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LHN LIMITED

賢能集團有限公司*

(Incorporated in the Republic of Singapore with limited liability)

(Hong Kong stock code : 1730)

(Singapore stock code : 410)

ANNOUNCEMENT OF FULL YEAR RESULTS FOR THE 6 MONTHS AND FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

FINANCIAL HIGHLIGHTS

	6 Months Ended 30 September			For the year ended 30 September		
	2022	2021	Change	2022	2021	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	52,591	56,499	(6.9)	111,772	120,977	(7.6)
Gross Profit	27,828	31,368	(11.3)	59,047	66,551	(11.3)
Profit for the year and attributable to equity owners of the Company	13,642	13,254	2.9	45,838	28,063	63.3
Basic earnings per share (Singapore cents)	3.34	3.26	2.5	11.21	6.94	61.5

* For identification purpose only

FULL YEAR RESULTS

The board (the “Board”) of directors (the “Directors”) of LHN Limited (the “Company”) hereby announces the consolidated six months and full year results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 30 September 2022, together with the comparative figures for the six months ended 30 September 2021 and the year ended 30 September 2021, respectively. The Group’s full year results for the year ended 30 September 2022 have been reviewed by the audit committee of the Company (the “Audit Committee”).

HALF YEAR AND FULL YEAR CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	6 Months Ended 30 September		Year Ended 30 September	
		2022 S\$'000	2021 S\$'000	2022 S\$'000	2021 S\$'000
Revenue	6	52,591	56,499	111,772	120,977
Cost of sales	8	(24,763)	(25,131)	(52,725)	(54,426)
Gross profit		27,828	31,368	59,047	66,551
Other gains/(losses) – net and other income	7	2,485	10,112	11,829	15,000
Other operating expenses - (Impairment loss)/reversal on trade, other and finance lease receivables		(128)	818	(381)	(232)
Selling and distribution expenses	8	(1,365)	(806)	(2,071)	(1,649)
Administrative expenses	8	(19,796)	(17,018)	(39,209)	(32,617)
Finance cost	9	(2,586)	(2,355)	(4,930)	(4,863)
Share of results of associates and joint ventures, net of tax		7,048	2,741	16,466	3,666
Fair value gain/(loss) on investment properties		3,631	(8,878)	12,261	(11,598)
Profit before income tax		17,117	15,982	53,012	34,258
Income tax expense	10	(3,455)	(2,388)	(5,498)	(5,400)
Profit for the year		13,662	13,594	47,514	28,858
Other comprehensive (loss)/income					
<u>Item that may be reclassified subsequently to profit or loss</u> Currency translation differences arising from consolidation		(167)	18	(156)	12
<u>Item that will not be reclassified subsequently to profit or loss</u> Revaluation (loss)/gains on leasehold properties		(702)	922	(472)	922
Share of other comprehensive loss of joint venture		203	(23)	(110)	(18)
Other comprehensive (loss)/income		(666)	917	(738)	916
Total comprehensive income for the year		12,996	14,511	46,776	29,774
Profit attributable to:					
Equity holders of the Company		13,642	13,254	45,838	28,063
Non-controlling interests		20	340	1,676	795
Profit for the year		13,662	13,594	47,514	28,858
Total comprehensive income attributable to:					
Equity holders of the Company		13,019	14,201	45,142	29,015
Non-controlling interests		(23)	310	1,634	759
Total comprehensive income for the year		12,996	14,511	46,776	29,774
Earnings per share for profit attributable to equity holders of the Company					
Basic and diluted (cents)	12	3.34	3.26	11.21	6.94

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

The Group	<i>Note</i>	30 September 2022 (unaudited) S\$'000	30 September 2021 (audited) S\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	48,241	54,167
Right-of-use assets		25,114	30,629
Investment properties	15	233,267	166,570
Investment in associates		420	295
Investment in joint ventures		35,791	20,641
Financial assets, at FVOCI		11	-
Deferred tax assets		60	60
Long-term prepayments		633	99
Finance lease receivables		24,702	13,808
Fixed deposits with banks		500	-
		368,739	286,269
Current assets			
Inventories		136	90
Trade and other receivables	16	25,406	31,754
Loans to associates and joint ventures		14,458	9,152
Prepayments		1,894	1,342
Finance lease receivables		16,814	20,031
Fixed deposits with banks		1,584	1,384
Cash and bank balances		39,727	36,786
		100,019	100,539
Non-current assets classified as held for sale	17	128	-
		468,886	386,808
TOTAL ASSETS			
EQUITY			
Capital and Reserves			
Share capital	18	65,496	65,496
Reserves		120,408	80,230
		185,904	145,726
Non-controlling interests		6,274	2,557
		192,178	148,283
TOTAL EQUITY			
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		5,598	3,653
Other payables	19	21	22
Provisions		39	684
Bank borrowings	21	128,854	89,822
Lease liabilities	21	51,517	54,630
		186,029	148,811
Current liabilities			
Trade and other payables	19	37,094	35,392
Provisions		700	65
Bank borrowings	21	19,319	11,556
Lease liabilities	21	29,859	37,706
Current income tax liabilities		3,707	4,995
		90,679	89,714
		276,708	238,525
TOTAL LIABILITIES			
TOTAL EQUITY AND LIABILITIES			
		468,886	386,808

STATEMENT OF FINANCIAL POSITION - COMPANY
AS AT 30 SEPTEMBER 2022

<u>The Company</u>	<i>Note</i>	30 September 2022 (unaudited) S\$'000	30 September 2021 (audited) S\$'000
ASSETS			
Non-current assets			
Investment in subsidiaries		32,727	32,727
Long-term prepayments		1	3
		<hr/> 32,728	<hr/> 32,730
Current assets			
Trade and other receivables		37,210	36,257
Prepayments		26	35
Cash and bank balances		4,279	6,090
		<hr/> 41,515	<hr/> 42,382
TOTAL ASSETS		<hr/> 74,243	<hr/> 75,112
EQUITY			
Capital and Reserves			
Share capital	18	65,496	65,496
Reserves		6,430	5,564
TOTAL EQUITY		<hr/> 71,926	<hr/> 71,060
LIABILITIES			
Current liabilities			
Trade and other payables		2,063	3,802
Current income tax liabilities		254	250
		<hr/> 2,317	<hr/> 4,052
TOTAL LIABILITIES		<hr/> 2,317	<hr/> 4,052
TOTAL EQUITY AND LIABILITIES		<hr/> 74,243	<hr/> 75,112

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	Share capital S\$'000	Retained profits S\$'000	Merger reserve S\$'000	Capital reserve S\$'000	Fair value reserve S\$'000	Asset revaluation reserve S\$'000	Exchange translation reserve S\$'000	Total attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Group											
Balance at 1 October 2021		65,496	108,542	(30,727)	-	(1,350)	4,612	(847)	145,726	2,557	148,283
Dividend paid	11	-	(7,143)	-	-	-	-	-	(7,143)	(711)	(7,854)
Capital contribution from non-controlling interests ^(a)		-	-	-	2,179	-	-	-	2,179	2,794	4,973
Profit for the year		-	45,838	-	-	-	-	-	45,838	1,676	47,514
Other comprehensive loss		-	-	-	-	-	(582)	(114)	(696)	(42)	(738)
Total comprehensive income for the year		-	45,838	-	-	-	(582)	(114)	45,142	1,634	46,776
Balance at 30 September 2022 (unaudited)		65,496	147,237	(30,727)	2,179	(1,350)	4,030	(961)	185,904	6,274	192,178

	Note	Share capital S\$'000	Retained profits S\$'000	Merger reserve S\$'000	Fair value reserve S\$'000	Asset revaluation reserve S\$'000	Exchange translation reserve S\$'000	Total attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Group										
Balance at 1 October 2020		63,407	87,498	(30,727)	(1,350)	3,708	(895)	121,641	1,939	123,580
Issuance of shares		2,089	-	-	-	-	-	2,089	-	2,089
Dividend paid	11	-	(7,019)	-	-	-	-	(7,019)	(202)	(7,221)
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	61	61
Profit for the year		-	28,063	-	-	-	-	28,063	795	28,858
Other comprehensive income/(loss)		-	-	-	-	904	48	952	(36)	916
Total comprehensive income for the year		-	28,063	-	-	904	48	29,015	759	29,774
Balance at 30 September 2021		65,496	108,542	(30,727)	(1,350)	4,612	(847)	145,726	2,557	148,283

(a) Arising mainly from the initial public offering of our spin-off and separate listing of our Logistics business.

STATEMENT OF CHANGES IN EQUITY - COMPANY
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Share capital S\$'000	Retained profits S\$'000	Total equity S\$'000
Company			
Balance at 1 October 2021	65,496	5,564	71,060
Dividend paid	-	(7,143)	(7,143)
Net profit and total comprehensive income for the year	-	8,009	8,009
Balance at 30 September 2022 (unaudited)	65,496	6,430	71,926

	Share capital S\$'000	Retained profits S\$'000	Total equity S\$'000
Company			
Balance at 1 October 2020	63,407	5,473	68,880
Issuance of shares	2,089	-	2,089
Dividend paid	-	(7,019)	(7,019)
Net profit and total comprehensive income for the year	-	7,110	7,110
Balance at 30 September 2021	65,496	5,564	71,060

**CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	2022	2021
	(unaudited)	(audited)
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit before income tax	53,012	34,258
Share of results of associates and joint ventures, net of tax	(16,466)	(3,666)
Adjustments for:		
Amortisation of intangible assets	-	39
Depreciation of property, plant and equipment	8,204	7,147
Depreciation of right-of-use assets	12,291	11,668
Gain on disposal of property, plant and equipment	(74)	(242)
Property, plant and equipment written off	196	18
Leasehold building written off	4,833	-
Fair value (gain)/loss on investment properties	(12,261)	11,598
Gain from net investment in subleases	(10,796)	(4,598)
Gain from termination of lease	-	(2)
Lease modification (gains)/losses - net	(648)	435
Impairment loss on property, plant and equipment	4,129	-
Impairment loss on trade, other and finance lease receivables	381	232
Listing expenses *	1,360	-
Finance income	(1,440)	(1,350)
Finance cost	4,930	4,863
Operating cash flows before working capital changes	47,651	60,400
Changes in working capital:		
- Inventories	(45)	(15)
- Trade and other receivables	5,425	12,036
- Trade and other payables	(1,340)	(10,670)
Cash generated from operations	51,691	61,751
Interest expense paid	(80)	(31)
Income tax paid	(5,219)	(4,875)
Income tax refunded	264	65
Net cash generated from operating activities	46,656	56,910
Cash flows from investing activities:		
Additions to property, plant and equipment	(7,829)	(19,999)
Additions to right-of-use assets	(263)	(147)
Additions to investment properties	(53,272)	(42,397)
Purchase of financial assets, at FVOCI	(11)	(115)
Cash outflow on acquisition of joint venture	(140)	(500)
Cash inflow on investment in a non-wholly owned subsidiary	-	60
Loans to associates and joint ventures, net	(5,027)	(4,062)
Loan from shareholder of a non-wholly owned subsidiary	-	717
Proceeds from disposal of property, plant and equipment	138	395
Receipts from finance lease receivables	23,126	20,188
Interest received from finance lease receivables	1,031	1,127
Cash outflow on incorporation of associate	(137)	(90)
Dividend from associate and joint ventures	1,230	608
Increase in long term fixed deposits with bank	(500)	-
Interest received	34	82
Net cash used in investing activities	(41,620)	(44,133)
Cash flows from financing activities:		
Increase in fixed deposit - pledged	(199)	(4)
Proceeds from bank borrowings	70,792	49,021
Repayment of bank borrowings	(23,793)	(14,411)
Proceeds from issuance of shares	-	2,089
Proceeds from issuance of shares from the listing of LHN Logistics Limited	5,048	-
Listing expenses paid *^	(1,456)	-
Repayment of lease liabilities	(39,829)	(39,883)
Capital contribution from non-controlling interests	20	61
Interest expense paid	(4,859)	(4,759)
Dividends paid	(7,143)	(7,019)
Dividends paid to non-controlling interests	(711)	(202)
Net cash used in financing activities	(2,130)	(15,107)
Net increase/(decrease) in cash and cash equivalents	2,906	(2,330)
Cash and cash equivalents at beginning of year	36,801	39,127
Exchange gains on cash and cash equivalents	36	4
Cash and cash equivalents at end of year	39,743	36,801
Consolidated cash and bank deposits are represented by:		
Cash and bank balances	39,727	36,786
Fixed deposits that mature within one year	1,584	1,384
	41,311	38,170
Less: Pledged fixed deposits	(1,568)	(1,369)
Cash and cash equivalents as per consolidated statement of cash flows	39,743	36,801

* relates to listing expenses incurred for the spin-off and separate listing of our Logistics business.

^ includes listing expenses that is capitalised in share capital of LHN Logistics Limited.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

LHN Limited (the “**Company**”) was incorporated on 10 July 2014 in Singapore under the Companies Act as an investment holding private limited company under the name of “LHN Pte. Ltd.”. The Company’s registration number is 201420225D. The Company was converted into a public company and renamed as “LHN Limited” on 16 March 2015. The address of the Company’s registered office was at 10 Raeburn Park #02-18, Singapore 088702 (up to 24 March 2022). With effect from 25 March 2022, the address of the Company’s registered office is at 75 Beach Road #04-01, Singapore 189689.

The Company has its primary listings on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) since 13 April 2015 and on the Main Board of The Stock Exchange of Hong Kong Limited (“**SEHK**”) since 29 December 2017.

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in (i) space resource management services; (ii) facilities management services; and (iii) logistics services.

2. BASIS OF PREPARATION

The consolidated financial statements for the six months and full year ended 30 September 2022 have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) issued by International Accounting Standards Board (the “**IASB**”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and leasehold properties (classified under Property, plant and equipment), which are carried at fair value and revaluation of investments held at fair value through other comprehensive income. This consolidated financial information is presented in Singapore Dollars (“**SGD**” or “**S\$**”) and all values are rounded to the nearest thousand (“**S\$’000**”), unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group has adopted the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 30 September 2021.

- (a) Amendments to IFRSs effective for the financial year ended 30 September 2022 do not have a material impact on the Group.
- (b) The following new standards and amendments to standards have been published but are not yet effective for the current financial year and which the Group has not early adopted:

		<u>Effective for accounting periods beginning on or after</u>
Amendments to IFRS 3	Business Combinations (Reference to Conceptual Framework)	1 October 2022
IAS 16	Property, Plant and Equipment (Proceeds before Intended Use)	1 October 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)	1 October 2022
Amendments to IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)	1 October 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 October 2023
Amendments to IAS 1	Presentation of Financial Statements and IFRS Practice Statement 2 (Disclosure of Accounting Policies)	1 October 2023
Amendments to IAS 1	Presentation of Financial Statements on classification of Liabilities as Current or Non-current	1 October 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

3.1. Leases

Where the Group is lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Right-of-use assets".

Right-of-use asset which meets the definition of an investment property is presented within "Investment properties".

(ii) Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(iv) Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group recognises those lease payments in profit or loss in the periods that triggered those lease payments.

Where the Group is lessor

The Group subleases its leased premises under operating leases to non-related parties. The Group also leases its investment properties under operating leases to non-related parties.

(i) Lessor - Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

(ii) Lessor - Subleases

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease as "Finance lease receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognise lease income from sublease in profit or loss within "Revenue". The right-of-use asset relating to the head lease is not derecognised.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

The reconciliation of profit or loss from Pre-IFRS 16 basis to Post-IFRS 16 basis is as follows.

Income Statement	Year Ended 30 September 2022			Year Ended 30 September 2021		
	Pre-IFRS 16	Effects of IFRS 16	Post-IFRS16	Pre-IFRS 16	Effects of IFRS 16	Post-IFRS16
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group						
Revenue	136,177	(24,405)	111,772	142,240	(21,263)	120,977
Cost of sales	(82,306)	29,581	(52,725)	(83,033)	28,607	(54,426)
Gross profit	53,871	5,176	59,047	59,207	7,344	66,551
Other gains/(losses) – net and other income	(646)	12,475	11,829	9,707	5,293	15,000
Other operating expenses						
- Reversal/(impairment loss) on trade, other and finance lease receivables	69	(450)	(381)	1,295	(1,527)	(232)
Selling and distribution expenses	(2,071)	-	(2,071)	(1,649)	-	(1,649)
Administrative expenses	(40,922)	1,713	(39,209)	(33,568)	951	(32,617)
Finance cost	(3,002)	(1,928)	(4,930)	(2,199)	(2,664)	(4,863)
Share of results of associates and joint ventures, net of tax	16,417	49	16,466	3,672	(6)	3,666
Fair value gains/(losses) on investment properties	19,957	(7,696)	12,261	(1,107)	(10,491)	(11,598)
Profit before income tax	43,673	9,339	53,012	35,358	(1,100)	34,258

The reconciliation of segment revenue and profit before taxation from Pre-IFRS 16 basis to Post-IFRS 16 basis is as follows.

Revenue	Year Ended 30 September 2022			Year Ended 30 September 2021		
	Pre-IFRS 16	Effects of IFRS 16	Post-IFRS16	Pre-IFRS 16	Effects of IFRS 16	Post-IFRS16
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group						
Industrial	32,703	(13,826)	18,877	30,492	(12,829)	17,663
Commercial	13,487	(5,932)	7,555	11,921	(4,186)	7,735
Residential						
- Co-living (Singapore)	19,919	(4,647)	15,272	15,237	(4,248)	10,989
- 85 SOHO (Overseas)	888	-	888	1,967	-	1,967
- Dormitory set up & retrofit	-	-	-	42	-	42
	20,807	(4,647)	16,160	17,246	(4,248)	12,998
Space Optimisation	66,997	(24,405)	42,592	59,659	(21,263)	38,396
Facilities Management	41,871	-	41,871	55,419	-	55,419
Logistics Services	27,309	-	27,309	27,162	-	27,162
	136,177	(24,405)	111,772	142,240	(21,263)	120,977

Profit before taxation	Year Ended 30 September 2022			Year Ended 30 September 2021		
	Pre-IFRS 16	Effects of IFRS 16	Post-IFRS16	Pre-IFRS 16	Effects of IFRS 16	Post-IFRS16
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group						
Industrial	7,197	2,997	10,194	8,037	2,871	10,908
Commercial	1,160	5,778	6,938	315	(1,253)	(938)
Residential						
- Co-living (Singapore)	36,613	387	37,000	4,463	(2,098)	2,365
- 85 SOHO (Overseas)	(7,102)	(31)	(7,133)	(1,263)	(35)	(1,298)
- Dormitory set up & retrofit	-	-	-	(80)	-	(80)
	29,511	356	29,867	3,120	(2,133)	987
Space Optimisation	37,868	9,131	46,999	11,472	(515)	10,957
Facilities Management	10,227	261	10,488	19,147	(510)	18,637
Logistics Services	(2,615)	(52)	(2,667)	4,791	(75)	4,716
Corporate	(1,807)	(1)	(1,808)	(52)	-	(52)
	43,673	9,339	53,012	35,358	(1,100)	34,258

4. USE OF JUDGEMENT AND ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 September 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 15 and as follows:

(a) Recoverable values of property, plant and equipment

In determining the recoverable values of certain property, plant and equipment, the Group used value-in-use calculations which involved significant judgements and assumptions, including revenue growth rates, EBITDA (earnings before interest, tax, depreciation and amortisation) margins and discount rates, which are affected by expected future market or economic conditions. Based on the recoverable values determined, the Group has recognised an impairment loss of S\$4,129,000 as disclosed in Note 7.

5. SEGMENT INFORMATION

The Group Managing Director monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment results which in certain respects, set out below, are presented differently from operating profit or loss in the consolidated financial statements of the Group. The Group's reportable operating segments are as follows:

1. Industrial group
2. Commercial group
3. Residential group
4. Logistics group
5. Facilities management group

Industrial, Commercial and Residential groups form the space optimisation business.

Group taxation is managed on a group basis and is not allocated to operating segments.

During the financial year 2022, revenue attributable to the Group's largest customer accounted for approximately 10.6% (2021: 24.3%) of the Group's total revenue and aggregate revenue attributable to the five largest customers of the Group accounted for approximately 19.1% (2021: 32.2%) of the Group's total pre-IFRS 16 revenue.

To the knowledge of the Directors, none of the Directors, or their respective associates, or shareholders owning more than 5% of the Company's issued share capital had any beneficial interests in any of the five largest customers.

Allocation basis and transfer pricing

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income tax expense and non-controlling interests.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties, if any.

Sales

Sales between segments are carried out at market terms. The revenue from external parties reported to the Group Managing Director is measured in a manner consistent with that in the statement of profit or loss.

The Group Managing Director assesses the performance of the operating segments based on the segment results, being a measure of earnings before tax, interest, finance costs, share of results of associates and joint ventures and fair value gain or loss on investment properties from continuing operations.

Segment assets and liabilities

The amounts reported to the Group Managing Director with respect to the total assets and liabilities are measured in a manner consistent with that of the financial information. Segment assets and liabilities include, investment properties, property, plant and equipment, right-of-use assets, financial assets at FVOCI, prepayments, inventories, loans to associate and joint ventures, trade and other receivables, finance lease receivables, bank borrowings, lease liabilities and trade and other payables, which are directly attributable to a segment as well as items that can be allocated on a reasonable basis.

Segment breakdown for the year ended 30 September 2022 are as follows:

	Industrial	Commercial	Residential	Logistics Services	Facilities Management	Corporate and Eliminations	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Sales							
Total segment sales	19,194	8,100	17,990	27,320	47,779	16,659	137,042
Inter-segment sales	(317)	(545)	(1,830)	(11)	(5,908)	(16,659)	(25,270)
External sales	18,877	7,555	16,160	27,309	41,871	-	111,772
Segment results	10,052	9,334	3,548	(3,265)	11,254	(1,708)	29,215
Fair value (loss)/gain on investment properties	(170)	(1,869)	14,300	-	-	-	12,261
Finance cost	(1,462)	(527)	(2,128)	(426)	(287)	(100)	(4,930)
	8,420	6,938	15,720	(3,691)	10,967	(1,808)	36,546
Share of results of associates and joint ventures	1,774	-	14,147	1,024	(479)	-	16,466
Profit before taxation	10,194	6,938	29,867	(2,667)	10,488	(1,808)	53,012
Taxation							(5,498)
Net profit after taxation							47,514
Non-controlling interests							(1,676)
Net profit attributable to equity holders of the Company							45,838
Segment assets	111,816	34,100	173,575	27,295	31,862	12,156	390,804
Investment in associates	-	-	60	360	-	-	420
Investment in joint ventures	21,940	-	12,162	-	1,689	-	35,791
Total segment assets							427,015
Total segment liabilities	73,440	19,444	120,365	19,855	20,262	14,037	267,403
Capital expenditures	22,059	757	34,576	3,487	2,452	1,096	64,427
Depreciation of property, plant and equipment	1,208	1,349	2,508	1,662	1,181	296	8,204
Depreciation of right-of-use assets	171	134	107	1,931	9,920	28	12,291

Segment breakdown for the year ended 30 September 2021 are as follows:

	Industrial	Commercial	Residential	Logistics Services	Facilities Management	Corporate and Eliminations	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Sales							
Total segment sales	19,690	8,431	13,122	29,311	63,837	22,716	157,107
Inter-segment sales	(2,027)	(696)	(124)	(2,149)	(8,418)	(22,716)	(36,130)
External sales	17,663	7,735	12,998	27,162	55,419	-	120,977
Segment results	11,186	4,731	6,527	4,651	19,970	(12)	47,053
Fair value loss on investment properties	(3,123)	(4,875)	(3,600)	-	-	-	(11,598)
Finance cost	(1,651)	(794)	(1,440)	(633)	(305)	(40)	(4,863)
	6,412	(938)	1,487	4,018	19,665	(52)	30,592
Share of results of associates and joint ventures	4,496	-	(500)	698	(1,028)	-	3,666
Profit before taxation	10,908	(938)	987	4,716	18,637	(52)	34,258
Taxation							(5,400)
Net profit after taxation							28,858
Non-controlling interests							(795)
Net profit attributable to equity holders of the Company							28,063
Segment assets	99,355*	31,015*	128,842*	32,735*	23,786*	11,909*	327,642
Investment in associates	-	-	-	238	57	-	295
Investment in joint ventures	18,400	-	-	-	2,241	-	20,641
Total segment assets							348,578
Total segment liabilities	64,625	26,458	78,256	22,410	22,192	15,936	229,877
Capital expenditures	643	11,950	38,799	2,849	2,211	10,343	66,795
Depreciation of property, plant and equipment	736	1,248	2,456	1,526	825	356	7,147
Depreciation of right-of-use assets	277	266	105	1,974	9,046	-	11,668

* Certain comparative amounts have been reclassified to conform with the current year's presentation. In the opinion of the directors of the Company, this presentation would better reflect the financial performance of the Group.

Reconciliation of segments' total assets and total liabilities

	30 September 2022 S\$'000	30 September 2021 S\$'000
Reportable segments' assets are reconciled to total assets:		
Segment assets	427,015	348,578
Deferred tax assets	60	60
Non-current fixed deposits with banks	500	-
Current fixed deposits with banks	1,584	1,384
Cash and bank balances	39,727	36,786
	468,886	386,808
Reportable segments' liabilities are reconciled to total liabilities:		
Segment liabilities	267,403	229,877
Current income tax liabilities	3,707	4,995
Deferred tax liabilities	5,598	3,653
	276,708	238,525

Geographical segment

The following table shows the distribution of the Group's revenue from external customers based on the location where goods are sold and services are provided:

	Revenue from external customers			
	6 Months ended 30 September		Year ended 30 September	
	2022 S\$'000	2021 S\$'000	2022 S\$'000	2021 S\$'000
Singapore	46,266	51,689	100,098	110,502
Thailand	2,422	2,006	4,755	3,975
Malaysia	1,448	1,068	2,694	2,056
Hong Kong	1,255	1,105	2,467	2,133
Myanmar	768	308	997	830
Indonesia	213	158	392	344
Cambodia	219	165	369	1,137
	52,591	56,499	111,772	120,977

The following table shows the distribution of the Group's non-current assets excluding deferred tax assets based on the geographical location of customers:

	Non-current assets as at	
	30 September 2022 S\$'000	30 September 2021 S\$'000
Singapore	336,959	248,912
Thailand	1,915	2,311
Malaysia	1,500	1,223
Hong Kong	96	354
Myanmar	1,961	3,964
Indonesia	6,160	7,593
Cambodia	16,633	16,137
People's Republic of China	3,455	5,715
	368,679	286,209

6. Revenue

	6 Months ended 30 September		Year ended 30 September	
	2022 S\$'000	2021 S\$'000	2022 S\$'000	2021 S\$'000
Rental and warehousing lease income from				
- Leased properties	12,069	12,168	24,626	25,007
- Owned properties	3,670	2,427	6,598	5,712
Car park services	10,811	9,014	20,200	16,831
Dormitory management services	-	-	-	42
Logistics services				
- Trucking services	5,828	6,276	11,708	12,318
- Storage services	1,334	1,345	2,656	2,655
- Container repair services	1,060	1,091	2,402	2,436
- Logistics management	5,521	5,002	10,543	9,808
Facilities services	10,519	18,314	29,933	44,502
Management services fee income	1,333	825	2,218	1,572
Others	446	37	888	94
	<u>52,591</u>	<u>56,499</u>	<u>111,772</u>	<u>120,977</u>

7. Other gains/(losses) – net and other income

	6 Months ended 30 September		Year ended 30 September	
	2022 S\$'000	2021 S\$'000	2022 S\$'000	2021 S\$'000
Other gains/(losses) - net				
Gain on disposal of property, plant and equipment	19	216	74	242
Write-off of property, plant and equipment	(196)	(5)	(196)	(18)
Write-off of leasehold building	(4,833)	-	(4,833)	-
Impairment loss on property, plant and equipment	(3,649)	-	(4,129)	-
Gain from net investment in subleases	5,451	2,718	10,796	4,598
Gain from termination of lease	-	-	-	2
Lease modification gains/(losses) – net	571	263	648	(435)
Foreign exchange gains/(losses) – net	878	292	721	(72)
	<u>(1,759)</u>	<u>3,484</u>	<u>3,081</u>	<u>4,317</u>
Other income				
Handling charges	183	148	317	325
Interest income	752	636	1,440	1,350
Vehicle related income	60	51	143	113
Government grants	455	167	490	89
Wage credit scheme and special employment credit*	54	28	321	211
Job support scheme**	431	1,168	431	1,882
Job growth incentive***	430	-	892	157
Forfeiture of tenant deposit	130	151	255	242
Services charges	112	113	223	207
Miscellaneous charge to tenant	48	94	175	161
Rental rebates, net****	895	3,257	2,414	4,534
Other income	694	815	1,647	1,412
	<u>4,244</u>	<u>6,628</u>	<u>8,748</u>	<u>10,683</u>
	<u>2,485</u>	<u>10,112</u>	<u>11,829</u>	<u>15,000</u>

* Wage credit scheme and special employment credit are incentives introduced by the Singapore Government to help business alleviate business costs in a tight labour market and to support business investments. These incentives are in the form of cash payout.

** Job support scheme (“JSS”) are introduced by Singapore Government to help employers to retain their local employees during the period of economic uncertainty as a result of global pandemic outbreak of COVID-19. JSS will be allocated over the period of uncertainty to match its relevant cost incurred. The unallocated amount which has been received and any amount to be received as at year end are recognised as Deferred grant income and Grant receivables, respectively.

7. Other gains/(losses) – net and other income (cont'd)

*** Job growth incentive (“JGI”) are introduced by Singapore Government to support employers to expand their local hiring.

**** Rental rebates are introduced by Governments mainly to help tenants with their rental payments during the global pandemic outbreak of COVID-19, These are net of rental relief received from landlords and rental relief paid to eligible tenants.

8. Expense by nature

	6 Months ended 30 September		Year ended 30 September	
	2022 S\$'000	2021 S\$'000	2022 S\$'000	2021 S\$'000
Advertising expenses	223	201	376	321
Commission fees	663	363	969	922
Entertainment expenses	269	128	413	274
Marketing expenses	91	114	185	132
Transportation costs	637	638	1,277	1,348
Container depot management charges	930	1,245	2,185	2,607
Rental expenses	2,812	2,844	5,530	5,939
Upkeep, maintenance, set up and retrofit costs	7,847	8,921	17,740	18,853
Consultancy fees	98	78	178	145
Depreciation of property, plant and equipment	4,060	3,972	8,204	7,147
Depreciation of right-of-use assets	6,204	4,566	12,291	11,668
Amortisation of intangible assets	-	5	-	39
Listing expenses *	477	-	1,360	-
Professional fees	823	509	1,847	1,103
Vehicle-related expenses	54	41	92	80
Employee benefit costs	16,209	15,773	32,708	31,416
Insurance fees	406	341	817	738
IT Maintenance expenses	452	348	827	644
Printing expenses	84	74	232	204
Property management fees	171	167	338	334
Telephone expenses	191	163	344	314
Auditor's remuneration				
Audit services – current	334	280	543	437
Audit services – under provision in prior year	11	-	22	104
Non-audit services	15	99	90	265
Other expenses	2,863	2,085	5,437	3,658
	45,924	42,955	94,005	88,692

* relates to listing expenses incurred for the spin-off and separate listing of our Logistics business.

9. Finance cost

	6 Months ended 30 September		Year ended 30 September	
	2022 S\$'000	2021 S\$'000	2022 S\$'000	2021 S\$'000
Interest expense on borrowings	1,740	1,056	3,056	2,035
Interest expense on lease liabilities from hire purchase arrangement	67	79	138	165
Interest expense on lease liabilities from lease arrangement	897	1,220	1,928	2,663
Interest expense on others	39	-	79	-
	2,743	2,355	5,201	4,863
Less: Amount capitalised	(157)	-	(271)	-
	2,586	2,355	4,930	4,863

10. Income Tax Expense

	6 Months ended 30 September		Year ended 30 September	
	2022 S\$'000	2021 S\$'000	2022 S\$'000	2021 S\$'000
Current income tax	3,026	2,057	4,217	4,989
Deferred income tax	582	16	1,499	30
	<u>3,608</u>	<u>2,073</u>	<u>5,716</u>	<u>5,019</u>
(Over)/under provision in respect of prior years				
- current taxation	(491)	248	(556)	314
- deferred taxation	338	67	338	67
	<u>3,455</u>	<u>2,388</u>	<u>5,498</u>	<u>5,400</u>

11. Dividend

	Year ended 30 September	
	2022 S\$'000	2021 S\$'000
Ordinary dividends:		
- Final dividend paid in respect of the previous financial year of 1.0 Singapore cent (2021: 1.0 Singapore cent) per share	4,081	4,003
- Interim dividend paid in respect of the current financial year of 0.6 Singapore cents (2021: 0.75 Singapore cents) per share	2,446	3,016
- Special dividend paid in respect of the current financial year of 0.15 Singapore cents (2021: nil) per share	616	-
	<u>7,143</u>	<u>7,019</u>

The Board has resolved to recommend a final dividend of S\$0.01 (equivalent to HK\$0.0567) per share for the financial year ended 30 September 2022, which is subject to shareholders' approval at the upcoming general meeting. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 September 2022.

12. Earnings per share

Basic earnings per share are calculated by dividing the profit of the Group attributable to equity holders of the Company by the weighted average number of ordinary shares deemed to be in issue during each of the periods:

	6 Months ended 30 September		Year ended 30 September	
	2022	2021	2022	2021
Net profit attributable to equity holders of the Company (S\$'000)	13,642	13,254	45,838	28,063
Weighted average number of ordinary shares ('000)	408,945	405,962	408,945	404,208
Basic earnings per share (Singapore cents)	3.34	3.26	11.21	6.94

The basic and diluted earnings per share are the same as there were no potentially dilutive securities in issue as at 30 September 2022 and 2021.

13. Net asset value

	Group		Company	
	30 September		30 September	
	2022	2021	2022	2021
Net asset attributable to Shareholders (S\$ '000)	185,904	145,726	71,926	71,060
Number of ordinary shares in issue (in '000)	408,945	408,945	408,945	408,945
Net asset value per ordinary share (Singapore Cents)	45.46	35.63	17.59	17.38

14. Property, plant and equipment

The Group had additions to property, plant and equipment of approximately S\$1,357,000 (2021: S\$14,707,000) for the six months ended and S\$8,026,000 (2021: S\$20,132,000) for the full year ended 30 September 2022.

15. Investment properties

	30 September	30 September
	2022	2021
	S\$'000	S\$'000
Beginning of financial year	166,570	115,578
Additions – investment properties	54,678	60,634
Additions – capitalised expenditure	21,611	-
Reclassification from right-of-use assets	-	12,084
Reclassification to property, plant and equipment	(8,286)	-
Derecognition of assets of right-of-use properties	(15,421)	(8,407)
Lease modification adjustments	1,062	(1,808)
Net gain/(loss) from fair value adjustment	12,261	(11,598)
Currency translation	792	87
End of financial year	<u>233,267</u>	<u>166,570</u>

Fair value of the Group's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers based on indicative sale price of the properties. The significant inputs and assumptions are developed in close consultation with management. The valuation reports and fair value changes are reviewed by the Directors at each reporting date.

Fair value of the Group's right-of-use assets (classified as investment properties) including Level 3 fair values, are estimated based on appraisals performed by independent, professionally-qualified property valuers

Fair value measurements of investment properties

Investment properties are carried at fair values at the end of reporting period. Valuations are made at each financial statement date based on the properties' highest-and-best-use using the direct market comparison method, discounted cash flow approach, income capitalization method and residual value method in determining the open market values.

16. Trade and other receivables

	30 September 2022 S\$'000	30 September 2021 S\$'000
Trade receivables		
- Third parties	14,549	14,544
- Related parties	6	-
- Associates and Joint ventures	807	621
	<hr/> 15,362	<hr/> 15,165
Accrued rental income	<hr/> 310	<hr/> 354
- Goods and service tax receivables	648	2,970
- Deposits with external parties	8,719	12,984
- Other receivables	1,011	1,139
	<hr/> 10,378	<hr/> 17,093
Less:		
- Impairment loss on trade receivables	(641)	(855)
- Impairment loss on other receivables	(3)	(3)
	<hr/> 25,406	<hr/> 31,754

The aging analysis of the Group's trade receivables based on invoice date is as follows:

	30 September 2022 S\$'000	30 September 2021 S\$'000
0 to 30 days	13,296	13,309
31 to 60 days	396	549
61 to 90 days	426	240
91 to 180 days	530	90
181 to 365 days	113	184
Over 365 days	601	793
	<hr/> 15,362	<hr/> 15,165

17. Non-current assets classified as held for sales

On 30 September 2022, the Group had entered into the Sales and Purchase Agreement for the sale share in our interest in an associate. The asset is classified as held for sales as the disposal is expected to be completed in the financial year ended 30 September 2023.

18. Share capital

	Year ended 30 September 2022		Year ended 30 September 2021	
	No. of shares Issued	Nominal Amount S\$'000	No. of shares Issued	Nominal Amount S\$'000
Beginning of financial year	408,945,400	65,496	402,445,400	63,407
Issuance of placement shares *	-	-	6,500,000	2,089
End of financial year	408,945,400	65,496	408,945,400	65,496

* As announced on 24 June 2021, 6,500,000 ordinary shares of the Company at the issue price of S\$0.3351 were issued following the completion of the placement. The placement shares were issued free from all claims, charges, liens and other encumbrances whatsoever and rank pari passu in all respects with and carry all rights similar to the existing issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

The Company did not have any outstanding options, treasury shares, convertibles or subsidiary holdings as at 30 September 2022 and 30 September 2021.

19. Trade and other payables

	30 September 2022 S\$'000	30 September 2021 S\$'000
Trade payables		
- Third parties	2,614	5,086
- Associates and Joint Venture	319	149
	<u>2,933</u>	<u>5,235</u>
Contract liabilities		
- Advances received from customers	3,432	2,298
	<u>3,432</u>	<u>2,298</u>
Other payables and accruals		
- Goods and services tax payables	1,079	1,029
- Loan from shareholder of a non-wholly owned subsidiary	2,736	717
- Provision for directors' fees	64	60
- Accruals	12,406	10,349
- Accrued rental expenses	191	82
- Rental deposits received from customers	13,157	11,374
- Rental deposits received from related parties	-	38
- Rental received in advance	108	174
- Withholding tax	73	95
- Sundry creditors *	915	3,941
- Other payables	21	22
	<u>37,115</u>	<u>35,414</u>
Less:		
- Non-current portion: other payables	(21)	(22)
Total trade and other payables included in current liabilities	<u>37,094</u>	<u>35,392</u>

* Include loans of approximately S\$2,658,000 as at 30 September 2021 from parties who are registered as shareholders of a subsidiary on 1 October 2021.

19. Trade and other payables (cont'd)

The aging analysis of the Group's trade payables based on invoice date is as follows:

	30 September 2022 S\$'000	30 September 2021 S\$'000
0 to 30 days	1,796	3,585
31 to 60 days	477	949
61 to 90 days	74	219
Over 90 days	586	482
	<u>2,933</u>	<u>5,235</u>

The carrying amount of trade and other payables approximated their fair value.

20. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2022 and 30 September 2021:

	Group 30 September		Company 30 September	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
- at amortised costs	122,543	109,945	41,490	42,347
Financial liabilities				
- at amortised costs	262,080	225,706	2,039	3,612

21. Bank borrowings and lease liabilities

	30 September 2022 S\$'000	30 September 2021 S\$'000
Amount repayable in one year or less		
- Bank borrowings (unsecured)	1,243	1,217
- Bank borrowings (secured)	18,076	10,339
- Lease liabilities	29,859	37,706
	<u>49,178</u>	<u>49,262</u>
Amount repayable after one year		
- Bank borrowings (unsecured)	2,281	3,523
- Bank borrowings (secured)	126,573	86,299
- Lease liabilities	51,517	54,630
	<u>180,371</u>	<u>144,452</u>
Total borrowings	<u>229,549</u>	<u>193,714</u>

21. Bank borrowings and lease liabilities (cont'd)

Details of any collaterals:

- (a) Bank borrowings of approximately S\$144.6 million as at 30 September 2022 (30 September 2021 – S\$96.6 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, 75 Beach Road, 320 Balestier Road, 115 Geylang Road, 55 Tuas South Avenue 1, 298 River Valley Road, 52 Arab Street 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 non-controlling interest shareholders of certain non-wholly owned subsidiaries of the Company, where applicable.
- (b) Certain lease liabilities of approximately S\$2.9 million (30 September 2021 – S\$3.8 million) of the Group are secured by the underlying assets of certain plant and machinery, logistics equipment and motor vehicles, personal guarantees provided by non-controlling interest shareholders of certain non-wholly owned subsidiaries of the Company and corporate guarantees provided by the Group.

22. Subsequent events

On 16 September 2022, the Group entered into an option to purchase to acquire a property at 404 Pasir Panjang Road, Singapore 118741, for a consideration of S\$30 million. On 16 November 2022, the Group had completed the acquisition of the property in accordance with the terms and conditions as set out in the option to purchase.

On 23 September 2022, the Group entered into an option to purchase to acquire a property at 48 Arab Street, Singapore 199745, for a consideration of S\$6,388,000. The acquisition of the property is expected to be completed in December 2022.

On 12 October 2022, the Group entered into a lease agreement for the tenancy at 18 Tampines Industrial Crescent, Singapore, for a term of three years and 11 months commencing on 13 October 2022. Pursuant to IFRS 16, the lease will be recognised as an investment property (right-of-use asset) with a lease liability of approximately S\$53.1 million, which is calculated with reference to the present value of the aggregated lease payments to be made during the term of three years and 11 months plus option to renew for a further term of three years.

Management Discussion and Analysis

Business Review

In FY2022, the Space Optimisation Business had renewed three master leases under the Industrial Properties, three master leases under the Commercial Properties and three master leases under the Residential Properties. The Group continues to grow its co-living business during the year and had entered into several new master leases which includes the lease at 2 Mount Elizabeth Link and a row of shophouses along Lavender Street, Singapore, that will yield income in the financial year ending 30 September 2023 (“FY2023”). Four property acquisitions were completed in FY2022, namely (i) two joint venture properties at 55 Tuas South Avenue 1 and 471 Balestier Road for the industrial and co-living business respectively; and (ii) two owned properties at 298 River Valley Road and 52 Arab Street for the co-living business.

The Group is also pleased to announce that its own properties at 320 Balestier Road, 75 Beach Road, 115 Geylang Road and joint venture properties at 40 and 42 Amber Road and 471 Balestier Road have completed renovations and commenced operations in FY2022, thus contributing to an increase in revenue under the co-living business.

As at 30 September 2022, the occupancy rates across certain properties (excluding joint venture properties) under the Space Optimisation Business are as follows:

Industrial Properties	
- Work+Store space:	94.9%
- Industrial space:	94.9%
Commercial Properties	
- Commercial space:	97.9%
Residential Properties	
- Co-living space (Singapore):	98.3%

The Facilities Management Business primarily provides integrated facilities management services, carpark management services, dormitory management services and renewable energy services. The carpark business continues to perform well in FY2022, however, a lower demand in facilities management services from the dormitory business has resulted in an overall decrease in the Facilities Management Business revenue in FY2022.

Our Logistics Services Business which provides transportation services and container depot services continues to generate stable revenue in FY2022.

Industry Overview

Space Optimisation Business

According to JTC Market Report for the industrial property market (3Q2022)¹, the occupancy rate of the overall industrial property market stood at 89.7% which fell 0.3 percentage points compared to the previous quarter and 0.5 percentage points compared to the previous year. Notwithstanding the drop in occupancy, prices and rentals have continued to rise. In the third quarter of 2022, price and rental indices of all industrial space rose by 2.0% and 2.1% respectively as compared to the previous quarter, and 7.2% and 4.9% respectively compared to the previous year. Barring any sharp slowdown in the global economy, demand for industrial space in 2022 and 2023 is expected to be healthy and occupancy relatively stable.

For the residential property market, the URA rental index for all private residential properties increased by 8.6% in the third quarter of 2022 as compared to the previous quarter². Rental price is expected to increase further due to the recent property cooling measure introduced by the Singapore government on 30 September 2022 which imposed a 15-month wait-out period on private residential property owners who wish to buy a Housing Development Board resale flat after the sale of their current private property.

Logistics Services Business

Based on the Singapore Economic Development Board monthly manufacturing performance for September 2022, the manufacturing output of chemicals declined 7.1% year-on-year³ partly due to plant maintenance shutdowns. The Group's transportation business is mindful of the situation and will continue to focus on improving its business operations.

Singapore's first phase of Tuas Port was officially opened on 1 September 2022 with a total of five berths expected to be in operation by the end of 2022. The new port is anticipated to open in four phases and will eventually be the world's biggest fully automated port upon completion in 2040. The Group's container depot business in Singapore is expected to benefit and expand from this positive outlook.

¹ <https://stats.jtc.gov.sg/content/static/Documents/JTC%20Quarterly%20Market%20Report%20for%203Q2022.pdf>

² <https://www.ura.gov.sg/Corporate/Media-Room/Media-Releases/pr22-38>

³ <https://www.edb.gov.sg/en/about-edb/media-releases-publications/monthly-manufacturing-performance.html>

Business Outlook

As published in the press release dated 14 October 2022 by the Singapore's Ministry of Trade and Industry⁴, based on advance estimates, the Singapore economy grew by 4.4% on a year-on-year basis in the third quarter of 2022, easing slightly from the 4.5% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 1.5%, a turnaround from the 0.2% contraction in the preceding quarter.

However, the Group is mindful of the challenges ahead such as high inflation, interest rate hikes, Russia's invasion of Ukraine which are expected to put upward pressure on operating costs.

For the Space Optimisation Business, besides focusing on growing the co-living space business, the Group will continue to look for opportunities to grow and expand in Singapore and in other regions that we currently have presence in, as well as into other countries in Asia.

In FY2023, the Group is expecting new Coliwoo properties to be launched in Singapore which aims to provide flexible and affordable residential offerings, on the back of rising rental rates in Singapore partly due to the recent new property cooling measures introduced by the Singapore government. The upcoming launch of Coliwoo properties comprise a block of serviced residence at 2 Mount Elizabeth Link, a row of shophouses along Lavender Street as well as several properties located at 298 River Valley Road, 404 Pasir Panjang Road and 52 Arab Street which will add a total estimated 600 keys to the co-living portfolio, bringing the total estimated keys to 1,600 for FY2023.

Following the Group's acceptance of the offer to purchase a property at 48 Arab Street, Singapore, which was announced on 23 September 2022, the Group looks forward to the completion of the acquisition of the property as this will further add on to the service offerings under the Group's co-living portfolio.

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, pest control and fumigation of buildings and offices to its customers. In addition, the Group plans to build up its market share in the carpark business by offering smart parking solutions to optimise space utilisation. The Group also looks to expand its renewable energy solutions offerings to enterprises in Singapore, assisting them to fulfil their sustainability objectives.

The Group's Logistics Services Business which was separately listed on the Catalist Board of the SGX-ST under LHN Logistics Limited (stock code: GIH) on 29 April 2022, plans to expand its transportation and container depot services in Singapore, Malaysia and the ASEAN region. The construction of the ISO tank depot at 7 Gul Avenue is expected to complete in the third quarter of FY2023, providing chemical cleaning and repair services for ISO tanks, empty ISO tank storage services and laden ISO tank storage services for hazardous substances, petroleum and flammable materials. Our new container depot in Myanmar has commenced operations in FY2022 and is expected to contribute positively to the Group, barring any unforeseen circumstances.

In response to growing climate changes challenges, the Group remains committed to its sustainability roadmap towards net-zero emissions through its three key environmental protection practices, namely (i) responsible consumption, (ii) low carbon future and (iii) creating sustainable communities. In FY2022, the Group continued to expand its internal renewable energy systems network for both solar panel and electricity vehicle charging system. The Group also put effort into educating and engaging employees at all levels in green initiatives through upcycling workshops and Plant-A-Tree programme, a Garden City Fund's platform for organisations and individuals to actively participate in the greening of Singapore by planting trees.

The Group continues to deepen its relationship with employees, stakeholders and the community it operates in through developing (i) fair, safe and healthy workplace, (ii) employees and stakeholder engagement programmes; and (iii) corporate social responsibility programmes.

In FY2022, the Group's good corporate governance practices were recognised with the Gold Award for Best Investor Relations (Small Cap) at the Singapore Corporate Awards 2022.

⁴ https://www.mti.gov.sg/Newsroom/Press-Releases/2022/10/Singapore-Economy-Expanded-by-4_4-Per-Cent-in-the-Third-Quarter-of-2022

Financial Review

For the year ended 30 September 2022 (“FY2022”) vs year ended 30 September 2021 (“FY2021”)

Revenue

	FY2022 S\$'000 (unaudited)	FY2021 S\$'000 (audited)	Variance	
			S\$'000	%
Industrial Properties	18,877	17,663	1,214	6.9
Commercial Properties	7,555	7,735	(180)	(2.3)
Residential Properties				
- Co-living (Singapore)	15,272	10,989	4,283	39.0
- 85 SOHO (Overseas)	888	1,967	(1,079)	(54.9)
- Dormitory set up & retrofit	-	42	(42)	NM
	16,160	12,998	3,162	24.3
Space Optimisation Business	42,592	38,396	4,196	10.9
Facilities Management Business	41,871	55,419	(13,548)	(24.4)
Logistics Services Business	27,309	27,162	147	0.5
Total	111,772	120,977	(9,205)	(7.6)

The Group's revenue decreased by approximately S\$9.2 million or 7.6% from approximately S\$121.0 million in FY2021 to approximately S\$111.8 million in FY2022 primarily due to the decrease in revenue from the Facilities Management Business which was partially offset by the increase in revenue from the Space Optimisation Business.

(a) Space Optimisation Business

Industrial Properties

Revenue derived from Industrial Properties increased by approximately S\$1.2 million or 6.9% from approximately S\$17.7 million in FY2021 to approximately S\$18.9 million in FY2022 mainly due to contribution of revenue from the new property acquired and tenanted at 55 Tuas South Avenue 1 in the first quarter of FY2022.

Commercial Properties

Revenue derived from Commercial Properties decreased by approximately S\$0.2 million or 2.3% from approximately S\$7.7 million in FY2021 to approximately S\$7.5 million in FY2022 mainly due to decrease in revenue from subleases as a result of the expiry of three master leases during FY2021.

This was partially offset by the (i) revenue contribution from 1557 Keppel Road due to occupancy build-up as renovation was completed in the third quarter of FY2021; and (ii) increase in revenue due to higher occupancy rates in other properties.

Residential Properties

Revenue derived from Residential Properties increased by approximately S\$3.2 million or 24.3% from approximately S\$13.0 million in FY2021 to approximately S\$16.2 million in FY2022 mainly due to the increase in revenue of approximately S\$4.3 million from our co-living business in Singapore. This was partially offset by the decrease in revenue of approximately S\$1.1 million from our overseas Residential Properties.

The increase in revenue from our co-living business in Singapore arose mainly from (i) the co-living space at 1557 Keppel Road which started generating revenue from the third quarter of FY2021 after completion of progressive renovations; (ii) the property at 320 Balestier Road which was acquired in the first quarter of FY2021 and contributed to the increase in revenue upon completion of progressive renovations in the first half of FY2022; (iii) the property at 75 Beach Road which was acquired in the fourth quarter of FY2021 and contributed to the increase in revenue upon completion of renovation in third quarter of FY2022; and (iv) higher occupancy rates from other co-living spaces in FY2022.

For the overseas Residential Properties, the decrease in revenue was mainly due to the decrease in revenue from our serviced residences in Cambodia and Myanmar due to lower occupancy rates.

(b) Facilities Management Business

Revenue derived from our Facilities Management Business decreased by approximately S\$13.5 million or 24.4% from approximately S\$55.4 million in FY2021 to approximately S\$41.9 million in FY2022 mainly due to decrease in facilities management services from the dormitory business. This was partially offset by the increase in revenue from the carpark business due to increase in number of carparks secured in Singapore in the second quarter of FY2021.

(c) Logistics Services Business

Revenue derived from our Logistics Services Business increased slightly by approximately S\$0.1 million or 0.5% from approximately S\$27.2 million in FY2021 to approximately S\$27.3 million in FY2022.

Cost of Sales

Cost of sales decreased by approximately S\$1.7 million or 3.1% from approximately S\$54.4 million in FY2021 to approximately S\$52.7 million in FY2022. The decrease was mainly due to a decrease in (i) rental costs arising from the expiry of two short-term master leases in FY2021; and (ii) costs from the Facilities Management Business, in line with the decrease in revenue.

Gross Profit

In view of the above mentioned, gross profit decreased by approximately S\$7.5 million from approximately S\$66.5 million in FY2021 to approximately S\$59.0 million in FY2022 mainly due to decrease in dormitory business under the Facilities Management Business, partially offset by the increase from the co-living business of the Residential Properties.

Other Gains/(Losses) – net and Other Income

Other gains/(loss) - net and other income decreased by approximately S\$3.2 million or 21.1% from approximately S\$15.0 million in FY2021 to approximately S\$11.8 million in FY2022 mainly due to (i) write-off of the leasehold building at 7 Gul Avenue under the Logistics Services Business where the existing building structure was demolished for redevelopment to an ISO tank washing depot and ISO tank storage yard; (ii) impairment loss on property, plant and equipment under the Space Optimisation Business; and (iii) decrease in net rental rebates received from Governments and landlords under the Space Optimisation Business and decrease in job support scheme due to the cessation of these schemes in relation to COVID-19.

The decrease was partially offset by the increase in (i) gains from subleases which were derived based on differences between the right-of-use asset derecognised and the net investment in sublease; (ii) increase in government grants such as the jobs growth incentive salary support scheme; and (iii) increase in net lease modifications under the Space Optimisation Business.

Other Operating Expenses

Other operating expenses increased by approximately S\$0.2 million or 64.2% from approximately S\$0.2 million in FY2021 to approximately S\$0.4 million in FY2022 mainly due to increase in impairment losses on receivables under the Space Optimisation Business

Selling and Distribution Expenses

Selling and distribution expenses increased by approximately S\$0.5 million or 25.6% from approximately of S\$1.6 million in FY2021 to approximately S\$2.1 million in FY2022 due to an increase in commission expenses and staff costs for the Space Optimisation Business.

Administrative Expenses

Administrative expenses increased by approximately S\$6.6 million or 20.2% from approximately S\$32.6 million in FY2021 to approximately S\$39.2 million in FY2022 mainly due to increase in (i) staff costs which is in line with the expansion of the co-living business; (ii) depreciation of property, plant and equipment mainly from the renovation under our Space Optimisation Business and additional carparks managed under the Facilities Management Business; (iii) listing expenses of LHN Logistics Limited and professional fees incurred mainly for the listing and spin-off of our logistics business; and (iv) other miscellaneous expenses due to business expansion.

Finance Cost

Finance cost increased by approximately S\$0.1 million or 1.4% from approximately S\$4.8 million in FY2021 to approximately S\$4.9 million in FY2022 mainly due to increase in interest expenses as a result of the increase in bank borrowings. This was partially offset by the decrease in interest expenses on lease liabilities.

Share of Results of Associates and Joint Ventures

Share of results of associates and joint ventures increased by approximately S\$12.8 million from approximately S\$3.7 million in FY2021 to approximately S\$16.5 million in FY2022 mainly due to (i) increase in share of net fair value gain on investment properties; and (ii) increase in operating profit from our joint ventures.

Fair Value Gain/(Loss) on Investment Properties

Fair value gain on investment properties was approximately S\$12.3 million in FY2022 as compared to a fair value loss on investment properties of approximately S\$11.6 million FY2021.

Profit before Income Tax

As a result of the aforementioned, the Group's profit before income tax increased by approximately S\$18.8 million or 54.7% from approximately S\$34.2 million in FY2021 to approximately S\$53.0 million in FY2022.

Income Tax Expense

Income tax expenses increased slightly by approximately S\$0.1 million or 1.8% from approximately S\$5.4 million in FY2021 to approximately S\$5.5 million in FY2022.

Profit for the Year

As a result of the above, the Group's net profit increased by approximately S\$18.6 million or 64.6% from approximately S\$28.9 million in FY2021 to approximately S\$47.5 million in FY2022.

Review of Statement of Financial Position

Non-current assets

Non-current assets increased by approximately S\$82.5 million from approximately S\$286.3 million as at 30 September 2021 to approximately S\$368.7 million as at 30 September 2022 mainly due to the factors set out below.

Property, plant and equipment ("PPE") decreased by approximately S\$5.9 million mainly due to (i) depreciation of PPE; (ii) write-off of leasehold building at 7 Gul Avenue under the Logistics Services Business; (iii) net derecognition of PPE due to recognition of net investment in sublease; and (iv) impairment loss on PPE. The decrease was partially offset by (i) additions to PPE mainly for renovation costs incurred under the Space Optimisation Business; and (ii) the reclassification of property at 72 Eunos from investment properties due to partial change in usage of the property to owner-occupied.

Right-of-use assets decreased by approximately S\$5.5 million mainly due to depreciation in FY2022.

Investment properties increased by approximately S\$66.7 million mainly due to (i) additions to investment properties mainly from the purchase of properties at 55 Tuas South Avenue 1, 298 River Valley and 52 Arab Street; (ii) net additions to investment properties (right-of-use) mainly from the Residential Properties; and (iii) fair value gains and lease modification adjustments. These were partially offset by the (i) abovementioned reclassification of property at 72 Eunos to PPE; and (ii) net derecognition of investment properties (right-of-use) due to recognition of net investment in sublease.

Investment in associates and joint ventures increased by approximately S\$15.3 million mainly arising from the share of profit and other comprehensive income of associates and joint ventures recognised in FY2022.

Prepayments increased by approximately S\$0.5 million mainly due to higher prepaid rental expenses.

Finance lease receivables increased by approximately S\$10.9 million mainly due to recognition of receivables from new subleases in FY2022.

Long term fixed deposits increased by S\$0.5 million due to placement in FY2022.

Current assets

Current assets decreased by approximately S\$0.5 million from approximately S\$100.5 million as at 30 September 2021 to approximately S\$100.0 million as at 30 September 2022 mainly due to the factors set out below.

Trade and other receivables decreased by approximately S\$6.3 million mainly due to decrease in other receivables largely from the capitalisation of deposit paid upon completion of acquisition of property at 55 Tuas South Avenue 1 and goods and service tax refunded for the purchase of property.

Loans to associates and joint ventures increased by approximately S\$5.3 million mainly for the partial payment of acquisition of property under 471 Balestier Pte. Ltd. and for working capital.

Prepayments increased by approximately S\$0.6 million mainly due to higher prepaid rental expenses.

Finance lease receivables decreased by approximately S\$3.2 million mainly due to receipts in FY2022.

Cash and bank balances and fixed deposits increased by approximately S\$3.1 million.

Non-current liabilities

Non-current liabilities increased by approximately S\$37.2 million from approximately S\$148.8 million as at 30 September 2021 to approximately S\$186.0 million as at 30 September 2022 mainly due to the factors set out below.

Deferred tax liabilities increased by approximately S\$1.9 million.

Bank borrowings increased by approximately S\$39.0 million, mainly for the purchase of properties at 55 Tuas South Avenue 1, 298 River Valley and 52 Arab Street, renovation costs and working capital for the co-living business.

Lease liabilities decreased by approximately S\$3.1 million mainly due to repayments in FY2022.

Provisions decreased by approximately S\$0.6 million mainly due to reclassification of provision of reinstatement cost from non-current liabilities to current liabilities as certain master leases are near expiry.

Current liabilities

Current liabilities increased by approximately S\$1.0 million from approximately S\$89.7 million as at 30 September 2021 to approximately S\$90.7 million as at 30 September 2022 mainly due to the factors set out below.

Trade and other payables increased by approximately S\$1.7 million largely due to increase in accrued expenses and deposits received from customers.

Provisions increased by approximately S\$0.6 million mainly due to reclassification of provision of reinstatement cost from non-current liabilities to current liabilities as mentioned above.

Bank borrowings increased by approximately S\$7.8 million, mainly for the purchase of properties at 55 Tuas South Avenue 1, 298 River Valley and 52 Arab Street, renovation costs and working capital for the co-living business.

Lease liabilities decreased by approximately S\$7.8 million mainly due to repayments in FY2022.

Current tax payable decreased by approximately S\$1.3 million mainly due to lower income tax provision for FY2022.

Review of Statement of Cash Flows

In FY2022, the Group generated a positive cash flow of S\$46.6 million from operating activities.

Net cash used in investing activities amounted to approximately S\$41.6 million, which was mainly due to (i) additions to PPE mainly for renovation costs incurred under the Space Optimisation Business and Logistics Services Business; (ii) additions to right-of-use assets for equipment costs; (iii) additions to investment properties mainly from the purchase of properties at 55 Tuas South Avenue 1, 298 River Valley and 52 Arab Street and renovation costs incurred at 2 Mount Elizabeth Link and Lavender shophouses; (iv) loans to joint ventures and associates mainly for the partial payment of acquisition of property under 471 Balestier Pte. Ltd. and for working capital; and (v) placement of long term fixed deposit. These were partially offset by (i) receipts and interest from finance lease receivables; and (ii) dividend received from associate and joint ventures.

Net cash used in financing activities amounted to approximately S\$2.1 million, which was mainly due to (i) repayment of bank borrowings and lease liabilities; (ii) interest expenses on bank borrowings and lease liabilities paid; (iii) dividend paid to shareholders and non-controlling shareholder; and (iv) increase in pledged fixed deposit. This was partially offset by (i) proceeds from bank borrowings for the purchase of properties at 55 Tuas South Avenue 1, 298 River Valley and 52 Arab Street, renovation costs and working capital for the co-living business; and (ii) proceeds from issuance of shares from the listing of LHN Logistics Limited less listing expenses paid.

As a result of the above, cash and cash equivalents increased by approximately S\$2.9 million, amounting to approximately S\$39.7 million as at 30 September 2022.

Liquidity and Financial Resources

During FY2022, the Group financed its operations primarily through a combination of cash flow generated from our operations, bank borrowings and lease liabilities.

The Group primarily obtained bank borrowings to finance its acquisition of properties and logistics equipment. The Group also had revolving loans for its short-term finance needs. The Group's borrowings as at 30 September 2022 were denominated in Singapore dollars, United States dollars and Renminbi with interest charged on these borrowings ranging from 1.38% to 5.70% per annum. As at 30 September 2022, the Group had outstanding bank borrowings of S\$148.2 million. These borrowings were secured by (i) legal mortgage of leasehold properties at 72 Eunos Avenue 7, 100 Eunos Avenue 7, 71 Lorong 23 Geylang, 7 Gul Avenue, 75 Beach Road, 320 Balestier Road, 115 Geylang Road, 55 Tuas South Avenue 1, 298 River Valley Road, 52 Arab Street 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 non-controlling interest shareholders of certain non-wholly owned subsidiaries of the Company, where applicable.

As at 30 September 2022, cash and cash equivalents held by the Group were mainly cash in the banks and on hand denominated in Singapore dollars, Hong Kong dollars ("HK\$"), United States dollars ("USD"), Indonesian rupiah ("IDR"), Renminbi and Thai baht ("THB") and deposits denominated in Singapore dollars that are readily convertible into cash.

Gearing Ratio

Gearing ratio is equal to interest-bearing debt divided by total capital and multiplied by 100%. Total capital is calculated as interest-bearing debt plus total equity. Gearing ratio as at 30 September 2022 was 54.4%, decreased from 56.6% as at 30 September 2021 primarily due to increase in total equity.

Lease Liabilities

Since 1 October 2019, the Group has adopted IFRS 16 "Leases" ("IFRS 16") without restating comparatives as permitted under the standard. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rental are recognised. The only exceptions are short-term and low-value leases.

As at 30 September 2022, the Group had lease liabilities of S\$81.4 million in respect of the Group's leased properties, plant and machinery, logistics equipment and motor vehicles. 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 non-controlling interest shareholders of certain non-wholly owned subsidiaries of the Company and corporate guarantees provided by the Group.

Capital Commitment

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, excluding those relating to investments in associated companies and investment in a joint venture, are as follows:

	30 September 2022	30 September 2021
	S\$'000	S\$'000
Investment property	5,342	1,005
Property, plant and equipment	15,350	1,884
	<u>20,692</u>	<u>2,889</u>

Capital Expenditure

During FY2022, the Group's capital expenditure consists of additions to property, plant and equipment and investment properties amounting to approximately S\$64.4 million for the purchase of properties at 55 Tuas South Avenue 1, 298 River Valley Road, 52 Arab Street and renovation costs for the Space Optimisation Business and purchase of logistics and carpark equipment (FY2021: approximately S\$66.8 million).

Contingent Liabilities

As at 30 September 2022, the Group did not have any material contingent liabilities.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Save as disclosed in this announcement, there was no material acquisition and disposal of subsidiaries, associates and joint ventures for FY2022.

Guarantee Performance in relation to the Acquisitions

The Group did not enter into any acquisition, which is required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HK Listing Rules**”), that the party in contract required to commit or guarantee on the financial performance in any kinds for FY2022.

Significant Investment

Except for investments in subsidiaries, associates and joint ventures, the Group did not hold any significant investment in equity interest in any other company for FY2022.

Off-balance Sheet Arrangements

For FY2022, the Group did not have any off-balance sheet arrangements.

Securities Investments

The Group did not have any securities investment in any investee company with a value of 5% or more of the total assets of the Group as at 30 September 2022, which is required to be disclosed under the HK Listing Rules.

Future Plans for Material Investment and Capital Assets

Save as disclosed in the prospectus of the Company dated 15 December 2017 and this announcement, the Group did not have any plans for material investment and capital assets as at 30 September 2022. The Company will make further announcements in accordance with HK Listing Rules and Catalyst Rules, where applicable, if any investments and acquisition opportunities materialise.

Exposure to Fluctuations in Exchange Rates

The Group mainly operates in Singapore, Indonesia, Thailand, Myanmar, Malaysia, Hong Kong and Cambodia during FY2022. Currency exposure arises within entities of the Group when transactions are mainly denominated in foreign currencies such as USD, IDR, HK\$ and THB. In addition, the Group is exposed to currency translation risk upon translation of the net assets in foreign operations into the Group’s reporting currency in SGD. During FY2022, the Group recorded an exchange gain of S\$721,000.

The Group has not carried out any hedging activities against foreign exchange fluctuations.

Employees and Remuneration Policies

As at 30 September 2022, there were 615 (as at 30 September 2021: 567) employees in the Group. The remuneration to its employees includes salaries and allowances, which is determined based on their performance, experience and prevailing industry practices. The compensation policies and packages are reviewed on a regular basis.

Significant Event after the Reporting Period

Saved as disclosed in this announcement, there was no significant event relevant to the business or financial performance of the Group that has come to the attention of the Directors after FY2022.

Purchase, Sales or Redemption of The Company’s Listed Securities

During FY2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

Corporate Governance

The Company has adopted the code provisions of the corporate governance code in Appendix 14 (the “**HK CG Code**”) to the HK Listing Rules as part of its corporate governance code in addition to the requirements under Singapore Code of Corporate Governance 2018 (“**SG CG Code**”). As such, the Company will comply with the more stringent requirements among the HK CG Code and the SG CG Code.

In the opinion of the Directors, the Company had complied with the HK CG Code and SG CG Code during FY2022 except for code provision C.2.1 under the HK CG Code. Under code provision C.2.1 of the HK CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Group does not have the role of chief executive officer but has the role of managing Director, which is responsible for the day-to-day management of business and currently performed by Mr. Lim Lung Tieng (“**Mr. Kelvin Lim**”), who is also the executive chairman of the Board. Throughout the Group’s business history, Mr. Kelvin Lim has held the key leadership position of the Group since 1998 and has been deeply involved in the formulation of corporate strategies and management of business and operations of the Group. Taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, the Directors (including the independent non-executive Directors) consider that Mr. Kelvin Lim is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and our shareholders as a whole.

Model Code of Securities Transactions by Directors

In addition to compliance to Rule 1204(19) of the SGX-ST Listing Manual Section B: Rules of the Catalist, the Company has updated its policy with the requirements set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the HK Listing Rules which is also applicable to its employees who are likely to be in possession of unpublished inside information (the “**Relevant Employees**”).

The Company and its Officers (including the Directors, Management and Executives) are not allowed to deal in the Company’s shares during the period commencing 30 days immediately before the announcement of the Company’s interim results and 60 days immediately before the announcement of the Company’s full year results, and ending on the date of the announcement of the relevant results.

The Directors, Management and Executives of the Group are also expected to observe relevant insider trading laws at all times, even when dealing in securities within permitted trading period or they are in possession of unpublished price-sensitive information of the Company and they are not to deal in the Company’s securities on short-term considerations.

The Company confirms that specific enquiry has been made to all the Directors and the Relevant Employees and all have confirmed that they have complied with the Model Code during FY2022.

Audit Committee

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference which deal clearly with its authority and duties. Amongst the committee’s principal duties is to review and supervise the Company’s financial reporting process and internal controls. The full text of terms of reference of the Audit Committee is available on the websites of the Company and the SEHK.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Chan Ka Leung Gary (Chairman), Ms. Ch’ng Li-Ling and Mr. Yong Chee Hiong.

The Audit Committee has reviewed the consolidated results of the Group for FY2022 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the HK Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

Scope of Work of PricewaterhouseCoopers LLP

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 30 September 2022 as set out in this announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers LLP (Singapore), to the amounts set out in the Group’s draft consolidated financial statements for the reporting year. The work performed by PricewaterhouseCoopers LLP in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board (“**IAASB**”) and consequently no assurance has been expressed by PricewaterhouseCoopers LLP on this announcement.

Public Float

The Company has maintained the public float as required by the HK Listing Rules up to the date of this announcement.

Annual General Meeting

The annual general meeting of the Company (the “AGM”) will be held on 30 January 2023 (Monday). The notice of the AGM will be published on the website of SEHK (www.hkexnews.hk), SGX-ST (www.sgx.com) and the website of the Company (www.lhngroup.com), and will also be sent to the Shareholders, together with the Company’s annual report, in due course.

Closure of Register of Members

For determining the entitlement to attend and vote at the AGM

For Shareholders in Singapore

The Share Transfer Books and Register of Members of the Company will be closed at **5:00 p.m. on Friday, 27 January 2023** for the purpose of determining shareholders’ entitlements to attend the AGM. 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 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 up to **5:00 p.m. on Thursday, 19 January 2023** will be registered to determine shareholders’ entitlements to attend the AGM.

For Shareholders in Hong Kong

The branch register of members of the Company in Hong Kong will be closed from **Friday, 20 January 2023 to Monday, 30 January 2023** (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 attend and vote at the AGM, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than **4:30 p.m. on Thursday, 19 January 2023**.

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 Thursday, 12 January 2023** to the Company’s Singapore principal share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 (for Singapore shareholders) and the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for Hong Kong shareholders), respectively.

Other information required by Appendix 7C of the Catalist Rules

1. **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.

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

Not applicable.

3. **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, if any, against the total number of issued shares excluding 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.**

Please refer to note 18 of the financial statements.

4. **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.**

Please refer to note 18 of the financial statements.

5. **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. The Company does not have any treasury shares during and as at the end of the current financial period reported on.

6. **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 have any subsidiary holdings as at the end of the current financial period reported on.

7. **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.

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

Please refer to note 12 of the financial statements.

9. **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 period reported on; and
- (b) Immediately preceding financial year.

Please refer to note 13 of the financial statement.

10. 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 FY2022 is in line with the profit alert announcement announced by the Group on 10 November 2022.

11. Dividend Information

(a) Whether an interim (final) ordinary dividend has been declared: Yes.

(b) (i) Amount per share: 1.0 Singapore cent (equivalent to HK\$0.0567)

(ii) Previous corresponding period: 1.0 Singapore cent (equivalent to HK\$0.0570)

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Tax-exempt (one-tier).

(d) Date payable

Subject to shareholders' approval at the upcoming annual general meeting, the proposed final dividend will be paid on Tuesday, 21 February 2023.

(e) 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 Tuesday, 7 February 2023** for the purpose of determining shareholders' entitlements to the proposed final 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 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 up to **5:00 p.m. on Tuesday, 7 February 2023** will be registered to determine shareholders' entitlements to the proposed final dividend.

For Shareholders in Hong Kong

The branch register of members of the Company in Hong Kong will be closed between **Wednesday, 8 February 2023 and Thursday, 9 February 2023** (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 proposed final 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than **4:30 p.m. on Tuesday, 7 February 2023**.

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 Monday, 30 January 2023** to the Company's Singapore principal share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 (for Singapore shareholders) and the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, 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.

13. **Breakdown of Group's revenue and profit/(loss) after tax for first half year and second half year.**

	FY2022 S\$'000	FY2021 S\$'000	Increase/(Decrease) %
(a) Sales reported for first half year	59,181	64,478	(8.2)
(b) Profit after tax before deducting non-controlling interests reported for first half year	32,196	14,809	117.4
(c) Sales reported for second half year	52,591	56,499	(6.9)
(d) Profit after tax before deducting non-controlling interest reported for second half year	13,642	13,254	2.9

14. **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 for certain interested person transactions.

The Group does not have any general mandate from shareholders for interested person transactions with LHN Logistics Limited and its group of companies.

Name of Interested Person	Nature of Relationship	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) S\$'000	Aggregate Value of all interested person transactions conducted during the period under review under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
<u>Payments received by our Group</u> LHN Logistics Limited and its group of companies - Contractual services - Warehouse services	Indirect subsidiaries of the Company which are separately listed on the Catalist of the SGX-ST.	129 234	- -

15. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Detail of changes in duties and position held, if any, during the year
Ong Siang Lim Jeremy	43	Brother-in-law of Kelvin Lim and Jess Lim	General manager, responsible to oversee the car park management services / 2016	N.A.

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

During FY2022 and up to the date of this announcement, the Group had incorporated the following subsidiaries, joint ventures and associates:

S/N	Company Name	Place of Incorporation	Issued and Paid-up Capital	Principal Activities	Interest Held by the Group	Date of announcement
1.	Chrysolite Industries Pte. Ltd.	Singapore	S\$200,000	Space optimisation	60%	14 July 2021, 3 October 2021
2.	471 Balestier Pte. Ltd.	Singapore	S\$200,000	Space optimisation	70%	23 September 2021, 5 November 2021
3.	Coliwoo West Pte. Ltd.	Singapore	S\$1	Space optimisation	100%	-
4.	Coliwoo Bugis Pte. Ltd.	Singapore	S\$1	Space optimisation	100%	-
5.	HLA Container Holdings (Myanmar) Limited	Myanmar	US\$1,000	Container Services	50.46%	-
6.	LHN Logistics Shared Services Sdn. Bhd.	Malaysia	MYR100	Provision of shared services	84.10%	-
7.	Coliwoo (Sin Ming) Pte. Ltd.	Singapore	S\$1	Space optimisation	100%	-
8.	The Bus Hotel Pte. Ltd.	Singapore	S\$200,000	Space optimisation	30%	-
9.	Coliwoo (TK) Pte. Ltd.	Singapore	S\$1	Space optimisation	100%	-
10.	Jadeite Properties Pte. Ltd.	Singapore	S\$1	Space optimisation	100%	-
11.	Coliwoo (Geylang) Pte. Ltd.	Singapore	S\$1	Space optimisation	100%	-

In connection with the listing of the Group's subsidiary, LHN Logistics Limited, on Catalyst, the following restructuring exercise was undertaken:

(a) Sale of shares in Hean Nerng Logistics Pte. Ltd. ("HNL") to LHN Logistics Limited by LHN Group Pte. Ltd. ("LHNGPL")

On 29 March 2022, LHNGPL and LHN Logistics Limited entered into a share swap agreement pursuant to which LHN Logistics Limited acquired from LHNGPL the entire issued and paid-up share capital of HNL, comprising an aggregate of 500,000 ordinary shares at a deemed cost of S\$9,639,677, which was determined based on the proportionate share of adjusted net asset value of HNL and its subsidiaries of approximately S\$9,639,677 as at 30 September 2021 and settled by the issue and allotment of an aggregate of 1,092,183 Shares to LHNGPL, credited as fully paid-up at an issue price of S\$8.83 per share which was arrived at on a willing buyer willing seller basis.

(b) Sale of shares in HLA Container Services Pte. Ltd. to LHN Logistics Limited by LHNGPL

On 29 March 2022, LHNGPL and LHN Logistics Limited entered into a share swap agreement pursuant to which LHN Logistics Limited acquired from LHNGPL 60% of the issued and paid-up share capital of HLA Container Services Pte. Ltd. comprising an aggregate of 480,000 ordinary shares at a deemed cost of S\$2,478,130, which was determined based on the proportionate share of adjusted net asset value of HLA Container Services Pte. Ltd. and its subsidiaries of approximately S\$2,478,130 as at 30 September 2021 and settled by the issue and allotment of an aggregate of 280,774 Shares to LHNGPL, credited as fully paid-up at an issue price of S\$8.83 per share which was arrived at on a willing buyer willing seller basis.

(c) Sale of shares in HLA Holdings Pte. Ltd. to LHN Logistics Limited by LHNGPL

On 29 March 2022, LHNGPL and LHN Logistics Limited entered into a share swap agreement pursuant to which LHN Logistics Limited acquired from LHNGPL 60% of the issued and paid-up share capital of HLA Holdings Pte. Ltd. comprising an aggregate of 429,408 ordinary shares at a deemed cost of S\$321,707, which was determined based on the proportionate share of adjusted net asset value of HLA Holdings Pte. Ltd. of approximately S\$321,707 as at 30 September 2021 and settled by the issue and allotment of an aggregate of 36,450 Shares to LHNGPL, credited as fully paid-up at an issue price of S\$8.83 per share which was arrived at on a willing buyer willing seller basis.

As announced on 29 April 2022 and as at the date of this announcement, the Company holds an indirect shareholding interest in LHN Logistics Limited through LHNGPL, a wholly-owned subsidiary of the Company, of approximately 84.1%.

17. **A commentary at the date of 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.**

Please refer to pages 24 and 25 of this announcement.

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

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

19. **Publication of Financial Information**

The annual results announcement for FY2022 is published on the website of SEHK (www.hkexnews.hk), SGX-ST (www.sgx.com) and the website of the Company (www.lhngroup.com). The annual report of the Company for FY2022 containing, among others, the annual financial statements of the Group will be despatched to shareholders of the Company and published on the above websites in due course.

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

Singapore, 28 November 2022

As at the date of this announcement, the Board comprises Mr. Lim Lung Tieng and Ms. Lim Bee Choo as executive Directors of the Company; and Ms. Ch'ng Li-Ling, Mr. Yong Chee Hiong and Mr. Chan Ka Leung Gary as independent non-executive Directors of the Company.