4 million from approximately S\$126.0 million as at 30 September 2020 to approximately S\$145.4 million as at 31 March 2021 mainly due to the factors as set out below.

Bank borrowings increased by approximately S\$12.8 million mainly for the (i) purchase of property at 320 Balestier Road; and (ii) renovation costs for our co-work co-live project in Singapore.

Lease liabilities increased by approximately S\$6.1 million mainly due to recognition of liabilities payable to landlords for lease arrangements relating to new carparks managed under our Facilities Management Business.

Provisions increased by approximately S\$0.6 million mainly due to reclassification of provision of reinstatement cost from current liabilities to non-current liabilities of approximately S\$0.6 million due to the renewal of our master leases.

Current liabilities

Current liabilities decreased by approximately S\$5.8 million from approximately S\$94.2 million as at 30 September 2020 to approximately S\$88.4 million as at 31 March 2021 mainly due to the factors as set out below.

Trade and other payables decreased by approximately S\$10.3 million largely due to decrease in (i) trade payables of approximately S\$8.6 million relating to the dormitory business and payment to suppliers; and (ii) other payables of approximately S\$1.7 million relating to accrued expenses and rental rebates payable to tenants.

Provisions decreased by approximately S\$0.8 million mainly due to reclassification of provision of reinstatement cost from current liabilities to non-current liabilities as mentioned above.

Bank borrowings decreased by approximately S\$0.5 million mainly due to repayment of bank borrowings.

Lease liabilities increased by approximately S\$4.7 million mainly due to recognition of liabilities payable to landlords for lease arrangements relating to new carparks managed under our Facilities Management Business.

Current tax payable increased by approximately S\$1.1 million mainly due to income tax provision for 1H2021.

Review of Statement of Cash Flows

In 1H2021, the Group recorded net cash generated from operating activities of approximately S\$24.8 million, which was a result of operating profit before changes in working capital of approximately S\$32.0 million, decrease in trade and other receivables of approximately S\$5.1 million and decrease in trade and other payables of approximately S\$10.3 million, adjusted for net income tax paid of approximately S\$2.0 million.

Net cash used in investing activities amounted to approximately S\$13.6 million, which was mainly due to (i) additions to PPE of approximately S\$5.6 million for our new co-work co-live project in Singapore under the Space Optimisation Business and new carparks managed in Singapore under the Facilities Management Business; (ii) additions to investment property of approximately S\$17.2 million for the purchase of property at 320 Balestier Road; and (iii) loans to joint ventures and associates of approximately S\$1.6 million mainly for the partial payment of acquisition of a residential property and a carpark property in Singapore. These were partially offset by (i) receipts from lease receivables of approximately S\$9.9 million; (ii) interest received from lease receivables of approximately S\$0.6 million; and (iii) dividend received from associate of approximately S\$0.3 million.

Net cash used in financing activities amounted to approximately S\$13.9 million, which were due to (i) repayment of bank borrowings of approximately S\$6.0 million; (ii) repayment of lease liabilities of approximately S\$19.8 million; (iii) interest expenses on bank borrowings and lease liabilities paid of approximately S\$2.5 million; and (iv) dividend paid to shareholders of approximately S\$4.0 million. These were partially offset by proceeds from bank borrowings of approximately S\$18.4 million for the purchase of property at 320 Balestier Road and renovation costs for our co-work co-live project in Singapore.

As a result of the above, cash and cash equivalents decreased by approximately S\$2.7 million, amounting to approximately S\$36.4 million as at 31 March 2021.

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

The Group's actual results for 1H2021 is in line with the profit alert announced by the Group on 20 April 2021.

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.

As released in the Singapore Market Outlook 2021 report issued by CBRE Research¹, although slow and uneven, the Singapore economy is on track towards a 5.6 per cent year-on-year GDP growth in 2021, with the pandemic contained locally and access to vaccination secured.

Further, based on advance estimates as announced in the press release dated 14 April 2021 issued by the Ministry of Trade and Industry Singapore², the Singapore economy grew by 0.2 per cent on a year-on-year basis in the first quarter of 2021, a turnaround from the 2.4 per cent contraction recorded in the previous quarter.

Riding on more favourable business conditions moving forward and the intention to grow its residential business, the Group and its joint venture companies entered into a few options to purchase properties in Singapore namely at 40 and 42 Amber Road (joint venture property), 75 Beach Road and 115 Geylang Road as announced on 24 March 2021, 12 April 2021 and 28 April 2021 respectively. The Group looks forward to the completion of acquisition of these properties as this will further expand its offerings under the Space Optimisation Business. The Company will make further announcement(s) as and when there are material development(s) to the proposed acquisition of the properties at 40 and 42 Amber Road, 75 Beach Road and 115 Geylang Road. Regarding our operation in Myanmar, as the revenue contribution is less than 1% of the Group's revenue and the total assets contribution is less than 2% of the Group's total assets as at 31 March 2021, the recent military coup does not have any material impact to our Group's financial performance.

For the Facilities Management Business, the Group will continue to seek more external facilities management contracts by providing integrated facilities management services covering estate and building management, repair, maintenance and cleaning, landscaping, pest control and fumigation of buildings and offices to its customers. In addition, the Group plans to set up electric vehicle charging stations across its industrial properties and carparks under its management and will continue to look for more locations for its carpark management business in both Singapore and Hong Kong.

For the Logistics Services Business, the Group will continue to look for more opportunities to grow its transport fleet and expand its logistics customer base.

¹ <https://www.cbre.com.sg/research-reports/Singapore-Market-Outlook-2021#:~:text=ECONOMY%3A%20With%20the%20pandemic%20contained,favourable%20real%20estate%20investment%20environment>

² https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2021/04/AdvEst_1Q21.pdf

LHN LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 201420225D

11. Dividend

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

Name of Dividend	Interim Dividend
Dividend Type	Cash
Dividend Amount per share	S\$0.0075 per ordinary share
Tax rate	Tax exempt (one-tier)

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

Name of Dividend	Interim Dividend
Dividend Type	Cash
Dividend Amount per share	S\$0.0025 per ordinary share
Tax rate	Tax exempt (one-tier)

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

The interim dividend will be paid on 18 June 2021.

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

For Shareholders in Singapore

The Share Transfer Books and Register of Members of the Company will be closed at **5:00 p.m. on Thursday, 27 May 2021** for the purpose of determining shareholders' entitlements to the interim dividend. Duly completed registrable transfers in respect of the Shares received by the Company's Singapore principal share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 up to **5:00 p.m. on Thursday, 27 May 2021** will be registered to determine shareholders' entitlements to the interim dividend.

For Shareholders in Hong Kong

The branch register of members of the Company in Hong Kong will be closed from **Friday, 28 May 2021 to Monday, 31 May 2021** (both days inclusive), during which period no transfer of Shares of the Company will be registered in Hong Kong. In order to determine shareholders' entitlements to the interim dividend, all share transfers in Hong Kong, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than **4:30 p.m. on Thursday, 27 May 2021**.

For the purpose of determination of shareholders registered under the Singapore principal register of members and the Hong Kong branch register of members of the Company, all necessary documents, remittances accompanied by the relevant share certificates in respect of removal of Shares between the two (2) register of members, must be submitted no later than **5:00 p.m. and 4:30 p.m. on Friday, 14 May 2021** to the Company's Singapore principal share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (for Singapore shareholders) and the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for Hong Kong shareholders), respectively.

- 12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

Not applicable.

LHN LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 201420225D

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

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

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

14. **Disclosures on Acquisition and Realisation of Shares pursuant to Catalyst Rule 706A**

During 1H2021 and up to the date of this announcement, the Group had incorporated the following subsidiaries and joint ventures:

S/N	Company Name	Place of Incorporation	Issued and Paid-up Capital	Principal Activities	Interest Held by the Group	Date of announcement
1.	Coliwoo East Pte. Ltd.	Singapore	S\$2.00	Operating of serviced apartments	50%	26 November 2020 and 24 March 2021
2.	LHN SB 2 Pte. Ltd.	Singapore	S\$1.00	Space optimisation	100%	12 April 2021
3.	Emerald Properties Pte. Ltd.	Singapore	S\$1.00	Space optimisation	100%	28 April 2021
4.	LHN SB 1 Pte. Ltd.	Singapore	S\$1.00	Operating of serviced apartments	100%	-
5.	Alliance Trust Logistics Pte. Ltd.	Singapore	S\$1.00	Freight forwarding, packing and crating services	100%	-
6.	White Opal Properties Pte. Ltd.	Singapore	S\$1.00	Space optimisation	100%	-
7.	Erinite Properties Pte. Ltd.	Singapore	S\$1.00	Space optimisation	100%	-
8.	Coliwoo Investments Pte. Ltd.	Singapore	S\$1.00	Other holding companies	100%	-
9.	Chrysolite Properties Pte. Ltd.	Singapore	S\$1.00	Space optimisation	100%	-

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 second quarter and six months ended 31 March 2021 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 May 2021