LHN GROUP
SPACE OPTIMISED

COMMERCIAL
LOGISTICS
RESIDENTIAL
FACILITIES
INDUSTRIAL
CAR PARK
ENERGY

CREATING PRODUCTIVE ENVIRONMENTS

ANNUAL REPORT 2022

LHN LIMITED - 賢能集團有限公司*
STOCK CODE: Singapore - 41O / Hong Kong - 1730
(incorporated in the Republic of Singapore with limited liability)
(*For identification purpose only)

About LHN Group

With a history dating back to 1991, we are a real estate management services group that provides integrated real estate management services across Asia. At the forefront of property trends, the Group has been highly adaptive to the changing needs of how individuals and businesses live, work, and play.

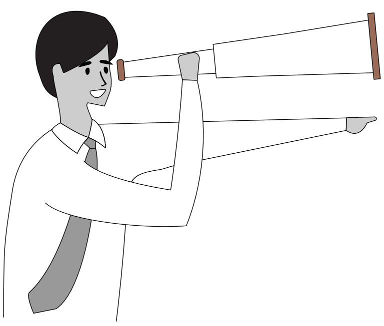
We focus on creating productive environments for small and medium enterprises (SMEs) and born-global companies. Taking old, unused and under-utilised industrial, commercial and residential properties, we enhance and transform them into thoughtfully designed and highly usable space. In addition, our vast experience at managing a diverse range of properties has shaped us to be well-versed in the art of applying our space optimisation expertise to any space.

Consisting of comprehensive cleaning, car park management, and building management - our suite of integrated facility management offerings greatly complement one another, and in turn, strengthen the space optimisation business segment, which gives us an edge over the market.

The logistics management business unit includes transportation services in Singapore and Malaysia and container depot services in Singapore, Myanmar and Thailand. Our transportation division is operated by our fleet of well-maintained prime movers, trailers, oil tankers, ISO tankers and trucks as well as staff who are specially trained to handle different types of chemical products and bulk cargoes safely and efficiently. Our container depot division which manages empty containers for our shipping line and leasing line customers, pride ourselves to be one of the more efficient container depot operators in the region.

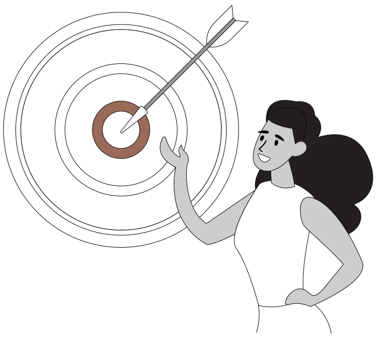
Integral to our expansion strategy, we strive to build an extensive business network across ASEAN to better support our customers and achieve a sustainable growth for the Group.

Our Vision



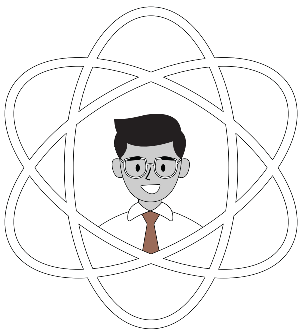
We create productive environments.

Our Mission



A Space Resource Optimisation Company that generates value and is driven by technology.

Our Core Values



- Prudence
- Efficiency
- Accountability

Contents

Corporate Overview

INDUSTRIAL

13 PROPERTIES | **95%** OCCUPANCY RATE

Singapore
- 34 Boon Leat Terrace
- 20–25A Depot Lane
- 8 Jalan Papan
- 43 Keppel Road
- 18 Penjuru Road
- 2 Tuas South Avenue 2
- 798/800 Upper Bukit Timah
- 23 Woodlands Industrial Park E1,
- Lot 228, 342, 346 MK XIV Woodlands Mandai Estate
- 18 Tampines Industrial Crescent
- 72 Eunos Avenue 7
- 18 New Industrial Road
- 55 Tuas South Avenue 1

SPACE CONCEPT

work+store

6 PROPERTIES | **95%** OCCUPANCY RATE

Singapore
- 100 Eunos Avenue 7
- 71 Lorong 23 Geylang
- 18 New Industrial Road
- 25 Depot Lane
- 18 Tampines Industrial Crescent
- 72 Eunos Avenue 7

COMMERCIAL

7 PROPERTIES | **98%** OCCUPANCY RATE*

Singapore
- 45 Burghley Drive
- 1557 Keppel Road Blk C
- 200 Pandan Gardens
- 10 Raeburn Park
- 300–320 Tanglin Road (Phoenix Park)
- 27 West Coast Highway (Westway)
- 75 Beach Road (L3, L4)

**excludes 75 Beach Road*

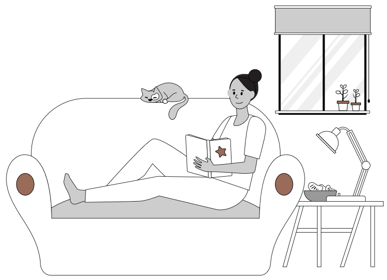
SPACE CONCEPT

GREENHUB
SUITED OFFICES FOR BORN GLOBAL FIRMS

3 PROPERTIES | **69%** OCCUPANCY RATE

Singapore
- 10 Raeburn Park
- 5 Tampines Central 6 (Telepark)

Overseas
- Casablanca Tower (Indonesia)



RESIDENTIAL

1 PROPERTY | **100%** OCCUPANCY RATE

Singapore
- 324A & 420 Keramat Road

SPACE CONCEPT

coliwoo | 85 SOHO

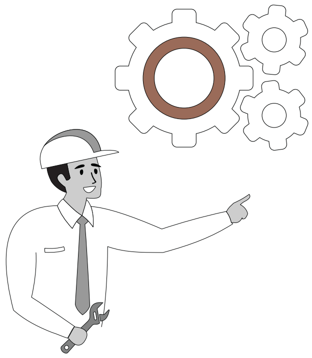
16 PROPERTIES | **98%** OCCUPANCY RATE*

Singapore
- 31 Boon Lay Drive
- 150 Cantonment Road
- 1A Lutheran Road
- 320 Balestier Road
- 75 Beach Road (L5, L6)
- 115 Geylang Road
- 1557 Keppel Road Blk A & B
- 10 Raeburn Park
- 2 Mount Elizabeth Link
- 298 River Valley
- 52 Arab Street
- Lavender Collection

Overseas
- 85 Boyar Nyunt Street (Myanmar)
- 137 Upper Pansoadan Road (Myanmar)
- Block 1A Axis Residences (Cambodia)
- Nan'an (China)

**excludes 2 Mount Elizabeth Link, 298 River Valley, 52 Arab Street and all overseas properties*

Information as at 30 September 2022



FACILITIES

CLEANING & RELATED SERVICES

- Provide facilities management services to **67 customers** of which **24** are companies within the Group.

CARPARK MANAGEMENT

- Manage **75 carparks** in Singapore of which **22 carparks** are located at properties owned or leased by the Group or its associated companies.
- Manage **2 carparks** in Hong Kong.

- Started with 3 solar assets commissioned in 2019, LHN Energy now develops its our own photovoltaic (PV) system and as at 30 September 2022, generate more than 1,500kWH of renewable energy.
- Provision of Electric Vehicle (EV) charging stations at 8 carparks locations across the island.

LOGISTICS

TRANSPORTATION

- Handle over **50 prime movers** and **280 trailers** in Singapore.
- Handle over **15 prime movers** and **80 trailers** in Malaysia.

CONTAINER DEPOT

- Handle up to **4,500 TEUs** in Singapore and **19,000 TEUs** in Thailand.
- Handle up to **4,000 TEUs** in Myanmar.

OUR PRESENCE

SINGAPORE (REGIONAL HQ)
- 33 commercial, industrial and residential properties, including 2 GreenHub Suited Offices.
- Facilities management services for our properties and other properties.
- Operate 1 container depot at Gul Circle that is able to handle up to 4,500 TEUs.
- Transportation services business.
- Operate 75 carparks.

CAMBODIA
- Operate the entire block of 108 units of apartment as Serviced Residences.

CHINA
- To manage 158 rooms business hotel in Nan'an, Quanzhou (upcoming).

HONG KONG (CHINA)
- Manage 2 car parks at Tuen Yee Street, Area 16, Tuen Mun, New Territories, Hong Kong and Chai Wan.

INDONESIA
- Manage 1 GreenHub Suited Office in Jakarta.

MALAYSIA
- Transportation service business.

MYANMAR (YANGON)
- Manage 2 serviced residences with a capacity of 29 units and 88 units respectively.
- Operate 1 container depot in Yangon Region, Myanmar, with a capacity of up to 4,000 TEUs

THAILAND
- Operate 2 container depots in Laem Chabang, Thailand and in the vicinity of Bangkok, Thailand, with a capacity of up to 19,000 TEUs altogether.

Chairman's Message

Mr. Kelvin Lim
Executive Chairman, Executive Director
& Group Managing Director

A Group Effort for **Our Best Year Yet**

Dear Shareholders,

On behalf of the board of directors of LHN Limited (the “Board” or the “Board of Directors”), I am pleased to share our Annual Report for the financial year ended 30 September 2022 (“FY2022”). Despite the uncertain business environment caused by the ongoing Covid-19 pandemic, international political tensions and high inflation worldwide, the Group set a new performance record with a 64.6% year-on-year increase in net profit after tax.

STABLE GROWTH DESPITE THE TURBULENCE OF THE MACROECONOMIC SITUATION

On the back of significant improvement in profitability in our residential co-living and commercial segments, the Group achieved a notable increase in year-on-year profit despite an overall decrease in revenue and an increase in operating expenses. The Group reported revenue of S$111.8 million and achieved net profit after tax of S$47.5 million in FY2022. This is up from the net profit after tax of S$28.9 million earned in FY2021, an increment of 64.6%.

Earnings per share for the Group increased to 11.21 Singapore cents and net asset value per ordinary share improved to 45.46 Singapore cents in FY2022. In view of the Group’s FY2022 financial results and in consideration of the uncertainties of the global economic recovery, the Directors would like to propose a final dividend of 1.0 Singapore cent per ordinary share, subject to shareholders’ approval at the upcoming annual general meeting, on top of the interim dividend of 0.6 Singapore cents and special dividend of 0.15 Singapore cents per ordinary share of the Company paid on 17 June 2022 and 21 July 2022 respectively.

SPACE OPTIMISATION

Despite challenges from economic volatility and international political tensions, the Group’s Space Optimisation segment has remained resilient. We have achieved high occupancy rate across our key properties under Coliwoo co-living and Work+Store self-storage segments. The Group also enjoys high occupancy rate for the commercial segment due to the easing of Covid-19 measures and the gradual fading of mandatory work-from-home arrangements. The Group has been evaluating and growing its portfolio. It has renewed nine master leases, entered into several new master leases, and acquired four new properties under its subsidiaries and joint ventures.

"Despite challenges from economic volatility and international political tensions, the Group's Space Optimisation segment has remained resilient."

Residential

Our Coliwoo co-living space concept continues to perform strongly with positive returns and high occupancy rate of 98% as at 30 September 2022. Our owned 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, contributing to an increase in revenue under the co-living business.

The Group's co-living segment has benefited from the recent spike in demand for rental accommodation in Singapore. One of the main reasons is the returning wave of tourists, international students, and expatriates due to the ease of travel restrictions and the introduction of the new Overseas Networks and Expertise (ONE) Pass visa. In addition, the new property cooling measures has also contributed to driving demand towards temporary housing such as co-living. As such, the Group looks to cater to this demand through expanding our co-living business and increasing the number of rooms for rent.

Meanwhile, our 85 SOHO serviced residences overseas have been facing headwinds due to the military coup in Myanmar and the COVID-19 travel restrictions implemented in our other operating regions. As the global travel market continues to pick up in 2023, we anticipate demand for serviced residences in Asia to grow, putting 85 SOHO in a good position to meet the rising demand.

Industrial

Our industrial segment continues to perform strongly with high occupancy rate for our key property portfolios. In FY2022, the Group renewed three industrial property leases and completed the acquisition of a new joint venture industrial building at 55 Tuas South Avenue 1.

Our Work+Store segment continues to deliver outstanding performance with high occupancy of 95%. Positioning ourselves as a service-oriented real estate solutions provider, we aim to provide relevant services and technology that meet the changing needs of our users. As such, we have continued to innovate and extend our scope of services, ensuring seamless end-to-end logistics solutions for our self-storage users. The new offerings provided to our users under the Work+Store segment in FY2022 include last mile logistics service (in partnership with JT&T Express), warehouse inventory management services and Work+Store mobile application, which itself includes multiple features that enables our users to improve productivity and optimise processes.

Commercial

The worldwide easing of Covid-19 measures and the gradual fading of mandatory work-from-home arrangements have caused a jump in demand for commercial space among retail, professional, and service sectors. As a result, our commercial segment achieved a high occupancy rate of 98% in FY2022.

FACILITIES MANAGEMENT

With many new client wins, existing contract renewals and services expansion, FY2022 is another bustling year for our Facilities Management Services business.

In FY2022, the car park business continues to perform well. We have commenced the operations of nine new car parks and were offered renewal for six car parks. These added up to over 70 car parks under our portfolio. Looking forward, the Group plans to build up its market share in the carpark business by offering smart parking solutions to optimise space utilisation.

Our Industrial & Commercial Facilities Management ("ICFM") business has entered into and renewed agreements for integrated facilities management with more than 40 companies across Singapore. By integrating cleaning with technology which comprises cleaning robots and smart toilet sensors, ICFM is able to efficiently allocate workforce and resources for facilities management services at multiple locations. This approach has enabled the Group to win many new contracts with new clients.

Our new renewable energy business segment also recorded notable achievements this financial year with its first two photovoltaic (PV) enterprise projects as a renewable energy solutions provider. The two locations at Kallang Place and Loyang Way, now have a sustainable energy capacity of more than 426 kilowatts at peak performance (kWp). These successful PV projects represent a promising start for our renewable energy segment as a renewable energy solutions provider and its continued contribution to Singapore's green energy grid. The Group has also continued to expand our internal renewable energy systems network to maintain peak green energy production potential.

LOGISTICS SERVICES

On 29 April 2022, LHN Logistics Limited was successfully listed and commenced trading on the Catalist Board of the SGX-ST (stock code: GIH). Our logistics business revenue generated in FY2022 remained stable, with a slight increase of S$0.1 million to S$27.3 million.

The construction of the ISO tank depot at 7 Gul Avenue is expected to be completed in the third quarter of FY2023. Upon completion, the logistics group will be able to provide 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 substances.

Our new Myanmar container depot has commenced operations in FY2022 and is expected to contribute positively to the Container Depot Services Business in the coming years.

Moving forward, we will remain focused on our long-terms goals of growing our transportation fleet and expanding into new markets.

REAFFIRMING OUR COMMITMENT TO SUSTAINABILITY

In response to growing climate change 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.

The Group's strong commitment to corporate governance practices was recognised with the Gold Award for Best Investor Relations (Small Cap) at the Singapore Corporate Awards 2022. This recognition is a testament to our longstanding commitment to good corporate governance, transparency, and a comprehensive investor relations strategy. With people and community at the heart of our business, we will continue pursuing sustainable business strategies that creates long-term economic value for our clients and shareholders while fostering environmental and social well-being.

MOVING FORWARD

Looking ahead, the Group anticipates certain challenges on the road to complete recovery as we enter the third year of the coronavirus outbreak. We also anticipate rising energy and operating costs in addition to increasing interest rate risk as central banks worldwide look to raise interest rates to combat inflation.

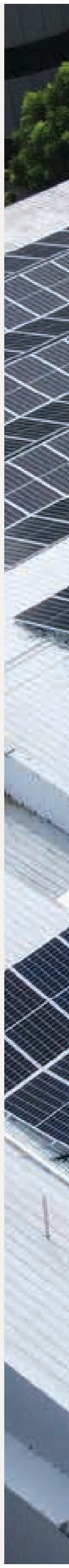
Given the uncertain economic conditions, we must continue to leverage our accelerating business momentum with a robust portfolio in place and yet exercise prudence with ongoing uncertainties in mind. We will continue to deliver our spaces at a competitive price to our users while managing the rising cost and adjusting our service offerings to deliver sustainable and strong returns for our shareholders.

On the sustainability front, the Group targets to further reduce our carbon footprint through responsible consumption and enhancing our renewable energy assets. The Group strives to become a leading sustainable energy provider and seeks to assist other companies in Singapore in reaching their sustainability goals.

APPRECIATION

On behalf of the Board of Directors, we would like to extend our deepest gratitude to our team of dedicated staff who has showcased their commitment, perseverance, and tenacity in this challenging business environment, allowing the Group to deliver excellent results and continue with our business expansion plans. We would also like to thank our business partners, landlords, tenants, customers, and shareholders for their unwavering support and confidence in our Group during these uncertain times. We strive to be agile and adapt to new business conditions, providing new services and enhancing value to our users and stakeholders in the years to come.

Kelvin Lim,
Executive Chairman,
Executive Director and Group Managing Director



PV system at 34 Boon Leat Terrace with capacity of 450.86 kwp.

Highlights of FY2022

OCT 21

- Acquired 55 Tuas South property through our non-wholly owned subsidiary.
- Obtained our master lease renewal for 31 Boon Lay Drive.

43 Keppel Road

NOV 21

- Acquired 471 Balestier property through our JV company.
- Installed 4 EV chargers at Bukit Timah Shopping Centre carpark.

471 Balestier Road

DEC 21

- Proposed spin off and separate listing of LHN Logistics Limited on the Catalist Board of SGX-ST.
- Partnered with JT&T Express to provide last mile logistics service.
- Entered into a new master lease at 2 Mount Elizabeth Link.

LHN Logistics Limited

JAN 22

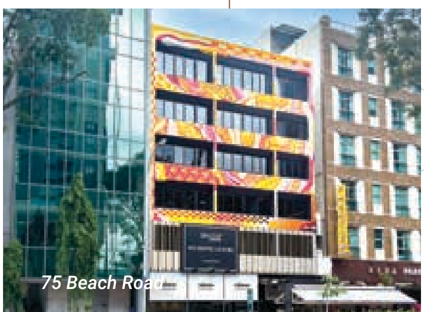
- Started Warehouse Inventory Management Services under Work+Store.
- Installed 1 EV charger at Phoenix Park.

FEB 22

- Installed photovoltaic system at our managed premises at 44 Kallang Place and entered into power purchase agreement to sell the power generated.

44 Kallang Place

MAR 22



75 Beach Road

- Moved our HQ office to 75 Beach Road.
- Launched Work+Store mobile application.

APR 22

- Acquired 298 River Valley property.
- Obtained our master lease renewal for 150 Cantonment Road.
- Obtained our master lease renewal for Depot Lane.
- Installed 1 EV charger at 34 Boon Leat and 42 Amber Road.
- Obtained our master lease renewal at 798/800 Upper Bukit Timah Road.

298 River Valley (Artist's impression)

MAY 22

- Launched LHN Season Parking mobile application-LOTS.
- Installed 1 EV charger at 1557 Keppel Road and 2 EV chargers at 5 Toa Payoh.

JUN 22

- Obtained our master lease renewal for 27 West Coast Highway.
- Obtained our master lease renewal for 85 Boyar Nyunt Street.
- Installed 1 EV charger at 10 Raeburn Park.
- Installed photovoltaic system at our managed premises at 320 Balestier Road and 34 Boon Leat Terrace and entered into power purchase agreement to sell the power generated.
- Entered into new master leases for a row of shophouses along Lavender Street.

JUL 22

- Installed 1 EV charger at 794 Upper Bukit Timah Road.
- Installed photovoltaic system at our managed premises at 1A Lutheran Road and 31 Boon Lay Drive and entered into power purchase agreement to sell the power generated.


Photovoltaic system at 1A Lutheran Road


Photovoltaic system at 47 Loyang Way

AUG 22

- Obtained our master lease renewal for 200 Pandan Gardens.
- Acquired 52 Arab Street property.
- Installed photovoltaic system at 47 Loyang Way and at our managed premises at 202 Kallang Bahru.
- Awarded the Gold Award for Best Investor Relations (Small-Cap Category) and Best Chief Financial Officer Award (Small-Cap Category).

SEP 22

- Obtained our master lease renewal for 1A Lutheran Road.
- Obtained our master lease renewal for 10 Raeburn Park.
- Installed photovoltaic system at 39 & 41 Kallang Place and at our managed premises at 38 Ang Mo Kio Industrial Park 2.

Board of Directors

1. MR. **KELVIN LIM**
   Executive Chairman, Executive Director & Group Managing Director

2. MS. **JESS LIM**
   Executive Director & Group Deputy Managing Director

3. MS. **CH'NG LI-LING**
   Lead Independent Non-Executive Director

4. MR. **EDDIE YONG**
   Independent Non-Executive Director

5. MR. **CHAN KA LEUNG GARY**
   Independent Non-Executive Director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Board of Directors

MR.
KELVIN LIM

Executive Chairman, Executive Director & Group Managing Director

Mr Lim Lung Tieng (also known as Lin Longtian) (**林隆田**) (“**Kelvin**”), age 45, is a controlling shareholder of the Company and was first appointed to the Board on 10 July 2014 and was last re-elected on 29 January 2021. He is currently the Executive Chairman, the Executive Director, the Group Managing Director and a member of the Nominating Committee. Kelvin is also a director of all of the subsidiaries of the Group other than Hean Nerng Facilities Management Pte. Ltd..

Kelvin brings over 20 years of experience in the property leasing, logistics services and facilities management business. He is primarily responsible for the Group’s business development and overall management, including investment activities, operations and marketing efforts.

Kelvin is a patron in the Bukit Batok East Citizen’s Consultative Committee, Chairman of Singapore Wushu Dragon & Lion Dance Federation Management Committee, Honorary Chairman of the Singapore Lim See Tai Chong Soo Kiu Leong Tong Family Self-management Association and consultant to the Youth Wing, member of the Lions Club of Singapore Nee Soon Mandarin and vice-president of the National Arthritis Foundation of Singapore. For his contributions to society, Kelvin was awarded the public service medal (Pingat Bakti Masyarakat (“**PBM**”)) in 2012.

Kelvin is the brother of Jess, who is also an Executive Director and a controlling shareholder of the Company.

MS.
JESS LIM

Executive Director & Group Deputy Managing Director

Ms Lim Bee Choo (also known as Lin Meizhu) (**林美珠**) (“**Jess**”), age 48, is a controlling shareholder of the Company and has been appointed to the Board since 10 July 2014 and was last re-elected on 28 January 2022. Jess is currently the Group Deputy Managing Director and a director of all of the subsidiaries of the Group other than LHN Management Services (Nan An) Co., Limited (**南安市賢能商務管理有限公司**), LHN Asset Management (Xiamen) Co. Limited, LHN Logistics Limited (Singapore Stock Code: GIH) and its subsidiaries (excluding LHN Logistics Sdn. Bhd.), LHN Parking HK Limited, PT Hean Nerng Group and PT Hub Hijau Serviced Offices.

Jess has over 20 years of extensive and varied experience in business management and supply chain management comprising of over 15 years’ experience in the leasing and facilities management business and over 10 years’ experience in the logistics services business. She is responsible for the corporate development, the overall administration and oversees the Group’s finance, human resource, information systems and contracts administration functions.

Jess graduated with a Bachelor of Business Administration degree from the National University of Singapore (“**NUS**”). She also holds an Executive Diploma in Directorship from the Singapore Management University and the Singapore Institute of Directors.

Jess is the sister of Kelvin, who is also an Executive Director and a controlling shareholder of the Company.

MS.
CH’NG LI-LING

Lead Independent Non-Executive Director

Ms Ch’ng Li-Ling (**莊立林**) (“**Li-Ling**”), age 51, is the Chairwoman of the Remuneration Committee and a member of both the Audit and Nominating Committees. Li-Ling was appointed as the Lead Independent Non-executive Director on 5 June 2017. She was first appointed to the Board as an Independent Non-executive Director on 10 March 2015 and was last re-elected on 28 January 2022.

Li-Ling is one of the founding members of RHTLaw Asia, where she presently heads the firm’s Financial Services (Regulatory) Practice. Her areas of practice has included corporate and security laws, capital markets, mergers and acquisitions, securities and financial services regulatory compliance, and corporate governance.

At present, Li-Ling advises Fintech firms, financial institutions and capital markets services providers on MAS licensing and regulatory requirements and payment services providers on digital token issuances and the establishment of digital assets exchanges and e-payments platforms. She also advises fintech companies, investors and entrepreneurs in their capital-raising exercises.

Li-Ling was previously an independent director of SGX-ST listed DeClout Limited (Singapore Stock Code: 5UZ) from September 2012 to April 2018 and an independent director of SGX-ST listed Anchor Resources Limited (Singapore Stock Code: 43E) from December 2015 to January 2021. She is currently a member of the Singapore Academy of Law, Legal Practitioner (non-practising) of New South Wales, Australia and qualified as a solicitor of England and Wales.

Li-Ling graduated with a Bachelor of Arts (Honours) degree from NUS in 1994 and obtained her Bachelor of Laws (Honours) and Master of Laws (Merit) from the University of London in 1995 and 2011 respectively.

MR. EDDIE YONG

Independent Non-Executive Director

Mr Yong Chee Hiong (**楊志雄**) ("**Eddie**"), age 69, is the Chairman of the Nominating Committee and a member of both the Audit and Remuneration Committees. He was first appointed to the Board as an Independent Non-executive Director on 10 March 2015 and was last re-elected on 30 January 2020.

Eddie has over 40 years of experience in the real estate industry ranging from land acquisition, planning and real estate development, marketing and asset management. He is currently a Managing Partner of Equity & Land LLP.

Eddie was previously an Executive Director of SGX-ST listed Far East Orchard Limited (formerly Orchard Parade Holdings Limited) (Singapore Stock Code: O10) from July 2008 to April 2012. He was also the Deputy Chairman of the industry and development committee and board member of the Singapore Corporation of Rehabilitative Enterprises. He also served as the management committee member of Real Estate Developers' Association of Singapore. He was awarded the public service medal PBM in 2010 for his contributions to public service. Eddie has existing professional affiliations with the Singapore Institute of Surveyors & Valuers and the Institute of Real Estate Management (USA).

Eddie holds a Master of Science (Property and Maintenance Management) degree from NUS and a Bachelor of Science (Honours) degree in Urban Estate Management from Liverpool John Moores University (previously known as Liverpool Polytechnic).

MR. GARY CHAN

Independent Non-Executive Director

Mr Chan Ka Leung (**陳嘉樑**) ("**Gary**"), age 50, is the Chairman of the Audit Committee and a member of both the Nominating and Remuneration Committees. He was first appointed to the Board as an Independent Non-executive Director on 5 June 2017 and was last re-elected on 29 January 2021. Gary has many years of experience in accounting, corporate finance, private equity and financial consultation while advising companies across multiple disciplines and various industries.

Gary joined CFO (HK) Limited in 2014 and presently serves as the Chief Executive Officer of the Greater China business of the CFO Centre Group. He is the Chairman of ESG Chapter – Forbes Global Alliance in 2022. He is also an independent non-executive director of True Yoga Holdings Limited and holds executive directorship roles in Pomona Acquisition Limited and Bombax Healthcare Acquisition Corp.

Gary's previous appointments include Corporate Finance Director of TNG (Asia) Limited and Partner at Creat Capital Company Limited. He was also previously an independent non-executive director of TOMO Holdings Limited (Hong Kong Stock Code: 6928), a company listed on the SEHK, from June 2017 to June 2021.

Gary obtained a Bachelor's Degree in Mathematics and a Master's Degree in Accounting from the University of Waterloo (Canada). He also holds a Chartered Accountant certification in Canada since 2000.

Executive Officers

MS.
YEO SWEE CHENG

Chief Financial Officer

Ms Yeo Swee Cheng (楊瑞清) ("**Swee Cheng**") first joined the Group in May 2011 as Group Finance Manager and was promoted to Group Financial Controller in July 2014 before advancing to her current position in July 2015.

Swee Cheng is primarily responsible for all finance related areas of the Group including treasury, audit and taxation functions. She supports the management on all strategic and financial planning matters in relation to the Group's business to ensure sound management of the Group's funds.

Swee Cheng has over 20 years of extensive experience in financial accounting, corporate finance, treasury and taxation matters.

Swee Cheng has a Bachelor's Degree in Accountancy from NUS and is also a member of the Institute of Singapore Chartered Accountants.

MR.
WONG SZE PENG, DANNY

Chief Executive Officer of Work+Store

Mr Wong Sze Peng, Danny (王志斌) ("**Danny**") has been with the Group since 2008 and was promoted to Assistant General Manager in July 2010, General Manager in June 2012, before being redesignated to his current position in November 2021.

Danny has over 15 years of experience in the real estate industry. Danny is primarily responsible for the Work Plus Store's business, including but not limited to the business development, sales & marketing and operations function. He plans, directs and is actively involved in promoting and expanding the Work Plus Store's business.

Danny holds a Bachelor of Science (Honours) Degree in Real Estate from NUS.

Company Secretary

MR.
CHONG ENG WEE

Company Secretary

Mr Chong Eng Wee was appointed as joint company secretary of the Company in Singapore on 1 April 2020. Following the resignation of Mr. Ng Chit Sing as the joint company secretary of the Company on 8 October 2021, Mr Chong remains in office and acts as the sole Company Secretary of the Company.

Mr Chong is the Managing Director and heads the Corporate & Capital Markets Practice at Chevalier Law LLC. He is admitted as an Advocate and Solicitor in Singapore, Solicitor of the High Court of Hong Kong, Lawyer of the Supreme Court of New South Wales, Australia, and a Barrister and Solicitor of the High Court of New Zealand.

Prior to founding Chevalier Law LLC, he was a Partner and head of Corporate at Kennedys Legal Solutions Pte. Ltd., a joint law venture between Kennedys Singapore LLP and Legal Solutions LLC, the Deputy Head of both the Capital Markets and the International China (South East Asia) practices at RHTLaw Taylor Wessing LLP and the representative for the Shanghai representative office of another joint law venture firm, Duane Morris & Selvam LLP in Singapore.

Mr Chong was previously the joint company secretary and company secretary, as the case may be, of 3 SGX-ST Mainboard listed companies (the “SGX-ST”): Hanwell Holdings Limited (Singapore Stock Code: DM0), Intraco Limited (Singapore Stock Code: I06), and Tat Seng Packaging Group Ltd (Singapore Stock Code: T12) between March 2012 and October 2012. He was also the Non-Executive and Independent Director of Innopac Holdings Limited, a SGX-ST Mainboard listed company (Singapore Stock Code: I26) between April 2018 and December 2018, of CW Group Holdings Limited, a company listed on the Mainboard of the Hong Kong Stock Exchange (Hong Kong Stock Code: 1322) between November 2018 and June 2019 and of KTL Global Limited, a SGX-ST Mainboard listed company (Singapore Stock Code: EB7) between 1 August 2019 and 21 March 2022.

Currently, he is a Non-Executive and Lead Independent Director of Heatec Jietong Holdings Limited (Singapore Stock Code: 5OR) since April 2018, GS Holdings Limited (Singapore Stock Code: 43A) since January 2019 and Non-Executive and Independent Director of OEL (Holdings) Limited (Singapore Stock Code: 584) since June 2020, all of which are SGX-ST Catalist listed companies.

He is also the Company Secretary of Sincap Group Limited (Singapore Stock Code: 5UN) since November 2021, LHN Logistics Limited (Singapore Stock Code: GIH) since April 2022 and Shanghai Turbo Enterprises Ltd (Singapore Stock Code: AWM) since October 2022, all of which are SGX-ST listed companies, and China Vanadium Titano-Magnetite Mining Company Limited, a company listed on Mainboard of the Hong Kong Stock Exchange (Hong Kong Stock Code: 893), since December 2019.

Financial Highlights

FY2022 KEY FINANCIAL FIGURES

GROUP REVENUE

S$111.8M

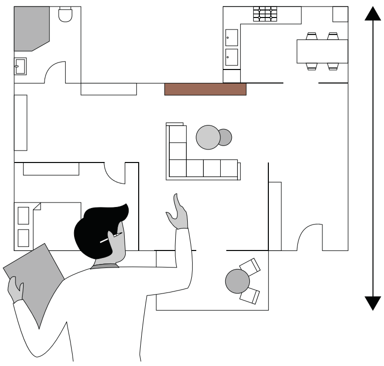
PROFIT BEFORE TAX

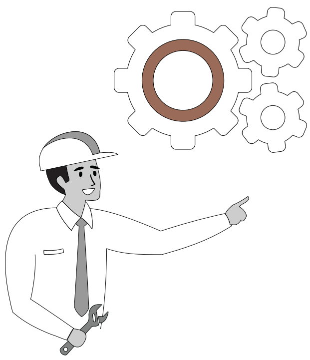
S$53.0M

NET ASSET VALUE PER SHARE

45.46
Singapore cents

FY2022 FINANCIAL FIGURES BY SECTOR





SPACE OPTIMISATION

REVENUE
S$42.6M

PROFIT BEFORE TAX
S$47.0M

FACILITIES MANAGEMENT

REVENUE
S$41.9M

PROFIT BEFORE TAX
S$10.5M

LOGISTICS SERVICES

REVENUE
S$27.3M

PROFIT BEFORE TAX
S$(2.7)M

The reconciliation of profit or loss from Pre-IFRS 16 basis to Post-IFRS 16 basis for informational purpose are as follows.

Statement of Profit or Loss	FY2022			FY2021		
	Pre-IFRS 16	Effects of IFRS 16	Post-IFRS 16	Pre-IFRS 16	Effects of IFRS 16	Post-IFRS 16
The Group	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
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 taxation	43,673	9,339	53,012	35,358	(1,100)	34,258

The reconciliation of segment revenue from Pre-IFRS 16 basis to Post-IFRS 16 basis for informational purpose are as follows.

Revenue	FY2022			FY2021		
	Pre-IFRS 16	Effects of IFRS 16	Post-IFRS 16	Pre-IFRS 16	Effects of IFRS 16	Post-IFRS 16
The Group	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
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

The reconciliation of segment profit before taxation from Pre-IFRS 16 basis to Post-IFRS 16 basis for informational purpose are as follows.

Profit before taxation	FY2022			FY2021		
	Pre-IFRS 16	Effects of IFRS 16	Post-IFRS 16	Pre-IFRS 16	Effects of IFRS 16	Post-IFRS 16
The Group	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
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

Five-year Financial Summary

	FY2018 S$'000	FY2019 S$'000	FY2020 S$'000	FY2021 S$'000	FY2022 S$'000
GROSS PROFIT	28,890	27,414	63,643	66,551	59,047
PROFIT BEFORE INCOME TAX	6,206	8,926	29,320	34,258	53,012
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS	5,407	8,186	24,144	28,063	45,838
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	87,534	95,343	121,641	145,726	185,904
NON CURRENT ASSETS	89,226	136,237	234,871	286,269	368,739
CURRENT ASSETS	58,925	50,707	108,877	100,539	100,147
CURRENT LIABILITIES	39,744	43,796	94,183	89,714	90,679
NON CURRENT LIABILITIES	19,901	46,268	125,985	148,811	186,029
CASH AND CASH EQUIVALENTS	20,667	21,300	39,127	36,801	39,743

FINANCIAL RATIOS					
NET ASSET VALUE PER SHARE (SINGAPORE CENTS)	21.75(1)	23.69(1)	30.23(1)	35.63(1)	45.46(1)
EARNINGS PER SHARE (SINGAPORE CENTS)	1.38(2)	2.03(2)	6.00(2)	6.94(2)	11.21(2)

(1) The net asset value per ordinary share for the financial years ended 30 September 2018, 30 September 2019, 30 September 2020, 30 September 2021 and 30 September 2022 was computed based on the number of ordinary shares in issue of 402,445,000; 402,445,000; 402,445,000; 408,945,000 and 408,945,000 respectively.

(2) The earnings per ordinary share for the financial years ended 30 September 2018, 30 September 2019, 30 September 2020, 30 September 2021 and 30 September 2022 was computed based on the weighted average number of ordinary shares in issue of 392,204,000; 402,445,000; 402,445,000; 404,208,000 and 408,945,000 respectively.

Operations & Financial Overview

Coliwoo Balestier 320

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 55 Tuas South Avenue 1 (acquired through a non-wholly owned subsidiary) for the industrial business, 471 Balestier Road (joint venture property), 298 River Valley Road and 52 Arab Street for the co-living business.

The Group is also pleased to announce that its owned 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.

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

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

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 quarter[2]. 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-year[3] 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.

BUSINESS OUTLOOK

As published in the press release dated 14 October 2022 by the Singapore's Ministry of Trade and Industry[4], 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.

As announced recently on 16 December 2022, the Group has completed the acquisition of property at 48 Arab Street, Singapore, which will further add on to the service offerings under the Group's co-living portfolio.

In recent months, the Group had entered into two separate agreements for the proposed sale of shares in an associate, GetGo Technologies Pte. Ltd., and sale of shares in a joint venture company, Coliwoo East Pte. Ltd.. Please refer to the announcements dated 30 September 2022 and 30 November 2022 for details. The Company will make further announcement(s) as and when there are material development(s).

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

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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

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

	FY2022 S$'000	FY2021 S$'000	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)

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.

FINANCIAL REVIEW

REVENUE

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 in 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$41.2 million from operating activities.

Net cash used in investing activities amounted to approximately S$36.2 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.

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 IFRS 16 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

The Group's capital commitments mainly relate to the construction of the ISO tank depot at 7 Gul Avenue, acquisition of logistics equipment and additions to investment properties for an amount of S$20.7 million as at 30 September 2022.

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

Saved as disclosed in this report and note 38(e) to the consolidated financial statements in this report, the Group did not have any material contingent liabilities as at 30 September 2022.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in this report, 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 this report, 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 Catalist 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 report and note 40 to the consolidated financial statements in this report, 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.

Environmental, Social, & Governance (ESG)

LHN employees volunteered to pack and sort food at Food From The Heart.

Creating **Positive Impacts and Long-term Value**

Our approach to sustainability is to embed sustainable practices in the Group's everyday operations and align sustainability goals with the Group's overall strategic direction. Over the years, the Group remains committed to conducting business operations in an ethical and responsible manner. Our ESG focus is placed on three main pillars, namely (i) protecting our environment; (ii) creating positive social impacts for our employees, stakeholders and communities; and (iii) maintaining good corporate government practices.

PROTECTING OUR ENVIRONMENT

Working towards net-zero emissions is a crucial part in the Group's sustainability strategy. Over the years, the Group has implemented several initiatives to reduce our carbon footprint including practicing responsible consumption of resources in our operations, adopting renewable energy and creating sustainable communities through urban farming, tree planting and upcycling programmes.

We improve energy efficiency across our business segments, such as the use of energy saving light bulbs and tubes integrated with motion sensors and timer switches to reduce electricity wastage under the Space Optimisation Business. Our Facilities Management Business which provides integrated facilities management services for our properties and tenants, uses only environmentally friendly chemicals and cleaning agents and our taps are all installed with water saving devices to prevent wastage. As we expand our Logistics Services Business, all new prime movers must satisfy Euro 5 and 6 Standards to ensure optimal fuel efficiency and low emissions. These prime movers also emit cleaner emissions through the reduction of particulate matter and nitrogen oxides.

The Group is also proud to share that our renewable energy portfolio has expanded steadily. As of 2022, our photovoltaic (PV) systems currently generate more than 2,500 kWp of renewable energy. Currently, solar panels have been installed in more than 10 locations, with many more planned in the future.

Upcycling workshop
with TerraSG.

Beyond solar panels, we also provide Electric Vehicle (EV) charging stations across the island. Currently there are eight locations with our EV charging stations. Our EV charging stations are equipped with AC 7.4 kW/22kW chargers which are future-proofed in the event that they need to upgrade to DC chargers. Through this initiative, the Group is contributing to Singapore's burgeoning infrastructure for EVs. This is done with the hopes of encouraging vehicles that run on renewable energy and the phasing out of internal combustion engine vehicles, as outlined by the Singapore Green Plan 2030.

The Group also contributed to restore Singapore's nature by participating in the 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 trees we sponsored and planted through this programme will contribute to the OneMillionTrees movement – a national movement which aims to plant one million more trees across Singapore till 2030.

Beyond creating productive environments, the Group strives to create self-sustaining environments. One of our notable initiatives is the piloting of urban farming at our Coliwoo co-living properties. By leveraging on the ample spaces present in our properties, our tenants and staff have collectively joined Singapore's urban farming scene, aligning with Singapore's goal of enhancing food security and attaining self-sufficiency. Participants are able to reap the benefits of a farm-to-table concept by enjoying and sharing the produced harvest with one another.

Recycling is strongly promoted among LHN's staff and business partners. Recycling bins are placed in the office and within the premises of properties we manage to allow proper segregation of office waste. Our staff are being exposed to environment awareness and advised regularly to avoid printing as much as possible. All waste papers are shredded and sent to recycling centres and we only purchase paper from environmentally friendly sources. Our collaterals are printed on Forest Stewardship Council certified paper.

A clock handcrafted from impaired Internet router by our IT Department.

A piggy bank handcrafted from plastic bottle by our HR Department.

To act further on reducing waste, we introduced the upcycling concept to our employees. In FY2022, we partnered with Terra SG to organise an upcycling workshop to educate our employees to rethink possibilities of waste; and learn how to transform perceived trash into useful items. Our employees have applied this concept to handcraft many useful items from office and household waste such as clock from impaired internet router, self-watering planter from plastic bottles, and sofa pillow from old fabrics.

CREATING POSITIVE SOCIAL IMPACTS FOR OUR EMPLOYEES, STAKEHOLDERS AND COMMUNITIES

COMMITMENT TO EMPLOYEES

The global economy has shown remarkable resilience throughout the pandemic and the recovery depends on adaptability and decisive decision-making. As the pandemic subsides, we must unify around a sustainable and inclusive growth. Sustainability has become one of the core components of the Company's intrinsic value and performance. Our commitment to employees is to create a fair, safe, and healthy workplace for them to achieve career goals and generate values to achieve business optimisation. With this common goal, we work hand in hand with our employees to strive for excellence in business performance.

STAFF TRAINING

As technologies advance and the rate at which digital transformation is accelerating, the cultivation of learning agility in the workforce is a critical aspect of future planning and business growth. In these unprecedented times, learning agility is key to individual and business success. It is a journey of continuous learning (learn, unlearn and relearn) and improvement to maximise one's potential. We equip our employees with new skills and competencies to stay competitive and relevant in the times of disruption.

OCCUPATIONAL SAFETY AND HEALTH

Occupational safety and health are utmost important in today's workplace. The Company has to demonstrate regulatory compliance and to ensure a proper system is put in place with consistency in the execution of the measures. To build a resilient organisation, we need to continuously develop and communicate processes to adapt and respond to evolving safe working requirements, drive operational excellence to improve workplace performance and stay up-to-date to identify and mitigate the potential operational and safety risk.

EMPLOYEE WELFARE

With the employees' interest in mind, we are constantly seeking ways to promote well-being and implement health and wellness programme. Staff have actively participated in our onsite health screening program, mental wellness webinar, etc. The Company has put in effort to providing benefits, facilities and services to the employees as part of the welfare for the betterment of the workforce. We ensure that the employees have a safe, secure and comfortable working environment. We have also introduced additional benefits and services like teleconsultation which allows the staff to seek medical consultation at the comfort of their home with same-day delivery of prescribed medication. This enables staff to work at ease as everything is well taken care of.

COMMITMENT TO OUR CUSTOMERS, TENANTS AND LANDLORDS

Committing to our vision "Create Productive Environments", we, as the Space Optimisation experts, shall, in our best ability provide value added integrated space solutions. We shall also strive to continuously develop new innovative space concepts that cater to the changing needs of today's businesses and entrepreneurs, continuously differentiate ourselves to stay ahead of the fast-evolving business environments while supporting government initiatives.

"Participating in the company's volunteer activity is a good opportunity to bond with colleagues, especially when you are a newcomer. We are all new to the job, so we all need to rely on each other to complete the assigned tasks. I am glad to be part of this meaningful activity and definitely will participate again."

Ms. Chew Su Mei
Admin Assistant
ICFM

"Doing volunteer work with colleagues is truly a great team bonding activity. As we coordinate to do good things for others, it strengthens our connection and brings us closer."

Ms. Charlotte Chua
Senior Lease Executive
Work+Store

Ms. Teo Kai Xi
Assistant Lease Manager
Work+Store

Celebrating Mid-Autumn Festival with Lion Befrienders' senior citizens.

We seek to enhance the value of the properties we own and manage, not only by increasing the net lettable area but also constantly bringing new thematic space concepts to the properties which are beneficial to our landlords and caters to market demand. In addition, our tenants also get to enjoy occupying a conducive, comfortable and clean work environment that we have created for them. Our Facilities Management Business provides property related services which value adds to our properties and our customers. We believe the suite of services within our Facilities Management Business provides synergy to complement each other, and also strengthens our services provided for our customers in the Space Optimisation Business as we stay competitive in the current and ever evolving market.

COMMITMENT TO OUR COMMUNITY

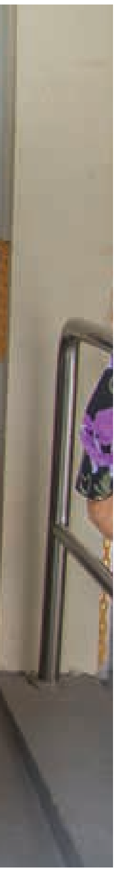
At LHN, we embrace social responsibility and make conscientious effort to install good values with emphasis on the importance to be socially responsible. Through the collective employee efforts, we aim to give back to the society in a meaningful way and to spread our kindness. This will foster social harmony and environmental protections.

LHN sponsored food packs and participated in the Food Packing at Food From The Heart's Tai Seng Warehouse in August 2022. Our staff also spent their time to celebrate mid-autumn festival with Lion Befrienders' old folks at Jalan Bukit Merah. During the home visit, we distributed mooncakes and daily essential items to them, spreading the joy of the festival.

MAINTAINING GOOD CORPORATE GOVERNANCE PRACTICES

We are committed to uphold sound corporate governance in accordance to the SGX and HK Listing Rules guidelines. With effect from 29 December 2017, we have adopted the code provisions of the HK Corporate Governance Code as part of the Company's corporate governance policy, which is in addition to the SG Corporate Governance Code that the Company has to comply with.

We adopt a 360-degree communication approach to timely update investors on the Group's operations and financial performances. Our communication channels range from print publications, direct communication via phone or email, SGX and analyst coverage, to social media and public relations. We put efforts in crafting engaging and human centric social media content to reach out to the young generation of investors. We are



Annual health screening

LHN movie night

dedicated to update this young group of investors about our businesses through visual appealing graphics and compelling story telling.

We will continue to keep shareholders informed of the Group's financial performance and latest corporate developments through timely and accurate announcements to the investment community and media. Public access to information about our Group is available via the following platforms:

- SGX-ST's SGXNET, SEHK's HKEXnews and our website (www.lhngroup.com). All our corporate announcements, press releases, presentation slides and annual reports are available simultaneously via these channels;
- A dedicated investor relations ("IR") section within our corporate website;
- Staying connected with our investors and the media through our IR email: enquiry@lhngroup.com.sg; and
- Our IR website also allows the public to subscribe and receive alerts whenever an announcement is posted on the website.

Our IR is managed internally by staff who have been with the Company for many years and possess in-depth knowledge of the Group's structure, businesses, and long-term relationships with our major investors.

Our Board has maintained a gender diversity comprising a mix of 3 males (60%) and 2 females (40%).

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

Our Achievements

Ms. Jess Lim received the Best Investor Relations award (Small-Cap Category) at Singapore Corporate Award 2022

Ms. Yeo Swee Cheng won the Best Chief Financial Officer award (Small-Cap Category) at Singapore Corporate Award 2022

BIZSAFE LEVEL 3 CERTIFICATE
Awarded to:
- LHN Group Pte. Ltd. ("LHN Group")
- Industrial and Commercial Facilities Management Pte. Ltd. ("ICFM")
- HLA Container Services Pte. Ltd.
- LHN Energy Resources Pte. Ltd.

BIZSAFE STAR CERTIFICATION
Awarded to:
- Hean Nerng Logistics Pte. Ltd. ("HNL")
- LHN Parking Pte. Ltd.
  by Workplace Safety and Health Council

ISO 9001:2015 QUALITY MANAGEMENT SYSTEM CERTIFICATE FOR FACILITIES MANAGEMENT SERVICES
Awarded to ICFM
by SOCOTEC Certification International

ISO 45001:2018 OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM CERTIFICATE FOR OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM
Awarded to:
- LHN Group
- HNL

by ACS Registrars Ltd

ISO 9001:2015 QUALITY MANAGEMENT SYSTEM CERTIFICATE FOR BULK TRANSPORTATION OF CHEMICALS AND GENERAL CARGO.
Awarded to HNL
by Certification International (Singapore) Pte Ltd

CLEAN MARK GOLD AWARD UNDER THE CLEAN MARK ACCREDITATION SCHEME
(for cleaning services in the conservancy/public areas, commercial premises and food & beverage establishments sectors)
Awarded to ICFM
by National Environment Agency

GOLD AWARD FOR BEST INVESTOR RELATIONS (SMALL-CAP CATEGORY) 2022
Awarded to LHN Ltd.
by the Institute of Singapore Chartered Accountants (ISCA), Singapore Institute of Directors (SID) and The Business Times (BT), supported by Accounting and Corporate Regulatory Authority (ACRA) and Singapore Exchange (SGX)

BEST CHIEF FINANCIAL OFFICER AWARD (SMALL-CAP CATEGORY) 2022
Awarded to Ms. Yeo Swee Cheng
by ISCA, SID and BT, supported by ACRA and SGX

CORPORATE INFORMATION

BOARD OF DIRECTORS
Lim Lung Tieng
Executive Chairman
Executive Director
Group Managing Director

Lim Bee Choo
Executive Director
Group Deputy Managing Director

Ch'ng Li-Ling
Lead Independent Non-executive Director

Yong Chee Hiong
Independent Non-executive Director

Chan Ka Leung Gary
Independent Non-executive Director

AUDIT COMMITTEE
Chan Ka Leung Gary (Chairman)
Ch'ng Li-Ling
Yong Chee Hiong

REMUNERATION COMMITTEE
Ch'ng Li-Ling (Chairwoman)
Yong Chee Hiong
Chan Ka Leung Gary

NOMINATING COMMITTEE
Yong Chee Hiong (Chairman)
Ch'ng Li-Ling
Chan Ka Leung Gary
Lim Lung Tieng

COMPANY SECRETARY
Chong Eng Wee

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SINGAPORE PRINCIPAL SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
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Singapore 098632

HONG KONG BRANCH SHARE REGISTRAR
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17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

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Marina One East Tower
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Partner-in-charge: Lee Zhen Jian
(since financial year 2022)

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Oversea-Chinese Banking Corporation Limited
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#09-00 OCBC Centre
Singapore 049513

United Overseas Bank Limited
80 Raffles Place
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Content

FINANCIALS

REPORT ON CORPORATE GOVERNANCE

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2018, CATALIST RULES AND HK CORPORATE GOVERNANCE CODE

The Board of Directors (the "**Board**") and the management (the "**Management**") of LHN Limited (the "**Company**" and together with its subsidiaries, the "**Group**") are committed to maintaining a high degree of corporate governance and transparency for the benefit of all the stakeholders of the Company. For the financial year ended 30 September 2022 ("**FY2022**"), the Board and the Management are pleased to confirm that the Company has adhered to the principles and provisions of the Code of Corporate Governance 2018 (the "**SG Corporate Governance Code**") where applicable, pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

This report outlines the Company's corporate governance processes and structure that were in place during FY2022, with specific reference to the principles and provisions of the SG Corporate Governance Code. Where there is a deviation from the SG Corporate Governance Code, appropriate explanation has been provided.

The dual primary listing of the Shares on the Main Board of The Stock Exchange of Hong Kong Limited ("**SEHK**") was completed on 29 December 2017 (the "**HK Listing Date**"). We have applied and adopted the principles of good corporate governance and code provisions of the Corporate Governance Code in Appendix 14 to the HK Listing Rules (the "**HK Corporate Governance Code**") as part of the Company's corporate governance policy in addition to the SG Corporate Governance Code that the Company has to comply with, and the Company will comply with the more stringent requirements in the event where there was any conflict between the SG Corporate Governance Code and HK Corporate Governance Code. During FY2022, we had complied with all code provisions of the HK Corporate Governance Code except the deviation from code provision C.2.1 of the HK Corporate Governance Code. The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties and functions (together with various committees established by the Board) set forth in code provision A.2.1. of the HK Corporate Governance Code.

Please refer to "Report on Corporate Governance – Principle 3 – Chairman and Chief Executive Officer ("**CEO**")" for details of code provision C.2.1 of the HK Corporate Governance Code.

Provisions / Principles/ Rules	**Code and/or Guideline Description**	**Company's Compliance or Explanation / Compliance with HK Corporate Governance Code**
BOARD MATTERS		
The Board's Conduct of Affairs		
Principle 1	The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.	The Company is headed by an effective Board, which is collectively responsible and works with the Management for the long-term success of the Company. Please refer to Sections 1.1 to 1.7 below for more details and instances of the Company's compliance with this principle.

Provision 1.1	Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.	The Board works with Management and is collectively responsible for the long-term success of the Company, oversees the corporate policy and overall strategy for the Group. The principal roles and responsibilities of the Board, amongst others, include: (a) Oversees the overall strategic plans including sustainability and environmental issues as part of its strategic formulation, strategic human resources framework, and financial objectives of the Group; (b) Oversees and safeguards shareholders' interest and the Company's assets through a robust system of effective internal controls, risk management, financial reporting and compliance; and (c) Oversees the processes for evaluating the adequacy and effectiveness of internal controls (including financial, operational, compliance and information technology controls) and risk management systems. The day-to-day management, administration and operation of the Group are delegated to the Group Managing Director, Group Deputy Managing Director and the senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approvals have to be obtained from the Board prior to any significant transactions entered into by these officers. All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group. All Directors are required to disclose their business interests and any potential or actual conflicts of interest that they are aware of, or as soon as such conflicts become apparent. In any situation that involves a conflict of interest with the Company, Directors recuse themselves from participating in any discussion and decision on the matter.

Provision 1.2	Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.	Newly appointed directors will be given briefings and orientation regarding the business-related matters by the Executive Directors and Management to familiarise them with the businesses and operations of the Group. Upon appointment, the Director will receive a formal letter of appointment setting out his/her duties and responsibilities and would receive an orientation kit which includes the codes of corporate governance, model code of securities transactions by directors, terms of reference(s) of the board committee(s) that he/she is appointed to and other relevant materials to enable them to discharge their duties as a director. All newly appointed Directors are also required to attend and undergo relevant induction and orientation programs, courses required under the Catalist Rules and HK Listing Rules, as well as other relevant training courses conducted by the sponsor, the legal advisor and the Company when appropriate. The Directors may join institutes and group associations of specific interests and attend relevant training seminars or informative talks from time to time to enable them to better discharge their duties. The Company encourages the directors to attend courses and trainings in areas of directors' duties and responsibilities, corporate governance, changes in financial reporting standards, Catalist Rules and the HK Listing Rules, insider trading, changes in the Companies Act 1967 of Singapore (the "**Companies Act**") and industry-related matters, to develop themselves professionally, at the Company's expense. For FY2022, in accordance with code provision C.1.4 of the HK Corporate Governance Code, trainings, briefings and updates were provided to all the Directors, namely Mr. Lim Lung Tieng ("**Mr. Kelvin Lim**"), Ms. Lim Bee Choo ("**Ms. Jess Lim**"), Ms. Ch'ng Li-Ling, Mr. Yong Chee Hiong ("**Mr. Eddie Yong**") and Mr. Chan Ka Leung Gary, which included: • briefings by the external auditor on changes of or amendments to accounting standards applicable to the Company at the AC meetings; • updates by the Company Secretary on amendments to the Companies Act and Catalist Rules from time to time; and • directors' training provided by the Hong Kong legal counsel of the Company on, among others, the amendments to the HK Listing Rules and updates on the regulatory requirements for listed companies in Hong Kong. The Company will from time to time arrange for relevant and appropriate continuous professional training to all the Directors to develop and refresh their knowledge and skills in relation to HK Listing Rules and Catalist Rules to enable them to better discharge their duties as a Director of the Company.

Provision 1.3	The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.	The Board has in place an authority matrix to provide guidelines on the approval for material transactions. Matters that require the Board's approval include, amongst others, the following: • Board authorisation limits; • Appointment and re-election of the Directors with reference to the adopted nomination policy, diversity policy, Catalist Rules, HK Listing Rules and the constitution of the Company (the "**Constitution**"), and on the recommendation of the Nominating Committee; • Salaries and benefits/allowances of the members of the Board, Executive Officer and Key Management Personnel (as defined herein) as recommended by the Remuneration Committee; • Evaluation and approval of investments including acquisition of any property or properties above certain amount, mergers and acquisitions ("**M&A**") transactions, divestments and any corporate actions; • Significant capital expenditure; • Public announcements and responses to the SGX-ST/SEHK/ regulators, if any; • Dividend pay-out decisions with reference to the adopted dividend policy; • Assessing the risk of the Group and reviewing and implementing appropriate measures to manage such risks; • Assuming overall responsibility of corporate governance of the Group; and • Auditor's reports if deemed satisfactory and free of material errors after review.

<table>
<tr>
<td>Provision 1.4</td>
<td>Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.</td>
<td>Board Committees

The Board is the highest authority of approval and specific functions of the Board are either carried out by the Board or through various committees established by the Board, namely, the Audit Committee (the "AC"), the Nominating Committee (the "NC") and the Remuneration Committee (the "RC") (collectively, the "Board Committees"). Each committee has the authority to examine issues relevant to their term of references and to make fair, proper and appropriate recommendations to the Board when required. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board. The chairperson of each Board Committee will report to the Board on the outcome of the respective Board Committee meetings.

The composition of the Board Committees is as follows:

<table>
<tr><td colspan="4">Table 1.4 – Composition of Board Committees</td></tr>
<tr><th></th><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>Chairperson</td><td>Mr. Chan Ka Leung Gary</td><td>Mr. Eddie Yong</td><td>Ms. Ch'ng Li-Ling</td></tr>
<tr><td>Member</td><td>Ms. Ch'ng Li-Ling</td><td>Ms. Ch'ng Li-Ling</td><td>Mr. Eddie Yong</td></tr>
<tr><td>Member</td><td>Mr. Eddie Yong</td><td>Mr. Chan Ka Leung Gary</td><td>Mr. Chan Ka Leung Gary</td></tr>
<tr><td>Member</td><td>–</td><td>Mr. Lim Lung Tieng</td><td>–</td></tr>
</table>

Information on the AC, RC and NC, their respective terms of reference, summaries of their activities and any delegation to them by the Board of its decision-making authority can be found in the subsequent sections of this Annual Report.</td>
</tr>
</table>

<table>
<tr>
<td>Provision 1.5</td>
<td>Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director’s attendances at such meetings are disclosed in the company’s annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.</td>
<td>
The Board conducts scheduled meetings on a quarterly basis with active participation from majority of the Directors to consider and approve the announcements, circulars, annual and interim reports (including financial statements) and other publications of the Group, discuss business, financial and corporate governance updates and interim and annual results. Additional meetings are convened as and when circumstances warrant. The Constitution allows Board meetings to be conducted via any means of which all persons participating in the meetings can hear each other, including but not limited to video-conference or audio-visual communication. The Directors are free to discuss any information or views presented by any member of the Board and the Management.
The Company adopts a policy which welcomes Directors to request for further explanations, briefings or informal discussions on any aspect of the Group’s operations or business from the Management.
When necessary or appropriate, members of the Board exchange views outside the formal environment of board meetings. Each Board member is expected to objectively discharge his or her duties and fiduciary responsibilities at all times in the best interests of the Company.
The attendance record of each Director at meetings of the Board and Board Committees during FY2022 is disclosed below:
<table>
<tr><th></th><th>Board</th><th>AC</th><th>NC</th><th>RC</th><th>Annual General Meeting</th><th>Extraordinary General Meeting</th></tr>
<tr><td>Total number of meetings held in FY2022</td><td>5</td><td>3</td><td>1</td><td>1</td><td>1</td><td>2</td></tr>
<tr><td>Name of Director</td><td colspan="6">Number of meetings attended in FY2022</td></tr>
<tr><td>Mr. Kelvin Lim</td><td>5</td><td>3[1]</td><td>1</td><td>1[1]</td><td>1</td><td>2</td></tr>
<tr><td>Ms. Jess Lim</td><td>5</td><td>3[1]</td><td>1[1]</td><td>1[1]</td><td>1</td><td>2</td></tr>
<tr><td>Ms. Ch’ng Li-Ling</td><td>5</td><td>3</td><td>1</td><td>1</td><td>1</td><td>2</td></tr>
<tr><td>Mr. Eddie Yong</td><td>5</td><td>3</td><td>1</td><td>1</td><td>1</td><td>2</td></tr>
<tr><td>Mr. Chan Ka Leung Gary</td><td>5</td><td>3</td><td>1</td><td>1</td><td>1</td><td>2</td></tr>
</table>
Note:
(1) Attended as an invitee.
Please refer to Section 4.5 below for more information on the NC’s assessment of time spent and attention given by each of the Directors to the Company’s affairs.
</td>
</tr>
</table>

Provision 1.6	Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.	Provision of information on an on-going basis The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects, including interim and other price sensitive public information and reports to regulators (if required). Management provides the Board and Board Committees on a timely basis, with sufficient relevant information on the Group's financial performance and commentary of the competitive conditions of the industry in which the Group operates, in order that it may effectively discharge its duties. The Company adopts a policy which welcomes directors to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business from Management. In addition, the Management keeps the Board appraised of the Group's operations and performance through quarterly updates and reports as well as through informal discussions. Key management personnel who can provide additional insight onto the matters at hand would be invited to Board meetings. Provision of information prior to meetings Prior to any meetings of the Board or Board Committees, Directors are provided, where appropriate, with sufficient relevant information at least three days prior to the meetings to enable them to be prepared for making informed decisions at the meetings. On an ongoing basis, all Board members have separate and independent access to Management should they have any queries or require additional information on the affairs of the Group. Before each meeting, Management would provide the Board members with the required explanatory documents relating to matters to be brought before the Board. The Management also provides the Board with quarterly updates on financial results, operational performance, business developments and other important and relevant information.

Provision 1.7	Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.	The Directors also have access to the Company Secretary who attends all Board and Board Committees' meetings. The Company Secretary assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes. The Company Secretary also assists the Directors with the preparation of Directors' resolution, recording of minutes of meetings, the facilitation of the general meeting proceedings, the preparation and release of all SGX-ST and SEHK announcements as well as updates on the relevant changes to the Companies Act, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the HK Listing Rules, Catalist Rules, HK Corporate Governance Code and SG Corporate Governance Code. The Board is given the names and contact details of the Management and the Company Secretary and external advisers, where necessary, to facilitate direct, separate and independent access to the foregoing parties. The appointment and removal of the Company Secretary is a decision subject to the approval of the Board as a whole at a physical, electronic and/or hybrid meeting. Where the Directors either individually or as a group (including as AC, NC and RC), in the furtherance of their duties, require independent professional advice, assistance is available to assist them in obtaining such advice at the Company's expense.
Board Composition and Guidance		
Principle 2	The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.	The Board considers that it has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company. Please refer to Sections 2.1 to 2.5 below for more details and instances of the Company's compliance with the principle.

Provision 2.1

An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.

Provision 2.2

Independent directors make up a majority of the Board where the Chairman is not independent.

Provision 2.3

Non-executive directors make up a majority of the Board.

During FY2022 and up to the date of this report, the Board comprises five Directors, three of whom are independent non-executive directors, as set out below.

Director	Designation	Date of Initial Appointment as a Director	Date of Last Re-Election	AC	NC	RC
Mr. Kelvin Lim[(1)(2)]	Executive Chairman, Executive Director and Group Managing Director	10 July 2014	29 January 2021	–	Member	–
Ms. Jess Lim[(1)]	Executive Director and Group Deputy Managing Director	10 July 2014	28 January 2022	–	–	–
Ms. Ch'ng Li-Ling	Lead Independent Non-Executive Director	10 March 2015	28 January 2022	Member	Member	Chairwoman
Mr. Eddie Yong[(3)]	Independent Non-Executive Director ("**INED**")	10 March 2015	30 January 2020	Member	Chairman	Member
Mr. Chan Ka Leung Gary	INED	5 June 2017	29 January 2021	Chairman	Member	Member

Notes:

(1) Mr. Kelvin Lim is the brother of Ms. Jess Lim. Save for the foregoing, there is no other relationship (including financial, family or other material/relevant relationship(s)) between Mr. Kelvin Lim and each of the Board members.

(2) Mr. Kelvin Lim will retire pursuant to Regulation 99 of the Constitution and will be subjected to re-election as a Director at the forthcoming Annual General Meeting of the Company ("**AGM**").

(3) Mr. Eddie Yong will retire pursuant to Regulation 99 of the Constitution and will be subjected to re-election as a Director at the forthcoming AGM.

As shown above, majority of the Board consists of INEDs. Accordingly, the requirement of the SG Corporate Governance Code that majority of the Board comprises Independent Directors where the Chairman is not independent, is satisfied. The Board has complied with the requirements of Rule 3.11 of the HK Listing Rules as well as Guideline 2.1 of the Code of Corporate Governance 2012 that at least one-third of the Board comprises INEDs. The Company has also met the requirements of Rule 3.10 of the HK Listing Rules relating to the appointment of at least three INEDs with at least one of them possessing appropriate professional qualifications, accounting or related financial management expertise. Mr. Chan Ka Leung Gary, the chairman of AC, possesses the appropriate professional qualification as required under Rule 3.10 of the HK Listing Rules. Please refer to "Board of Directors" for details of Mr. Chan Ka Leung Gary's biography.

During FY2022, there was no change in the composition of the Board. Details of the Directors' qualifications, experiences, and relationship among members of the Board are set out on pages 14 and 15 of this Annual Report.

Please refer to Section 4.4 below for more information on the NC's determination of the independence for Independent Directors.

<table>
<tr>
<td>Provision 2.4</td>
<td>The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.</td>
<td>For FY2022, the NC had reviewed the size and composition of the Board for effective decision-making, taking into account factors such as the scope and nature of the operations of the Group and the core competencies of Board members in the fields of the relevant industry knowledge, accounting and finance, as well as professional legal services. The INEDs are able to constructively challenge and assist in the development of the business strategies and in reviewing and monitoring of the Management's performance against set targets.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group. The current Board composition provides a diversity of skills, gender, experience, and knowledge to the Company as follows: –

<table>
<tr><th colspan="3">Balance and Diversity of the Board</th></tr>
<tr><th></th><th>Number of Directors</th><th>Proportion of the Board</th></tr>
<tr><td>Core Competencies</td><td></td><td></td></tr>
<tr><td>Accounting or finance related</td><td>5</td><td>100%</td></tr>
<tr><td>Business and management experience</td><td>5</td><td>100%</td></tr>
<tr><td>Legal or corporate governance</td><td>5</td><td>100%</td></tr>
<tr><td>Relevant industry knowledge</td><td>3</td><td>60%</td></tr>
<tr><td>Strategic planning experience</td><td>5</td><td>100%</td></tr>
<tr><td colspan="3">Gender Diversity</td></tr>
<tr><td>Male</td><td>3</td><td>60%</td></tr>
<tr><td>Female</td><td>2</td><td>40%</td></tr>
</table>

The Board has taken the following steps to maintain or enhance its balance and diversity:

• Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and will enhance the efficacy of the Board; and

• Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The Board currently comprises two female Directors and three male Directors. The Board is of the view that the existing gender diversity in respect of the Board is sufficient, and that the nomination policy of the Company can ensure that there will be a pipeline of potential successors to the Board which continues the existing gender diversity in the Board.</td>
</tr>
</table>

		The NC has considered the results of the evaluation exercises among others, in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors. For FY2022, no additional INED has been recommended and invited by the NC to join the Board, considering that the existing diversity (including but not limited to gender diversity) is sufficient for the Board to function effectively, having regard to the nomination policy of the Company for the time being. The Board will review its size, structure and composition together with the NC at least annually to ensure that an effective decision-making process is in place. Please refer to Section 4 for more details on the NC and its duties, and in particular, please refer to Provision 4.3 for more details on the Board's nomination policy. As at 30 September 2022, the gender ratio of the Group's workforce was 66% male to 34% female. The Company has implemented Fair Employment Practices and hiring is merit-based and non-discriminatory.
Provision 2.5	Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.	The INEDs will meet separately without the presence of Management. Led by the Lead INED, the INEDs met the internal and external auditors in FY2022 without the presence of any Executive Directors and Management.
Chairman and Chief Executive Officer		
Principle 3	There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.	The Board is of the view that there is a clear division of responsibilities between the leadership of the Board and the Management, and no one individual has unfettered powers of decision-making. Please refer to Sections 3.1 to 3.3 below for more details and instances of the Company's compliance with such principle.
Provision 3.1	The Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making.	Under code provision C.2.1 of the HK Corporate Governance Code and Provision 3.1 of the SG Corporate Governance Code, the roles of Chairman and CEO should be separated and should not be performed by the same individual. The Company does not have a CEO. However, this position is carried out by the Group Managing Director (the "**GMD**"), which is responsible for the day-to-day management of business. Mr. Kelvin Lim is an executive Director, the chairman of the Board (the "**Chairman**") and the GMD. 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 Board (including our INEDs) is of the opinion that it is not necessary for the role of the GMD and Chairman to be separate after taking into account the size, scope and operations of the Group, and that Mr. Kelvin Lim is the best candidate for both positions. Accordingly, the Board considers that the present arrangements are beneficial and in the interests of the Group and the Shareholders as a whole.

Provision 3.2	The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.	The Chairman provides overall leadership to the Board. The Chairman, with the help of the Company Secretary, ensures that Board meetings are held as and when necessary and sets the meeting agenda in consultation with fellow Directors and other Key Management Personnel, and if required, the professional advisors. The Chairman also ensures the quality, quantity and timeliness of the flow of information between the Management, the Board and the Shareholders. He promotes high standards of corporate governance as well as the culture of openness and debate at Board meetings. He also encourages constructive relationship within the Board and between the Board and Management while facilitating the effective contributions of INEDs during the Board meetings. The GMD is responsible for the overall operations, market development, strategic management and business expansion of the Group.
Provision 3.3	The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.	The Board has appointed Ms. Ch'ng Li-Ling as the Lead INED to provide leadership in situations where the Chairman is conflicted and not independent. As the Lead INED, she shall be available to the Shareholders, where they have concerns relating to matters which contact through normal channels of the Chairman, GMD or the Management has failed to resolve or for which such contact is inappropriate, as well as at the Company's general meetings.
Board Membership		
Principle 4	The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.	The Board is of the view that it has a formal and transparent process for the appointment and reappointment of Directors, taking into account the need for progressive renewal of the Board. Please refer to Sections 4.1 to 4.5 below for more details and instances of the Company's compliance with such principle.

Provision 4.1	The Board establishes a NC to make recommendations to the Board on relevant matters relating to: (a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel; (b) the process and criteria for evaluation of the performance of the Board, its board committees and directors; (c) the review of training and professional development programmes for the Board and its directors; and (d) the appointment and re-appointment of directors (including alternate directors, if any).	The Company has established the NC in compliance with code provision B.3.1 of the HK Corporate Governance Code, and the key terms of reference of the NC, which are available on the websites of the Company, the SGX-ST and the SEHK, include: (a) making recommendations to the Board on relevant matters relating to: (i) the review of board succession plans for Directors, in particular, the Chairman and the GMD; (ii) the reviewing of training and professional development programs for the Board; (iii) the reviewing of the existing diversity policy; (iv) the reviewing of the nomination policy; and (v) the appointment and re-appointment of Directors (including alternate Directors, if applicable); (b) reviewing and determining annually, and as and when circumstances require, if a Director is independent, in accordance with the Catalist Rules, SG Corporate Governance Code and Rule 3.13 of the HK Listing Rules and any other salient factors; (c) reviewing the structure, size and composition of the Board annually to ensure that the Board and its committees comprise Directors who as a group provide an appropriate balance and diversity of skills, expertise, gender and knowledge of the Group and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge; (d) where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his or her duties as a Director, taking into consideration the Director's number of listed company board representation and other principal commitments; and (e) reviewing, assessing and recommending suitably qualified nominee(s) or candidate(s) for appointment or election to the Board considering his/her competencies, commitment, contribution, performance and whether or not he/she is independent, and to select or make recommendations to the Board on the selection of individuals nominated for directorships of the Board; In addition, the NC will make recommendations to the Board on the development of a process for the evaluation and performance of the Board, its Board Committees and individual Directors. In this regard, the NC will decide how the Board's performance is to be evaluated and propose objective performance criteria which addresses how the Board will enhance long-term shareholder value. Please refer to Section 5 for more details on the process for evaluating the performance of the Board, Board Committees and individual Directors.

Provision 4.2	The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.	The NC comprises Mr. Eddie Yong (Chairman), Ms. Ch'ng Li-Ling, Mr. Chan Ka Leung Gary and Mr. Kelvin Lim. Three of the foregoing NC members, including the NC Chairman, are INEDs. The Lead INED is also a member of the NC.
Provision 4.3	The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.	Board Nomination Policy The Company has adopted a nomination policy on 1 January 2019 in compliance with the HK Corporate Governance Code, which establishes written guidelines to NC to identify individuals suitably qualified to become directors and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new directors, taking into account the need for the progressive renewal of the Board and adopted diversity policy. The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required. Appointment of New Candidates In assessing and recommending a candidate for appointment to the Board, the process of selection and appointment of new directors by the NC are as follows: 1. the current needs of the Board to complement and strengthen the Board is taken into consideration. The independence of a director, where applicable, is determined in accordance with the recommendations of the SG Corporate Governance Code and Rule 3.13 of the HK Listing Rules; 2. the candidates proposed by the Directors, key management personnel or substantial shareholders, are considered and may engage external search consultants where necessary; 3. the NC would meet and interview the shortlisted candidates to assess their suitability; and 4. the selected candidate is recommended to the Board for consideration and approval. The NC may also engage external search consultants to search for new Directors at the Company's expense. There were no external search consultants engaged in FY2022, as the Board was not in the process of identifying any new appointment to the Board. New Directors are appointed by way of a board resolution after the NC recommends the appointment for the consideration and approved by the Board.

		<u>Selection Criteria</u> The NC will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and its Shareholders. <u>Re-election of Incumbents</u> The process of re-electing incumbent directors by the NC are as follows: 1. The NC would assess the performance of the Director in accordance with the performance criteria set by the Board further elaborated below and consider the current needs of the Board; and 2. Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval. Criteria to be considered as part of the process for the re-appointment of Directors include the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour). As a broad-based NC policy, the Board nomination process for evaluating an Executive Director vis-à-vis an INED is different. For an Executive Director, the nomination process would in general be tied to his or her ability to contribute through his or her business acumen and strategic thinking process for the business. As for an INED, his or her nominations are hinged on myriad of criteria whereby he or she should possess the independence of mind despite confirmation via in writing, as evaluated by the NC. The NC and the Management has assessed and is satisfied that the existing INEDs will be able to give an independent view to take the Group's business to a higher level.

<table>
<tr>
<td>Provision 4.4</td>
<td>The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.</td>
<td>The NC evaluates on an annual basis whether an INED (including their respective immediate family members) is independent in accordance with the SG Corporate Governance Code, Catalist Rules and the relevant requirements under Rule 3.13 of the HK Listing Rules.

The NC has reviewed and confirmed the independence of the INEDs namely, Ms. Ch'ng Li-Ling, Mr. Eddie Yong and Mr. Chan Ka Leung Gary (including their respective family members), in accordance with the SG Corporate Governance Code, Catalist Rules and Rule 3.13 of the HK Listing Rules during FY2022.

The INEDs have also confirmed their independence (including their respective immediate family members) in accordance with the SG Corporate Governance Code, Catalist Rules and Rule 3.13 of the HK Listing Rules, and the Company has received from each of the INEDs an annual confirmation on his/her independence (including their respective immediate family members) as required under Rule 3.13 of the HK Listing Rules. There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the SG Corporate Governance Code and Catalist Rules that would otherwise deem him/her not to be independent.

Each member of the NC has abstained from deliberations in respect of the assessment of his or her independence.

There is no INED who has served beyond nine years since the date of his or her first appointment.</td>
</tr>
<tr>
<td>Provision 4.5</td>
<td>The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitment of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.</td>
<td>The NC has also implemented a process for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution of the Chairman and each individual Director to the effectiveness of the Board. The NC Chairman will act on the results of the evaluation, and in consultation with the NC to propose, where appropriate, any new member to be appointed to the Board or seek the resignation of an existing Director.

At each AGM, the Constitution requires one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, being one-third of those who have been longest in office since their last re-election. Newly appointed Directors will have to retire at the next general meeting of the Company following their appointments. The retiring Directors are eligible to offer themselves for re-election.

The NC has noted that the following directors will retire by rotation at the forthcoming AGM pursuant to Article 99 of the Constitution:

<table>
<tr><th>Director</th><th>Designation</th></tr>
<tr><td>Mr. Kelvin Lim</td><td>Executive Director, Chairman and Group Managing Director</td></tr>
<tr><td>Mr. Eddie Yong</td><td>Independent Non-Executive Director</td></tr>
</table>
</td>
</tr>
</table>

		Pursuant to Article 99 of the Constitution, Mr. Kelvin Lim will retire at the forthcoming AGM. The NC, with Mr. Kelvin Lim having abstained from the deliberations, had reviewed and recommended Mr. Kelvin Lim for re-election at the forthcoming AGM. Upon re-election, Mr. Kelvin Lim will remain as an executive Director, the Chairman and the Group Managing Director. Key Information details on Mr. Kelvin Lim are set out on page 14 of this Annual Report. For detailed biography, please refer to the circular of the AGM dated 6 January 2023 as published. Mr. Kelvin Lim is the brother of Ms. Jess Lim, an executive Director and the Group Deputy Managing Director of the Company. Mr. Kelvin Lim and Ms. Jess Lim are also the controlling shareholders of the Company. Save as disclosed above, Mr. Kelvin Lim does not have any relationships, including immediate family relationships, between himself and each of the other directors, the company or its 5% shareholders. Pursuant to Article 99 of the Constitution, Mr. Eddie Yong will retire at the forthcoming AGM. The NC, with Mr. Eddie Yong having abstained from the deliberations, had reviewed and recommended Mr. Eddie Yong for re-election at the forthcoming AGM. Upon, re-election, Mr. Eddie Yong will remain as an independent non-executive Director, the chairman of the NC and a member of both the AC and RC. Mr. Eddie Yong will be considered independent for the purposes of Rule 704(7) of the Catalist Rules and Rule 3.13 of the HK Listing Rules. Key information details on Mr. Eddie Yong are set out on page 15 on this Annual Report. For detailed biography, please refer to the circular of the AGM dated 6 January 2023 published. Mr. Eddie Yong does not have any relationships, including immediate family relationships, between himself and each of the other directors, the company or its 5% shareholders. The Board did not set any cap on the number of listed company directorships given that the NC has assessed and is satisfied that all INEDs were able to dedicate their time to the Group for FY2022. Nevertheless, if the Board finds that time commitment is lacking from any particular Director, they may consider imposing a cap in future. The Board will also take into consideration the number of directorships and principal commitments of each director in assessing whether a director is able to adequately carry out his or her duties and the guideline on time devotion by the proposed directors as set out in the HK Corporate Governance Code, the Guidance for Boards and Directors published by SEHK in July 2018 and relevant guidance in the Practice Guidance in respect of the SG Corporate Governance Code. There is no alternate director being appointed by any Director in FY2022. The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the other directorships and other principal commitments of each of the Directors, and is satisfied that all Directors have discharged their duties adequately for FY2022. The considerations in assessing the capacity of Directors include the following: (a) expected and/or competing time/principal commitments of each Director; (b) number of board representations held by each Director (in particular, none of the directors should have seven or more listed company directorships); (c) size and composition of the Board; and (d) nature and scope of the Group's operations and size.

<table>
<tr><td></td><td></td><td>The following key information regarding the Directors is set out on the following pages of this Annual Report and the Circular dated 6 January 2023 which accompanies this Annual Report (the “Circular”):

(a) Pages 14 and 15 of this Annual Report as well as Section 2 of the Circular – Academic and professional qualifications, date of first appointment as a Director, date of last re-election as a Director, if any, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments, whether appointment is executive or non-executive, or considered by the NC to be independent; and

(b) Pages 90 and 91 of this Annual Report as well as Section 2 of the Circular – Shareholdings, if any, in the Company and its subsidiaries.</td></tr>
<tr><td colspan="3"><u>Board Performance</u></td></tr>
<tr><td>Principle 5</td><td>The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.</td><td>The Board has undertaken a formal annual assessment of its effectiveness as a whole and that of each of its board committees and individual Directors. Please refer to Sections 5.1 to 5.2 below for more details and instances of the Company’s compliance with such principle.</td></tr>
<tr><td>Provision 5.1

Provision 5.2</td><td>The NC recommends for the Board’s approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.

The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.</td><td>The NC has in place an annual performance evaluation process to assess the performance of the Board as a whole, its Board Committees and each individual Director to the effectiveness of the Board. The Company Secretary will collate the Board and Directors’ evaluations and provide the summarised results to the NC Chairman. The NC would then discuss the evaluation and conclude the performance results during the NC meeting.

In respect of FY2022:

(a) The assessment of the Board and each of the Board Committees was done via a confidential questionnaire, covering areas such as Board composition, Board processes managing the Group’s performance and the effectiveness of the Board in its monitoring role and the effectiveness of the respective Board Committees.

(b) The assessment of the individual Directors was done through peer assessments through a confidential questionnaire completed by each Director. The assessment parameters for such individual evaluation include qualitative and quantitative factors such as performance of principal functions and fiduciary duties, Director’s attendance at meetings and his or her contribution and performance at such meetings. The NC and the Board strives to ensure that each Director, with his or her contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC, having reviewed the performance of its roles and responsibilities and the conduct of its affairs as a whole, is of the view that the Board has met its performance objectives in FY2022. No external facilitator was used to conduct the evaluations.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his/her performance.</td></tr>
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<table>
<tr><td colspan="3">REMUNERATION MATTERS</td></tr>
<tr><td colspan="3"><u>Procedures for Developing Remuneration Policies</u></td></tr>
<tr><td>Principle 6</td><td>The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.</td><td>The Board is of the view that it has a formal and transparent procedure for developing policies on Director’s and executive’s remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration. Please refer to Sections 6.1 to 6.4 below for more details and instances of the Company’s compliance with such principle.</td></tr>
<tr><td>Provision 6.1</td><td>The Board establishes a Remuneration Committee to review and make recommendations to the Board on:

(a) a framework of remuneration for the Board and key management personnel; and

(b) the specific remuneration packages for each director as well as for the key management personnel.</td><td>The Company has established the RC in compliance with Rule 3.25 of the HK Listing Rules, with its terms of reference available on the websites of the Company, the SGX-ST and the SEHK. The key terms in the terms of reference of the RC include but are not limited to the following:

(a) To review and submit its recommendations for endorsement by the entire Board, on the policy and general framework of remuneration for the Board and the senior management, on the establishment of a formal and transparent procedure for developing remuneration policy, and the specific remuneration packages (which include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment) and terms of employment (where applicable) for each Director, Managing Director or the CEO (if CEO is not a director) and key management personnel including but not limited to senior executives/divisional directors/those reporting directly to the Managing Director/Chairman/CEO;

(b) To review and approve the management’s remuneration proposals with reference to the board’s corporate goals and objectives, any bonuses, pay increases and/or promotions for employees related to the directors, controlling shareholders and/or substantial shareholders of the Group, any compensation payable to any executive Director or senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive, and any compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate;

(c) To review and submit its recommendations for endorsement by the entire Board, share-based incentives or awards or any long term incentive schemes which may be set up from time to time, in particular to review whether directors and key management personnel should be eligible for such schemes and also to evaluate the costs and benefits of such schemes and to do all acts necessary in connection therewith;

(d) To carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time; and</td></tr>
</table>

		(e) To ensure that all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered. The Company has adopted the model of remuneration committee set forth in code provision E.1.2(c)(ii) of the HK Corporate Governance Code.
Provision 6.2	The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.	The RC meets at least once a year, and as warranted by circumstances, to discharge its functions. The current composition of the RC comprises Ms. Ch'ng Li-Ling (Chairwoman), Mr. Eddie Yong and Mr. Chan Ka Leung Gary, who are all INEDs.
Provision 6.3	The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.	The RC considers all aspects of remuneration, including termination terms, to ensure they are fair. All recommendations made by the RC on remuneration of Directors and key management personnel will be submitted for endorsement by the Board. No member of the RC is involved in setting his or her remuneration package. As and when deemed appropriate by the RC, independent expert advice will be sought at the Company's expense. The RC shall ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.
Provision 6.4	The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.	In FY2022, the Company engaged an independent remuneration consultant firm, Aon Hewitt Singapore Pte Ltd, to assist the RC in reviewing certain key management personnel remuneration against comparable benchmarks having due regard to prevailing market practices and conditions as well as the financial, commercial health and business needs of the Group. The Company does not have any relationship with Aon Hewitt Singapore Pte Ltd that could affect Aon Hewitt Singapore Pte Ltd's independence and objectivity.
Level and Mix of Remuneration		
Principle 7	The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.	The Board is of the view that the level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company. Please refer to Sections 7.1 to 7.3 below for more details and instances of the Company's compliance with such principle.

Provision 7.1 Provision 7.2 Provision 7.3	A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company. The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities. Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.	The RC recommends to the Board the quantum of directors' fees and the Board in turn endorses the recommendation for Shareholders' approval at each AGM. The remuneration packages of the INEDs take into consideration the performance of the Group and individual assessment of each INED, the level of contribution to the Company and Board, taking into account various factors including but not limited to efforts and time spent, responsibilities and duties of the Non-Executive Directors. For the Executive Directors and key management personnel, each of their service agreements and/or compensation packages is reviewed by the RC. These service agreements cover the terms of employment and specifically, the salaries and bonuses of the Executive Directors and key management personnel. The Company may terminate a service agreement if, inter alia, the relevant Executive Director or key management personnel is guilty of dishonesty or serious or persistent misconduct, become bankrupt or otherwise act to the Company's prejudice. Executive Directors are not entitled to any directors' fees. The Company has entered into separate service agreements (the "**Service Agreements**") with the Executive Directors, namely, Mr. Kelvin Lim and Ms. Jess Lim, which state their terms of employment, which may be terminated by not less than six months' notice in writing served by either party on the other. Under the Service Agreements, the Executive Directors are entitled to an incentive bonus based on the Group's consolidated profit before tax subject to a minimum fixed annual bonus of four months The Service Agreements are valid for a period of three years from 16 March 2015 ("**Initial Term**"). After the Initial Term, the agreement shall be automatically renewed until terminated by either party on the other. There was no termination by either party as at the date of this Annual Report. The RC will ensure that the INEDs are not overcompensated to the extent that their independence may be compromised. INEDs are able to participate in the Scheme (terms as defined herein) and hold shares in the Company so as to better align their interests with the interests of Shareholders. For FY2022, the RC had reviewed the performance of the Executive Directors in accordance with the performance objectives set forth in the Service Agreements, as well as the evaluation of the performance of key management personnel and were satisfied that the performance objectives had been met. During FY2022, the RC had reviewed the compensation and remuneration packages and believes that the remuneration of Directors and key management personnel commensurate with their respective roles and responsibilities. There are no termination and post-employment benefits that may be granted to the Directors, the Chairman and MD, and top two key management personnel.

		Each of Ms. Ch'ng Li-Ling and Mr. Eddie Yong, the INEDs, had entered into a letter of appointment with the Company on 10 March 2015 (as amended by an addendum dated 25 September 2017) for an initial term of three years commencing on 10 March 2015 and was extended for a period of three years with effect from 10 March 2018. The appointment was extended for another three years with effect from 10 March 2021 and shall be automatically renewed, which may be terminated by no less than three months' notice in writing served by either party on the other. Mr. Chan Ka Leung Gary, an INED, had entered into a letter of appointment with the Company on 5 June 2017 (as amended by an addendum dated 25 September 2017) for an initial term of three years commencing on 5 June 2017, which was subsequently extended for a period of three years with effect from 5 June 2020. The appointment of Mr. Chan Ka Leung Gary may be terminated by no less than three months' notice in writing served by either party on the other. All the Directors are subject to retirement by rotation and re-election at the AGM in accordance with the Constitution, the Catalist Rules and the HK Listing Rules, and will continue thereafter until terminated in accordance with the terms of the service agreement/letter of appointment. In addition, to enhance its remuneration so as to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel, the Company has adopted the Scheme (as defined herein). Please refer to Section 8.3 for more details on the Scheme.
Disclosure on Remuneration		
Principle 8	The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.	The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation. Please refer to Sections 8.1 to 8.3 below for more details and instances of the Company's compliance with such principle.

Provision 8.1

The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

(a) each individual director and the CEO; and

(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel

The Group links its remuneration policy to the achievement of key performance indicators. Key performance indicators of the Group are aimed towards retention of customers and financial performance; these could include project management capabilities and profitability of various business units across the Group's business segments. The remuneration of Executive Directors is also in accordance with the Service Agreements and a portion of their remunerations (in dollar terms) is in the form of variable or performance related bonuses calculated based on the Group's profitability. For the key management personnel and other senior executives, their variable or performance related bonuses, beside individual performance, are also based on the Group's profitability.

The breakdown (in percentage terms) of the remuneration of the Directors (including the GMD) for FY2022 is set out as below:

Directors	**Salary, benefits in kind and/or allowance[1,2] (%)**	**Variable Bonus[2] (%)**	**Director's Fees (%)**	**Total (%)**	**Total[3] (S$'000)**
Mr. Kelvin Lim	53	47	–	100	1,943
Ms. Jess Lim	60	40	–	100	726
Ms. Ch'ng Li-Ling	3	–	97	100	79
Mr. Eddie Yong	3	–	97	100	74
Mr. Chan Ka Leung Gary	2	–	98	100	83

Notes:

(1) Includes fixed bonus.

(2) The amounts for salary, allowance and variable bonus shown are inclusive of Singapore's Central Provident Funds.

(3) Rounded to the nearest one thousand Singapore dollars.

There are no termination and post-employment benefits that may be granted to the Directors, the Chairman and GMD.

The Group only has two top key management personnel in FY2022. The breakdown (in percentage terms) of the remuneration of two top key management personnel of the Group for FY2022 is set out as below:

Remuneration Band and Name of Key Management Personnel	**Designation**	**Salary, benefits in kind and/or allowance[1,2] (%)**	**Variable Bonus[2] (%)**	**Total[3] (100%)**
From S$250,001 to S$500,000				
Yeo Swee Cheng	Chief Financial Officer	95	5	100
Wong Sze Peng, Danny	Chief Executive Officer of Work+Store	79	21	100

Notes:

(1) Includes fixed bonus.

(2) The amounts for salary, allowance and variable bonus shown are inclusive of Singapore's Central Provident Funds.

(3) Rounded to the nearest one thousand Singapore dollars.

		There are no termination and post-employment benefits that may be granted to the key management personnel. In aggregate, the total remuneration paid to the two top key management personnel was S$736,000 in FY2022. The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution toward the overall performance of the Group for FY2022. Their remuneration is made up of fixed and variable compensations. Details of the remuneration of the Directors and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the HK Listing Rules are set out in Note 9 and Note 15 to the consolidated financial statements for FY2022 and Directors' Statement (for directors' remuneration only) respectively. For the key management personnel, the variable compensation is determined based on the level of achievement of corporate and individual performance objectives.
Provision 8.2	The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	There was no employee who is an immediate family member of a Director, the Chairman and the GMD whose remuneration exceeded S$100,000 during FY2022, save as disclosed in this Annual Report.
Provision 8.3	The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.	<u>Share Option Scheme</u> On 25 September 2017 ("**Adoption Date**"), the shareholders adopted the "LHN Share Option Scheme" (the "**Scheme**"), effective upon the HK Listing Date. The Scheme has been assigned by the Board to be administered by a committee comprising members of the RC (the "**Committee**"). The primary objective of establishing the Scheme is to provide eligible persons (the "**Eligible Persons**") with an opportunity to have a personal stake in the Company and help motivate Eligible Persons to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

		The Scheme gives the Company greater flexibility to align the interests of employees, especially executive directors, managers, and other employees holding an executive, managerial, supervisory or similar position in any member of the Group, with that of shareholders. The Scheme uses methods common among major local and multinational companies to incentivise and motivate employees to achieve pre-determined targets which create and enhance economic value for shareholders. The Company believes that the Scheme will be an effective tool in motivating employees to strive to deliver long-term shareholder value. The Scheme allows for participation by full-time employees of the Group (who may be controlling shareholders) and Directors (including Non-executive Directors). The Company acknowledges that the services and contributions of employees who are controlling shareholders or associates of controlling shareholders are important to the development and success of the Group. The extension of the Scheme to confirmed full-time employees who are controlling shareholders or associates of controlling shareholders allow the Group to have a fair and equitable system to reward employees who have actively contributed to the progress and success of the Group. The participation of controlling shareholders or the associates of the controlling shareholders in the Scheme will serve both as a reward to them for their dedicated services to the Group and a motivation for them to take a long-term view of the Group. Although Eligible Persons who are controlling shareholders or the associates of controlling shareholders may already have shareholding interests in the Company, the extension of the Scheme to include them ensures that they are equally entitled, with the other employees of the Group who are not controlling shareholders or the associates of the controlling shareholders, to take part and benefit from this system of remuneration. The Company is of the view that a person who would otherwise be eligible should not be excluded from participating in the Scheme solely by reason that he/she is a controlling shareholder or the associate of the controlling shareholder(s). Currently, Mr. Kelvin Lim and Ms. Jess Lim, who are our Executive Directors and also our controlling shareholders, are Eligible Persons. Granting of Options to Connected Persons under the HK Listing Rules Subject to the terms of the Scheme, but only insofar as and for so long as the HK Listing Rules require, where any offer of an option to subscribe for ordinary shares in the capital of the Company ("**Shares**") granted pursuant to the Scheme ("**Option**") is proposed to be made to a Director, Chief Executive or a substantial shareholder (as defined in the HK Listing Rules) of the Company or any of their respective associates (as defined in the HK Listing Rules), such offer must first be approved by the INEDs (excluding the INED who or whose associates is the grantee of an Option). Where any grant of Options to a substantial shareholder (as defined in the HK Listing Rules) or an INED, or any of their respective associates (as defined in the HK Listing Rules), would result in the securities issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (a) representing in aggregate over 0.1% of the relevant class of securities in issue; and (b) (where the securities are listed on the SEHK), having an aggregate value, based on the closing price of the securities on the SEHK at the date of each grant, in excess of HK$5 million,

		such further grant of Options must be approved by shareholders. The Company shall send a circular to the shareholders. The grantee, his associates (as defined in the HK Listing Rules) and all core connected persons of the Company must abstain from voting in favour at such general meeting. Approval from the shareholders is required for any change in the terms of Options granted to a participant who is a substantial shareholder (as defined in the HK Listing Rules) or an INED of the Company, or any of their respective associates (as defined in the HK Listing Rules). The grantee, his associates (as defined in the HK Listing Rules) and all core connected persons of the Company must abstain from voting in favour at such general meeting. <u>Maximum Entitlement of Each Participant</u> No Option may be granted to any one person such that the total number of shares issued and to be issued upon exercise of the options granted to any one Eligible Person (including exercised and outstanding Options) in any 12-month period shall exceed 1 per cent of the Shares in issue from time to time. Where any further grant of Options to such an Eligible Person would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent of the Shares in issue, such further grant shall be separately approved by shareholders in general meeting with such Eligible Person and his close associates (or his associates (as defined in the HK Listing Rules if such Eligible Person is a connected person) abstaining from voting. <u>Maximum Number of Shares</u> The maximum number of Shares which may be issued upon exercise of all Options to be granted under the Scheme and any other schemes of the Group shall not in aggregate exceed 10 per cent of the Shares (excluding treasury shares and subsidiary holdings) in issue as at 28 January 2022 as approved by the Shareholders at the AGM held on 28 January 2022 (the "**Scheme Mandate Limit**"), i.e. 40,894,540 Shares, provided that: (a) the Company may at any time as the Board may think fit seek approval from shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all Options to be granted under the Scheme and any other schemes of the Company shall not exceed 10 per cent of the Shares (excluding treasury shares and subsidiary holdings) in issue as at the date of approval by the Shareholders in general meeting where the Scheme Mandate Limit is refreshed. Options previously granted under the Scheme and any other schemes of the Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the Scheme or any other schemes of the Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. For such a situation, the Company shall send a circular to its shareholders containing the details and information required under the HK Listing Rules and/or Catalist Rules;

(b) the Company may seek separate approval from its Shareholders at general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person specified by the Company before such approval is obtained. For such a situation, the Company shall send a circular to its shareholders containing the details and information required under the HK Listing Rules and/or Catalist Rules;

(c) notwithstanding paragraph (a) above, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Scheme and any other schemes of the Group shall not exceed 30 per cent of the Shares in issue from time to time. No Options may be granted under the Scheme and any other share option scheme of the Company if this will result in such limit being exceeded; and

(d) as at the date of this annual report, the total number of securities available for issue under the Scheme is 40,894,540 Shares, which represented 10% of the issued shares of the Company.

Minimum Holding Period, Vesting and Performance Target

Subject to the provisions of the HK Listing Rules and the Catalist Rules, the Committee may in its absolute discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Scheme as the Committee may think fit (to be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Company and/or the Eligible Person, the satisfactory performance or maintenance by the Eligible Person of certain conditions or obligations or the time or period when the right to exercise the Option in respect of all or some of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Scheme. For the avoidance of doubt, subject to such terms and conditions as the Committee may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise), there is no performance target which need to be achieved by the Eligible Person before the Option can be exercised.

Subscription Price

The subscription price per share on the exercise of an Option ("**Subscription Price**") in respect of any particular Option shall be such price as the Committee may in its absolute discretion determine at the time of offer of the grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the Subscription Price shall not be less than whichever is the highest of:

(a) the closing price of a Share as stated in the SEHK's daily quotations sheet or as published by the SGX-ST on the Option Offer Date (whichever is higher); and

(b) the average closing price of a Share as stated in the SEHK's daily quotation sheets or as published by the SGX-ST for the five business days (being any day on which the SEHK and/or the SGX-ST are open for the business of dealing in securities, as the context may require) ("**Business Day**") immediately preceding the Option Offer Date (being the date of the Committee resolution approving the grant of Options, which must be a Business Day) (whichever is higher).

Accordingly, the Subscription Price will not be at a discount.

		Subject as provided in the Share Option Scheme and any other conditions as may be introduced by the Committee from time to time, an Option, shall be exercisable, in whole or in part, but if in part only, in respect of a board lot for dealing in the Shares on the SEHK or the SGX-ST, as the case may be, or any integral multiple thereof) commencing after the first anniversary of the date of grant and acceptance of the Option, in the manner as out in the Scheme. Life of the Scheme Subject to the terms of the Scheme, the Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, provided always that the Scheme may continue for a further period of 10 years with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. Upon the expiry of the Scheme as aforesaid, no further Options will be offered but the provisions of the Scheme shall remain in force and effect in all other respects. All Options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Scheme. Option granted No option has been granted under the Scheme since the Adoption Date and up to the date of this Annual Report. Save as disclosed in Section 8.1 above, there are no other forms of remuneration and other payments and benefits, paid by the Group to Directors and/or key management personnel of the Company.
ACCOUNTABILITY AND AUDIT		
Risk Management and Internal Controls		
Principle 9	The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.	The Board is responsible for the governance of risk (including environmental, social and governance ("**ESG**") risks) and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders. In particular, the Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects, including interim and other price sensitive public information and reports to regulators (if required). Management provides the Board and Board Committees on a timely basis, with sufficient relevant information on the Group's financial performance and commentary of the competitive conditions of the industry in which the Group operates, in order that it may effectively discharge its duties. The Company adopts a policy which welcomes Directors to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business from Management. The Board acknowledges its responsibility for the preparation of the Consolidated Financial Statements for FY2022 which give a true and fair view of the state of affairs of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirement under the Catalist Rules and the HK Listing Rules. The financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements.

		The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. For further accountability, the announcements containing the half-year and full-year financial statements are signed by the Chairman and GMD, Mr. Kelvin Lim, for and on behalf of the Board, to confirm that it is to the best of the Board's knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results contained in the announcement to be false or misleading in any material aspects. The Board approves the financial after review and authorises the release of the results on the website of the Company, the SGX-ST and SEHK (www.hkexnews.hk) to the public. The Company also uploads latest announcement(s) which has been disseminated via the website of SGX-ST (www.sgx.com) and SEHK (www.hkexnews.hk) on the Company's website (www.lhngroup.com). Please refer to Sections 9.1 to 9.2 below for more details and instances of the Company's compliance with this principle.
Provision 9.1	The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.	The Board has not set up a specific Board Risk Committee, but the oversight of risk management and internal controls is undertaken by the AC and the Board in general. The Board has the overall responsibility for the Group's risk management and internal controls in safeguarding Shareholders' interests and the Group's assets. The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information, and to safeguard and maintain accountability of assets. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. Procedures are in place to identify major risks (including ESG risks) and evaluate potential financial implications, as well as for the authorisation of capital expenditure and investments. The AC, on behalf of the Board, reviews the adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance (including handling and dissemination of inside information) and information technology controls, and risk management policies and systems established by the Management on an annual basis. They are: • Code of Ethics • Risk Appetite and Risk Tolerance guidance • Authority and Risk Control Matrix • Key Control Activities • Key Reporting and Monitoring Activities Management also regularly reviews the Group's business and operations to identify areas of significant business risks and controls to mitigate the risks. The Management will highlight all significant matters to the Board and AC.

Provision 9.2	The Board requires and discloses in the company's annual report that it has received assurance from: (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.	In respect of FY2022, the Board had received assurance from the Chairman and GMD as well as the chief financial officer of the Company (the "**CFO**") that: • the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and • the Company's risk management and internal control systems are adequate and effective.
General	The Board's annual review of the internal controls and risk management systems.	The design, implementation and operation of the accounting and internal control systems are intended to prevent and detect fraud and errors. The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls can provide absolute assurance against the occurrence of material misstatement or loss, poor judgment in decision-making, human error, losses, fraud or other irregularities. Based on the framework of risk management and internal controls established and maintained by the Management, reviews carried out by the AC, the report on the enterprise risk management of the Group, work performed by the internal auditors and external auditors, and assurance from the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management systems (including those relating to ESG risks) and system of internal controls (including financial, operational, compliance and information technology controls) were adequate and effective for FY2022. The Company is gradually placing emphasis on sustainability and sustainability risks and would implement appropriate policies and programmes when the opportunities arise.

		Inside Information The Group has adopted and implemented its own disclosure policy aiming to provide a general guide to the directors and senior management of the Company in handling of confidential information and/or monitoring of information disclosure pursuant to applicable laws and regulations in compliance with the HK Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"). The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement to the websites of the SGX-ST, the SEHK and the Company on a timely basis to enable the public, namely shareholders, institutional investors, potential investors and other stakeholders of the Company to access the latest information of the Group, unless such information falls within the safe harbours pursuant to the SFO. The Management has notified all employees to comply with the disclosure policy. Briefing and training on the implementation of the policy have been provided to the Directors, officers and senior management of the Group.
Audit Committee		
Principle 10	The Board has an Audit Committee which discharges its duties objectively.	The Board has established the AC in compliance with Principle 10 of the Catalist Rules and Rule 3.21 of the HK Listing Rules. Please refer to Sections 10.1 to 10.5 below for more details and instances of the Company's compliance with such principle.
Provision 10.1	The duties of the AC include: (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance; (b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems; (c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;	The terms of reference of the AC, which are available on the websites of the Company, the SGX-ST and the SEHK, include the following: (a) review the relevance and consistency of the accounting standards, the significant financial reporting issues, recommendations and judgments made by the external auditors so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance; (b) review and report to the Board and the Management at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risks management systems (such review can be carried out internally or with the assistance of any competent third parties); (c) review the effectiveness and adequacy of the Group's internal audit function at least annually, including the determination whether the internal auditor has direct and unrestricted access to the Chairman of the Board and AC, and is able to meet separately to discuss matters/ concerns; (d) review and ensure the internal audit function is adequately resourced and has appropriate standing within the Group and to review and monitor its effectiveness; (e) review the scope and results of the external audit, and the independence and objectivity of the external auditors; (f) make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;

	(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors; (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and (f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.	(g) review the system of internal controls, financial controls and risk management with the internal and external auditors; (h) review the co-operation given by the Management to the external auditors and the internal auditors, where applicable; (i) keep abreast of changes in accounting standards and issues which have a direct impact on financial statements; (j) review the assurance provided by the MD and the CFO regarding the financial records being properly maintained and the financial statements giving a true and fair view of the Company's operations and finances; (k) participate in the appointment, replacement or dismissal of the head of internal audit or, if an external party, the internal auditors; (l) review the Group's compliance with such functions and duties as may be required under the relevant statutes, the Catalist Rules or the HK Listing Rules, including such amendments made thereto from time to time; (m) review and approve interested person transactions and connected person transactions, and review procedures thereof; (n) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests; (o) review the risk management framework with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGX-ST and the SEHK; (p) investigate any matters within its terms of reference; (q) review the policy and arrangements, by which the staff or any third-party may, in confidence, raise concerns about possible improprieties including matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; (r) where the AC deems necessary or as delegated by the Board, to commission and review the findings of any internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any applicable law, rule or regulation and to consider the Management's response to these findings; (s) make recommendations to the Board on establishing an adequate, effective and independent internal audit function; (t) report to the Board its findings from time to time on matters arising and requiring the attention of the AC or to undertake such other reviews and projects as may be requested by the Board; and (u) undertake such other functions and duties as may be required by the laws of Hong Kong, the laws of Singapore, the HK Listing Rules or the Catalist Rules, and by such amendments made thereto from time to time.

		Whistle-blowing Policy The Company's whistle-blowing policy serves to encourage and to provide a channel for staff of the Group and any external parties to report and raise, in good faith and in confidence, their concerns about possible improprieties in matters of financial reporting or other matters. To facilitate independent investigation of such matters and appropriate follow up actions, all whistle-blowing reports are directed to the AC Chairman and members of the AC via a dedicated email address (auditcommittee@lhngroup.com.sg). The whistle-blowing policy has been communicated to all the staff and it has also been posted on the Company's website at www.lhngroup.com. Anti-corruption Policy The Company's anti-corruption policy serves to uphold the Group's 'zero-tolerance' towards all forms of corruption, bribery and extortion and to provide guidance to employees on how to avoid corruption, bribery and extortion which may arise in the course of their work. All potential corruption will be investigated by the management and reported to the Audit Committee, where applicable. The anti-corruption policy has been communicated to all employees and a copy has been saved in the Company's shared drive. The AC has explicit authority to investigate any matter within its terms of references. It has full access to Management and full discretion to invite any Director or key management personnel to attend its meetings, and to be provided with reasonable resources to enable it to discharge its functions properly. The Executive Directors and key management personnel, as and when required, were invited to be present at the AC meetings to report and brief the AC members on the financial and operating performance of the Group and to answer any queries from the AC members on any aspect of the operations of the Group. During FY2022, the AC reviewed the Group's unaudited interim results for the six months ended 31 March 2022 and the unaudited full year results announcement and audited annual results for the year ended 30 September 2022.
Provision 10.2	The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.	The AC currently comprises Mr. Chan Ka Leung Gary (Chairman), Ms. Ch'ng Li-Ling and Mr. Eddie Yong, all of whom are INEDS. The Board is of the view that the AC members have adequate accounting or related financial management expertise and experience to discharge the AC's functions. In this regard, in compliance with Provision 10.2 of the SG Corporate Governance Code, at least two members, including the AC Chairman, have recent relevant accounting or related financial management expertise or experience. In particular, Mr. Chan Ka Leung Gary has more than 18 years of experience in accounting, corporate finance, private equity and financial consultations and holds a Chartered Account certification in Canada since 2000. Mr. Eddie Yong has over 40 years of experience in various aspects of real estate businesses, including (among others) asset management, and the Board considers that Mr. Eddie Yong has had sufficient experience in relation to financial management this regard. Ms. Ch'ng Li-Ling is the head of financial services (regulatory) practice in her law firm, and provides advice to financial institutions, FinTech firms on capital-raising and acquisitions, among others, and the Board considers Ms. Ch'ng Li-Ling to have a good understanding of the accounting / financial management aspects of a business. Furthermore, Mr. Chan Ka Leung Gary also possesses the appropriate professional qualification and accounting expertise as required under Rule 3.10(2) of the HK Listing Rules.

Provision 10.3	The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.	None of the AC members including their respective immediate family members were previous partners or directors of the Company's external audit firm within the last two (2) years and none of the AC members hold any financial interest in the existing external audit firm engaged by the Company.
Provision 10.4	The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.	The AC relies on reports from the Management, external and internal auditors on any material non-compliance and internal control weaknesses. Thereafter, the AC oversees and monitors the implementations thereto. Currently, the Group has outsourced its internal audit function to Ernst & Young Advisory Pte. Ltd. (the "**IA**") which reports directly to the AC. The IA has an administrative reporting function to the Management where planning, co-ordinating, managing and implementing internal audit work cycle are concerned. The work undertaken by the IA, are carried out in accordance with the standards set by internationally recognised professional bodies including Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The IA will report their audit findings and recommendations directly to the AC. The IA has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC. In FY2022, the AC had reviewed and approved the internal audit plan to ensure the adequacy of the scope of audit, the IA's reports, and proposed follow-up actions implemented by the Management and noted that the necessary co-operation required from the Management was provided to enable the IA to perform its function effectively. In addition, the experience of the IA has been reviewed, including the assigned engagement personnel's experience and is satisfied that the IA is adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively. As such, the AC is of the view that the internal audit function of the Company is independent, effective and adequately resourced for FY2022.
Provision 10.5	The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.	The AC met up with the internal and the external auditors without the presence of the Management in November 2022 to discuss, among others, matters relating to FY2022, including among others, to review the announcement of the unaudited results for the FY2022, to review the independence of the internal controls function, adequacy of internal controls addressing financial, operational and compliance risks, to review and approve interested person transactions and connected transactions for the relevant financial period. The internal and external auditors were also invited to be present at AC meetings, as and when required, held during FY2022 to, inter alia, answer or clarify any matter on accounting and auditing or internal controls (as the case may be). The Board considers the regular annual meeting sufficient to monitor integrity of the issuer's financial statements, the annual reports and accounts, and to review any significant financial reporting judgments contained in them. The external auditors were present at all three AC meetings held in FY2022.

<table>
<tr>
<td>General</td>
<td>AC’s annual review of the independence / re-appointment of the EA.</td>
<td>
The aggregate amount of fees paid or payable to PricewaterhouseCoopers LLP (“PwC”) for FY2022 is as follows:
<table>
<tr><th>Description of Services</th><th>Amount</th><th>Percentage</th></tr>
<tr><td>Audit fees</td><td>S$670,000</td><td>76%</td></tr>
<tr><td>Non-audit fees</td><td>S$210,000</td><td>24%</td></tr>
<tr><td>Total</td><td>S$880,000</td><td>100%</td></tr>
</table>
The AC has reviewed the non-audit services provided by PwC to the Group. As the non-audit services rendered by PwC relate to advisory services and services for the listing of LHN Logistics Limited’s shares on the Catalist of the SGX-ST, the Board, with the concurrence of the AC, is of the opinion that the independence and objectivity of the external auditors have not been affected due to the following reasons:

The non-audit services are within the permitted scope of services under section 290.219A of the Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities in the Fourth Schedule of the Accountants (Public Accountants) (Amendment) Rules 2015; and
The audit engagement team of PwC was not involved in any management decision making and its role was limited to provide advisory and review services based on the objective assessment of the facts.

The AC and the Board are of the view that PwC is adequately resourced and registered with the Accounting and Corporate Regulatory Authority or registered with and/or regulated by an independent audit oversight body acceptable to the SGX-ST. The Accounting and Financial Reporting Council of Hong Kong and the SEHK have accepted PwC as the registered public interest auditor to act as the Company’s auditors to audit annual accounts of the Company pursuant to Rule 19.20 of the HK Listing Rules. The AC has recommended to the Board the re-appointment of PwC as external auditors of the Company at the forthcoming AGM.
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</tr>
<tr>
<td>General</td>
<td>What are the AC’s activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?</td>
<td>During FY2022, the AC was provided with information such as updates on the changes to the financial reporting standards by the external auditors in the course of their report to the AC.</td>
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STAKEHOLDER RIGHTS AND ENGAGEMENT		
Shareholders' Rights		
Principle 11	The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.	The Company has complied with Principle 11. Please refer to Sections 11.1 to 11.6 below for more details and instances of the Company's compliance with such principle.
Provision 11.1	The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.	The Company's corporate governance practices promote the fair and equitable treatment to all Shareholders. Participation in/Information in respect of General Meetings At the general meetings of the Company (if such meetings are to be held physically) or prior to the general meetings of the Company held virtually and in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 (Temporary Measures) Order 2020**") and Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G) (the "**PCD Regulation**"), Shareholders will be given the opportunity to air their views and ask Directors or Management questions regarding the Company and the Group. In the event the general meetings are to be held virtually, the Company will ensure that all substantial and relevant questions will be addressed by the Directors and/or management prior to, or at, the general meetings. The Company and Directors will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, general meetings in respect of substantial and relevant matters. Prior to the AGM, the circular containing the notice of AGM will be sent together with the Annual Report, released on the websites of the SGX-ST, the SEHK and on the Company as well as published in the newspapers in Singapore and Hong Kong to inform shareholders of the upcoming meeting, save as otherwise exempted under the COVID-19 (Temporary Measures) Order 2020. The Board and the Management will also be present (with the auditors in attendance) at the AGM to address any queries relating to resolutions to be considered at such meeting from the Shareholders, if any. The Company will prepare the minutes of the AGM which would include substantial or relevant comments from Shareholders, if any, and these minutes of the AGM will be made available to Shareholders. Please refer to Section 11.5 for more information on how the minutes are made available.

		Voting at General Meetings The Constitution does not allow absentia voting at general meetings of Shareholders as authentication of Shareholder identity information and other related security issues remains a concern. However, the Constitution does allow a shareholder (who is not a relevant intermediary, as defined in Section 181(6) of the Companies Act) to either vote in person or appoint not more than two proxies to attend and vote in his stead. Such proxy to be appointed need not be a Shareholder. Pursuant to the Companies (Amendment) Act 2014, a shareholder of the Company who is a relevant intermediary (as defined in Section 181(6) of the Companies Act), may appoint more than two proxies to attend, speak and vote at the AGM. Pursuant to Catalist Rule 730A(2) and Rule 13.39(4) of the HK Listing Rules, all resolutions will be put to vote by way of a poll at the forthcoming AGM, and their detailed results will be announced by way of announcement on the websites of the SGX-ST, the SEHK and the Company after conclusion of the AGM. In respect of general meetings of the Company held virtually and in accordance with the COVID-19 (Temporary Measures) Order 2020 and the PCD Regulation, Shareholders (except a relevant intermediary) may cast their votes for the resolution live at the AGM. Alternatively, Shareholders can vote by way of appointment of the chairman of such general meeting (or any person other than the chairman) as proxy, by depositing the instrument of proxy by post or by email pursuant to the manner as stated in the notice of the general meeting from time to time. How Shareholders can convene an extraordinary general meeting ("**EGM**") Under the Constitution, Directors may in general, whenever they think fit, convene EGMs. Under Section 176 of the Companies Act, however, Directors must notwithstanding anything in the Constitution, on the requisition made by Shareholders holding not less than 10% of the total paid-up capital of the Company at the date of deposit of the requisition, immediately proceed to convene an EGM as soon as practicable but, in any case, no later than two months after receipt by the Company of the requisition. Pursuant to the Companies Act, the Board shall convene an EGM on requisition: (a) The Directors, notwithstanding anything in the Constitution, shall, on the requisition of members holding at the date of deposit of the requisition no less than 10% of such of the paid-up capital of the Company as at the date of the deposit carrying the right of voting at general meetings immediately proceed to duly convene an EGM as soon as practicable but in any case, no later than 2 months after the receipt by the Company of the requisition deposited at the registered office of the Company. (b) The requisition shall state the objects of the meeting and proposed resolution(s) to be added to the EGM (if any), and shall be signed by the requisitionists and deposited at the registered office of the Company and may consist of several documents in like form each signed by one or more requisitionists.

		(c) If the Directors do not within 21 days after the date of receipt of the requisition proceed to convene an EGM, the requisitionists, or any of them representing more than 50% of the total voting rights of all of them, may themselves, in the same manner as nearly as possible as that in which EGMs are to be convened by the Directors convene an EGM, but any EGM so convened shall not be held after the expiration of 3 months from the date of receipt of the requisition. (d) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Directors to convene an EGM shall be paid to the requisitionists by the Company, and any sum so paid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration in respect of their services to such of the Directors as were in default. (e) An EGM at which a special resolution to be proposed shall be deemed not to be duly convened by the Directors if they do not give such notice thereof as is required by the Statues in the case of special resolutions. <u>Procedures for raising enquiries</u> For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company via email to enquiry@lhngroup.com.sg. Shareholders are reminded to submit their questions together with their detailed contact information. <u>Putting forward proposals at shareholders' meetings</u> For putting forward proposals at the general meeting, Shareholders should submit a written notice with detailed contact information to the Company's registered office which is set out in the section headed "Corporate Information" of this annual report to request an EGM to be called by the Board for the transaction of any business specified in such requisition/ Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.
Provision 11.2	The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.	Resolutions submitted at the Shareholders' meetings are separate and not bundled or made inter-conditional on each other unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are bundled, the Company will explain the reasons and material implications. The tabling of separate resolutions gives Shareholders the right to express their views and exercise their voting rights on each resolution separately. Information is also provided on each resolution to enable Shareholders to exercise their vote on an informed basis.

Provision 11.3	All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.	As set out in Section 11.1, the Board and the Management will also be present (with the auditors in attendance) at the AGM to address any queries relating to resolutions to be considered at such meeting from the Shareholders. Where necessary, the Company will also seek the external auditors' response to queries from the Shareholders in respect of matters pertaining to the audit in the event that such queries were received prior to the AGM. All the Directors and external auditors attended the AGM held in FY2022 and all the Directors attended the two EGMs held in FY2022.
Provision 11.4	The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.	As set out in Section 11.1, the Constitution does not allow absentia voting at general meetings of Shareholders as authentication of Shareholder identity information and other related security issues remains a concern. However, the Constitution of the Company does allow a shareholder (who is not a relevant intermediary, as defined in Section 181(6) of the Companies Act) to either vote in person or appoint not more than two proxies to attend and vote in his stead. Such proxy to be appointed need not be a Shareholder. Pursuant to the Companies (Amendment) Act 2014, a shareholder of the Company who is a relevant intermediary (as defined in Section 181(6) of the Companies Act), may appoint more than two proxies to attend, speak and vote at the AGM.
Provision 11.5	The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.	The proceedings of the general meetings are properly recorded, including all comments and/or queries from shareholders relating to the agenda of the meeting and responses from the Board, the Management or the external auditors of the Company to such comments and/or queries. All minutes of general meetings will be posted on the Company's website as soon as practicable. The Company also ensures that all material information relating to the Group is disclosed in an accurate and timely manner through publication on the websites of the SGX-ST, the SEHK and the Company. In addition, the minutes of the AGM in respect of FY2022 would be released on the websites of the SGX-ST, the SEHK and the Company within one (1) month from the date of the AGM, in accordance with the COVID-19 (Temporary Measures) Order 2020.

Provision 11.6	The company has a dividend policy and communicates it to shareholders.	The Company has adopted a policy on payment of dividends on 1 January 2019 ("**Dividend Policy**") in compliance with code provision F.1.1 of the HK Corporate Governance Code and SG Corporate Governance Code as revised in 2018, which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company. The Company will declare and/or recommend the payment of dividends to the Shareholders for approval after considering the Company's ability to pay dividends, which will depend upon, among other things, its cash flow, general business conditions and strategies, current and future operations, statutory, contractual and regulatory restrictions and so on. The Board has absolute discretion on whether to pay a dividend, subject to Shareholders' approval, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends. The Company shall review and reassess the Dividend Policy and its effectiveness on a regular basis or as required. In accordance with the Dividend Policy, a special dividend of 0.15 Singapore cents (S$0.0015) (equivalent to approximately 0.86 Hong Kong cents (HK$0.0086)) per ordinary share tax exempt (one-tier) was approved at the EGM held on 28 June 2022. The Board has proposed a final tax exempt (one-tier) dividend of 1.0 Singapore cent (S$0.01) (equivalent to approximately 5.67 Hong Kong cents (HK$0.0567)) per ordinary share for FY2022 which is subject to Shareholders' approval at the forthcoming AGM. Please refer to the "Notice of Annual General Meeting" as set out in the circular of the AGM dated 6 January 2023.
Engagement with Shareholders		
Principle 12	The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.	The Company is of the view that it has communicated regularly with the Shareholders and facilitated the participation of Shareholders during general meetings and other dialogues to allow Shareholders to express their views on various matters pertaining to the Company, in accordance with Principle 12. Please refer to Sections 12.1 to 12.3 below for more details and instances of the Company's compliance with such principle.

Provision 12.1	The company provides avenues for communication between the Board and all shareholders and discloses in its annual report the steps taken to solicit and understand the views of shareholders.	The Company strives to disclose significant information on a timely basis to the Shareholders and ensure that any disclosure of price sensitive information is not made to a selective group. The significant information is communicated to the Shareholders via: • annual reports – the Board strives to include all significant information about the Group, including future developments and disclosures as required by the Companies Act, Financial Reporting Standards, the Catalist Rules and the HK Listing Rules; • corporate communication made on the websites of the SGX-ST and the SEHK and press releases on major developments of the Group. Corporate communications made on the websites of the SGX-ST and the SEHK and press releases of the Group are also available on the website of the Company at www.lhngroup.com. A copy of the Annual Report for FY2022 is made available on the websites of the SGX-ST, the SEHK and the Company, together with the Circular containing the notice of AGM for FY2022.
Provision 12.2 Provision 12.3	The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.	The Company has in place an Investor Relations Policy to ensure the dissemination of material information in a timely and useful manner to the Shareholders, analysts, the media, and other investors and aims to raise awareness and understanding of the company's business amongst the investing public. In accordance with the Investor Relations Policy, the Company ensures that, among others: – Circulars and notices in respect of annual general meetings and extraordinary general meetings are released on the websites of the SGX-ST and the SEHK, as well as on the Company's website, and newspaper in Singapore and Hong Kong. – Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. – The chairman of the Board and other Board members, chairmen of board committees or their delegates, the Company's senior management and external auditors shall attend the annual general meetings to answer Shareholders' questions (if any). – The Company engages its Shareholders and the investment community via Company reports and announcements, such as timely financial reporting, sustainability reporting and other announcements in accordance with the relevant rules of SGX-ST and SEHK. – Any information or documents of the Company posted on the websites of the SGX-ST (www.sgx.com) and the SEHK (www.hkexnews.hk) will also be published on the website of the Company (www.lhngroup.com) under the "Investor Relations" section. Such information includes financial statements, results announcements, circulars and notices of general meetings, etc.. In this regard, the Company wishes to inform that it also has a dedicated investor relations section on its corporate website, which allows the public to subscribe and receive alerts whenever an announcement is posted on the website.

		– The Company meets with investors, the media and analysts at appropriate times, where the Company also ensures strict adherence with our continuous disclosure obligations. – The Company stays connected with its investors/Shareholders by soliciting feedback from and addressing the concerns of investors/Shareholders (including institutional and retail investors) via a dedicated investor relations email: enquiry@lhngroup.com.sg. Alternatively, investors/Shareholders may also send their enquiries and concerns in writing to the Board/Joint Company Secretary by addressing them to the Company at our registered office in Singapore or principal place of business in Hong Kong or by email through the Company's website. The Company addresses such enquiries and concerns as soon as practicable. The Investor Relations Policy will be reviewed on a regular basis to ensure its effectiveness and compliance with the prevailing regulatory and other requirements. With the above measures in place, the policy is considered to have been effectively implemented.
MANAGING STAKEHOLDER RELATIONSHIPS		
Engagement with Stakeholders		
Principle 13	The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.	The Board is of the view that it has adopted an inclusive approach by considering and balancing the needs and interests of material stakeholders, so as to ensure that the best interests of the Company are served. Please refer to Sections 13.1 to 13.3 below for more details and instances of the Company's compliance with such principle.
Provision 13.1	The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.	The Company takes a strategic and pragmatic approach in managing stakeholders' expectations to support its long-term strategy. Please refer to the section "*Relationship with Stakeholders*" on page 96 of this Annual Report for details. As set out earlier, the Company is gradually placing emphasis on sustainability and sustainability risks and would implement appropriate policies and programmes when the opportunities arise. Further details on our environmental, social and corporate governance policies will be disclosed in the sustainability report for FY2022 to be published by 28 February 2023.
Provision 13.2	The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	More information on the Group's material stakeholders, sustainability efforts (including its strategy and key areas of focus), and performance in this regard will be set out in the sustainability report for FY2022 to be published on the websites of the SGX-ST, the SEHK and the Company no later than 28 February 2023.
Provision 13.3	The company maintains a current corporate website to communicate and engage with stakeholders.	The Company maintains its corporate website at www.lhngroup.com to communicate and engage with stakeholders.

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
711A and 711B	Sustainability Reporting	The sustainability report for FY2022 will be published as a separate report by 28 February 2023.
712, 715 or 716	Appointment of auditors	The Group has not appointed different auditors for its subsidiaries and significant associated companies during FY2022. As such, the Company confirms its compliance to the Catalist Rules 712 and 715.
1204(8)	Material contracts	Save for the service agreements entered into between the Company and each of the executive Directors, there was no other material contract involving the interests of any Director or controlling shareholders of the Company entered into by the Group, which are either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	As set out earlier, based on the framework of risk management and internal controls established and maintained by the Management, reviews carried out by the AC, the report on the enterprise risk management of the Group, work performed by the IA and EA, and assurance from the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management systems and system of internal controls (including financial, operational, compliance and information technology controls) were adequate and effective for FY2022.
1204(10C)	AC's comment on Internal Audit Function	As set out earlier, the AC has reviewed and approved the internal audit plan to ensure the adequacy of the scope of audit, the IA's reports, proposed follow-up actions implemented by the Management and has noted that the necessary co-operation required from the Management has been provided to enable the IA to perform its function effectively. In addition, the experience of the IA has been reviewed, including the assigned engagement personnel's experience and is satisfied that the IA is adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively. As such, the AC is of the view that the internal audit function of the Company is independent, effective and adequately resourced for FY2022.

<table>
<tr>
<td>1204(17)</td>
<td>Interested persons transaction (“IPT”)</td>
<td>
The Company has established procedures to ensure that all transactions with interested persons complies with Chapter 9 of the Catalist Rules and Chapter 14A of the HK Listing Rules and 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 circular which accompanies the Annual Report in the section ‘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.
<table>
<tr><th>Name of Interested Person</th><th>Nature of Relationship</th><th>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)</th><th>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$100,000)</th></tr>
<tr><td></td><td></td><td>S$’000</td><td>S$’000</td></tr>
<tr><td>Payments received by our Group
LHN Logistics Limited and its group of companies</td><td rowspan="3">Indirect subsidiaries of the Company which are separately listed on the Catalist of the SGX-ST.</td><td></td><td></td></tr>
<tr><td>– Contractual services</td><td>129</td><td>–</td></tr>
<tr><td>– Warehouse services</td><td>234</td><td>–</td></tr>
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</td>
</tr>
<tr>
<td>1204(19)</td>
<td>Dealing in securities</td>
<td>
The Company has adopted an internal code on dealings in securities, which has been disseminated to all the Directors and officers within the Group. The Company will also send a notification via email to notify all the Directors and officers at least a day prior to the close of window for trading of the Company’s securities.
Commencing on the HK Listing Date, the Company has also updated its policy according to the requirements as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the HK Listing Rules which is also applicable to the employees of the Group who are likely to be in possession of unpublished inside information (the “Relevant Employees”), and the terms of such policy are no less exacting than the required standard set out in the Model Code. The Company confirms that specific enquiry was made to all the Directors and the Relevant Employees and they all confirmed that they had complied with the Model Code and the Company’s aforesaid policy for FY2022 and up to the date of this Annual Report.
The Company, the Directors, officers and employees have been informed not to deal in the Company’s securities at all times whilst in possession of unpublished price sensitive information and during the periods of:
(a) 30 days immediately preceding the publication date of the announcement of the half-year results of the Company or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results; and
(b) 60 days immediately preceding the publication date of the announcement of the full-year results of the Company or, if shorter, the period from the end of relevant financial year up to the publication date of the results.
The Directors, officers and employees have also been directed to refrain from dealing in the Company’s securities on short-term considerations.
</td>
</tr>
</table>

1204(21)	Non-sponsor fees	For FY2022, the Company paid to its sponsor, PrimePartners Corporate Finance Pte. Ltd. fees of S$80,000 for advisory services rendered.
1204(22)	Use of proceeds	There were no unutilised proceeds arising from initial public offering and/or any offerings pursuant to Chapter 8 of the Catalist Rules and there were no fund-raising activities during FY2022.
-	Non-competition undertaking from controlling shareholders	The controlling shareholders of the Company gave a non-competition undertaking in favour of the Company and confirmed that they and their close associates had not breached the terms of the undertaking contained in the deed of non-competition during FY2022. Particulars of the deed of non-competition are set out in the section headed "RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS – INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS – DEED OF NON-COMPETITION" of the prospectus of the Company dated 15 December 2017. The Board comprising all the INEDs, based on the written confirmation provided by the controlling shareholders, is of the view that the controlling shareholders had been in compliance with the non-competition undertaking in favour of the Company during FY2022.
-	Company Secretary	The Company has engaged Chevalier Law LLC, an external service provider, and Mr. Chong Eng Wee ("**Mr. Chong**") has been appointed as the Company Secretary of the Company. Ms. Yeo Swee Cheng, the Chief Financial Officer, is the primary contact person to Mr. Chong at the Company in respect of any compliance and company secretarial matters of the Company in Singapore and Hong Kong, respectively. During FY2022, Mr. Chong had undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the HK Listing Rules.
-	Changes to the Constitution	During FY2022, there were no changes to the Constitution.

The directors (the "**Directors**") of LHN Limited (the "**Company**", together with its subsidiaries, the "**Group**") are pleased to present their statement to the members together with the audited consolidated financial statements of the Group for the financial year ended 30 September 2022 ("**FY2022**") and the statement of financial position of the Company as at 30 September 2022.

In the opinion of the Directors:

(a) the accompanying consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon, as set out on pages 103 to 183 of this annual report, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2022 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts and any current liabilities within 12 months from the date of this statement as and when they fall due.

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in Note 17.

2. OPERATIONS AND FINANCIAL REVIEW

Details of the operations and financial review of the Group are set out under the section headed "Business Review" on pages 22 to 24 of this annual report and the section headed "Financial Review" on pages 24 to 29 of this annual report, respectively. The above forms part of the Directors' Statement.

3. RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statements of profit or loss and total comprehensive income on page 103 of this annual report.

Subsequent to the end of the reporting period, a final dividend of 1.0 Singapore cent (equivalent to 5.67 Hong Kong cents) per ordinary share of the Company for the year ended 30 September 2022 (the "**Final Dividend**") has been proposed by the Directors and is subject to the approval by the shareholders of the Company (the "**Shareholders**") in the forthcoming annual general meeting to be held at 10:00 a.m. on 30 January 2023 (Singapore time) (the "**AGM**"). Upon Shareholders' approval at the AGM, the proposed Final Dividend will be paid on Tuesday, 21 February 2023, to the Shareholders whose names shall appear on the register of members of the Company on Tuesday, 7 February 2023 (close of business). Please refer to the announcement of the Company dated 28 November 2022 relating to the notice of record date and Final Dividend date for details.

4. FINANCIAL SUMMARY AND HISTORICAL FINANCIAL KEY PERFORMANCE INDICATORS

A summary of the results and of the assets and liabilities of the Group and details of the key financial performance indicators to the performance of the Group business for the past five financial years is set out on page 21 of this annual report.

5. PRINCIPAL RISKS AND UNCERTAINTIES

The business of the Group is subject to numerous risks and uncertainties. The following is a summary of some of the principal risks and uncertainties affecting our business for the financial year ended 30 September 2022 and onwards:

(i) ***Ability to renew or re-tender for master leases for the space optimisation business***: The Group's space optimisation business is the Group's principal business segment. For the space optimisation business, the Group has primarily obtained the properties through master leases. If the Group is unable to renew any of the master leases or successfully re-tender for any of its properties, it takes time and cost for the Group to identify new properties, obtain the properties and perform the optimisation work to launch in the market to replace the properties that it has returned to the landlord. Furthermore, it takes time to build up the tenancy for our new managed properties. These may disrupt the Group's normal business operations and cause the Group to suffer additional costs which can have a material and adverse effect on its business, results of operations, financial condition and prospects.

5. **PRINCIPAL RISKS AND UNCERTAINTIES (CONT'D)**

(ii) ***Ability to renew tenancy agreements with the tenants of the Group at commercially acceptable term***: The Group leases its properties to its tenants pursuant to tenancy agreements. The Group will negotiate with the tenants for the new terms for the lease renewal if they will stay on as its tenants towards the expiry. The new terms will be subject to the prevailing market conditions and movements in property prices in general. Furthermore, there is no guarantee that the tenants will continue to lease the properties from the Group or that the Group can renew the leases at commercially acceptable terms. If the Group's existing tenants cease to lease properties from it, it may be unable to secure new tenants or will incur additional costs such as marketing costs to secure new tenants in respect of those properties and its business, results of operations, financial condition and prospects may be adversely affected.

(iii) ***Ability to recover the renovation, refurbishment and maintenance costs for the properties of the Group***: For the properties of the space optimisation business, the Group typically undertakes renovation and refurbishment works on them before leasing them out. The type and the amount of time required for the renovation works depend on a number of factors, including whether the property is leased or owned, the condition, size, type and planned future use of the property, and for leased property, the term of the lease and the expected time of holding or leasing the property. The depreciation of the renovation works is amortised based on the estimated useful life of the works. The Group may be required to accelerate the amortisation if the lease is terminated prior to its expiry. The Group may also incur substantial costs periodically in maintaining and repairing some of its older properties. If the Group is unable to manage the capital expenditure and costs involved in renovating, refurbishing and/or maintaining our properties, its profit margin and hence, its business, results of operations, financial condition and prospects may be adversely affected.

(iv) ***Appraisal value and fair value of investment properties and leasehold properties***: For the Group's investment properties and leasehold properties and investment properties held by the Group's joint ventures, these properties are required to reassess their fair value at the end of each financial reporting period. The gains and losses arising from the changes in the fair value of these owned investment properties are recognised in the profit or loss or other comprehensive income for the period in which the changes of fair value occur and affect the Group's profit and net asset position for that period. Any valuation of these owned investment properties which is lower than our previously appraised value will lead to fair value loss on investment properties. Also, the appraised values of these properties are based on various assumptions, which are subjective and uncertain in nature. Hence, the appraised values of our owned investment properties should not be taken as their actual realisable value or a forecast of their realisable value.

(v) ***Impact of COVID-19***: The COVID-19 pandemic has led to a severe contraction in economic activity both in Singapore and globally, due to the combination of supply chain disruptions, travel restrictions imposed in many counties and a sudden decline in demand. As the global COVID-19 situation remains very fluid, the Group expects possible risks and uncertainties that may affect its business, results of operations, financial condition and prospects.

6. RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Company believes that cultivating a healthy relationship with the Group's employees, suppliers (including landlords) and customers (including tenants) is paramount to its success.

The Group only works with reputable and ethical suppliers with good track records of service/product quality.

With the Group's customers, in order to facilitate an open channel of communication, the Group utilises various channels, such as hotline, annual survey on customer satisfaction and social platforms. The Group believes in creating more dynamic relationships whereby the customers can also be its potential business partners and associates; hence, the sustainability of one's business will benefit the other. The Group will seek to utilise services provided by its current tenants provided the terms are commercially acceptable. The Group also organises various networking sessions throughout the year to benefit the tenants and create networking opportunities.

Please also refer to the paragraphs headed "Employee and remuneration policies" and "Major Customers and Suppliers" in this section for more details.

7. INVESTMENT PROPERTIES

Details of the investment properties of the Group during the year are set out in Note 15 to the consolidated financial statements.

8. PROPERTY, PLANT AND EQUIPMENT

Details of movement in the property, plant and equipment of the Group during the year are set out in Note 13 to the consolidated financial statements.

9. BANK BORROWINGS

Particulars of the bank borrowings of the Group as at 30 September 2022 are set out in the Note 34 to the consolidated financial statements.

10. SHARE CAPITAL

Details of the Company's issued share capital during the year are set out in Note 30 to the consolidated financial statements.

11. PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

12. DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 30 September 2022 amounted to S$6,430,000.

13. DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

<u>Executive Directors</u>	
Mr. Lim Lung Tieng ("Kelvin Lim")	(Executive Chairman and Group Managing Director)
Ms. Lim Bee Choo ("Jess Lim")	(Group Deputy Managing Director)
<u>Independent Non-executive Directors</u>	
Ms. Ch'ng Li-Ling	(Lead Independent Non-executive Director)
Mr. Yong Chee Hiong ("Eddie Yong")	
Mr. Chan Ka Leung Gary	

14. DIRECTORS' SERVICE CONTRACTS

The Company has entered into separate service agreements (the "**Service Agreements**") with the Executive Directors, namely, Mr. Kelvin Lim and Ms. Jess Lim that states their terms of employment, which may be terminated by not less than six months' notice in writing served by either party on the other. Under the Service Agreements, the Executive Directors are entitled to an incentive bonus based on the Group's consolidated profit before tax subject to a minimum fixed annual bonus of four months. The Service Agreements are valid for a period of three years from 16 March 2015 ("**Initial Term**"). After the Initial Term, the agreement shall be automatically renewed until terminated by either party on the other.

Each of Ms. Ch'ng Li-Ling and Mr. Eddie Yong, the Independent Non-executive Directors, had entered into a letter of appointment with us on 10 March 2015 (as amended by an addendum dated 25 September 2017) for an initial term of three years commencing on 10 March 2015 and was extended for a period of three years with effect from 10 March 2018. The appointment was extended for another three years with effect from 10 March 2021 and shall be automatically renewed, which may be terminated by not less than three months' notice in writing served by either party on the other.

Mr. Chan Ka Leung Gary, an Independent Non-executive Director, had entered into a letter of appointment with us on 5 June 2017 (as amended by an addendum dated 25 September 2017) for an initial term of three years commencing on 5 June 2017 and was extended for a period of three years with effect from 5 June 2020, which may be terminated by not less than three months' notice in writing served by either party on the other.

In accordance with Regulation 99 of the Constitution, Mr. Kelvin Lim and Mr. Eddie Yong will retire from office by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

None of the Directors proposed for re-election at the forthcoming AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

15. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

The Board has the general power of determining the Directors' remuneration, subject to authorisation of the shareholders of the Company at the annual general meeting each year.

The remuneration and other emoluments are determined by the Board by recommendation of the Remuneration Committee with reference to the duties, responsibilities and performance of the Directors and the results of the Group.

Details of the remuneration of the Directors and five highest paid individuals are set out in Note 9 to the consolidated financial statements.

16. EMPLOYEE AND REMUNERATION POLICIES

As at 30 September 2022, there were 615 (2021: 567) employees in the Group.

The Group has adopted the Share Option Scheme to motivate and reward its Directors and eligible employees. The emoluments of Directors and senior management were reviewed by the remuneration committee of the Company, having regard to their experience, responsibilities and performance of the Group, and approved by the Board. Please refer to "20. Share Option Scheme" below and "Report on Corporate Governance – Share Option Scheme" on pages 64 to 68 of this annual report for further details.

17. RETIREMENT SCHEMES

As required by the law of the relevant jurisdictions, the Group makes contributions to Central Provident Fund in Singapore, Mandatory Provident Fund Scheme in Hong Kong, Employees' Provident Fund in Malaysia, Social Security Fund in China, Thailand, Myanmar and Cambodia and Badan Penyelenggara Jaminan Sosial in Indonesia, which are defined contribution plans, during the year. In Singapore, under the Central Provident Fund Scheme, employers are required to make a regular contribution calculated at a range of 7.5% to 17% of the employees' monthly income above S$500 per month and up to a maximum of S$6,000 per month, depending on the employee's age group. In Malaysia, the Employees' Provident Fund contribution rate for employers are 13% for gross salary RM5,000 and below and 12% for gross salary above RM5,000. In Hong Kong, under the Mandatory Provident Fund Scheme, employers and employees are each required to make regular contribution calculated at 5% of the employee's relevant income for monthly income above HK$7,100 per month and up to a maximum of HK$30,000 per month. In China, employees of subsidiary in China are members of the retirement schemes operated by the local authorities, and the subsidiary is required to contribute a certain percentage of the eligible employees' salaries to these schemes to fund the benefits. In Thailand, employers are required to contribute 5% of the employee's monthly salary capped at THB15,000. In Myanmar, employers are required to contribute 3% of the employee's monthly salary capped at MMK300,000. In Cambodia, employers are required to contribute 3.4% of the employee's monthly salary for social security fund and 2% for pension fund with monthly salary capped at Riel 1,200,000. In Indonesia, employers are required to contribute 6.54% of the employee's monthly salary. The only obligation of the Group with respect to these schemes is the required contributions under the schemes.

These contributions are recognised as employee benefit costs in the financial year to which they relate. Please also refer to Note 9 to the consolidated financial statements in this annual report for total contributions made during the year.

18. PERMITTED INDEMNITY PROVISION

Under the Constitution, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of his/her duties in his/her office. Such provision was in force during the year. The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

19. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

Under Singapore Law

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of FY2022 had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Number of ordinary shares			
	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
Name of directors	**As at 1 October 2021**	**As at 30 September 2022#**	**As at 1 October 2021**	**As at 30 September 2022#**
The Company – LHN Limited				
Lim Bee Choo	4,000,000	**4,000,000**	220,982,600	**220,982,600**
Lim Lung Tieng	–	**–**	224,982,600	**224,982,600**
Immediate holding company – Fragrance Ltd.				
Lim Lung Tieng	–	**–**	50,000	**50,000**
Lim Bee Choo	–	**–**	50,000	**50,000**
Intermediate holding company – Hean Nerng Group Pte. Ltd.				
Lim Lung Tieng	30,000	**30,000**	–	**–**
Lim Bee Choo	60,000	**60,000**	–	**–**

There were no changes to the above shareholdings as at 21 October 2022.

19. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS (CONT'D)

Under Singapore Law (Cont'd)

By virtue of the provisions of Section 7 of the Singapore Companies Act, Cap. 50, Mr. Kelvin Lim and Ms. Jess Lim are deemed to have an interest in the whole of the issued share capital of all the wholly-owned subsidiaries of the Company, and in the shares held by the Company in the following subsidiaries that are not wholly-owned by the Group.

	Number of ordinary shares	
	As at 1 October 2021	As at 30 September 2022
Chrysolite Industries Pte. Ltd.	120,000	**120,000**
LHN Management Services Pte. Ltd.	12,750	**12,750**
PT. Hean Nerng Group	2,970	**2,970**
PT. Hub Hijau Serviced Offices	3,500	**3,500**
LHN Logistics Limited	–	**140,940,800**
Hean Nerng Logistics Pte. Ltd.	–	**420,270**
LHN Logistics Shared Services Sdn Bhd	–	**84**
LHN Logistics Sdn Bhd	245,000	**205,932**
HLA Holdings Pte. Ltd.	429,408	**360,935**
HLA Container Services Pte. Ltd.	480,000	**403,459**
HLA Holdings (Thailand) Limited	23,040	**19,366**
HLA Container Services (Thailand) Limited	139,162	**116,971**
HLA Container Services (Myanmar) Limited	6,000	**5,043**
HLA Container Holdings (Myanmar) Limited	–	**504**

Under Hong Kong Law

As at 30 September 2022, being the end of the reporting period under review, the interest or short position in the Shares, underlying Shares or debentures of the Company and/or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong (the "**SFO**")) that Directors and chief executive of the Company as recorded in the register required to be kept under section 352 of the SFO, or otherwise notified to the Company and the SEHK pursuant to the Model Code, are as follows:

Long positions in the Shares and underlying Shares

NAME OF DIRECTOR/ CHIEF EXECUTIVE	CAPACITY/NATURE OF INTEREST	NUMBER OF SHARES HELD/INTERESTED	APPROXIMATE PERCENTAGE OF SHAREHOLDING AS AT 30 SEPTEMBER 2022
Mr. Kelvin Lim[(1)(2)]	Founder of discretionary trusts, beneficiary of a trust	220,982,600	54.04%
Ms. Jess Lim	Beneficial owner	4,000,000	0.98%

Notes:

1. Mr. Kelvin Lim is one of the founders of The LHN Capital Trust and The Land Banking Trust. Trident Trust Company (B.V.I.) Limited, in its capacity as the trustee of The Land Banking Trust, holds the entire issued share capital of LHN Capital Pte. Ltd.. LHN Capital Pte. Ltd., in its capacity as the trustee of The LHN Capital Trust, holds the entire issued share capital of HN Capital Ltd., which in turn holds 85% of the total issued share capital of Hean Nerng Group Pte. Ltd.. Hean Nerng Group Pte. Ltd. holds the entire issued share capital of Fragrance Ltd.. Fragrance Ltd. is the beneficial owner of 220,982,600 Shares. Mr. Kelvin Lim is deemed under the SFO to be interested in the Shares held by Trident Trust Company (B.V.I.) Limited and LHN Capital Pte. Ltd.. Trident Trust Company (B.V.I.) Limited is deemed under the SFO interested in the interests held by LHN Capital Pte. Ltd.. LHN Capital Pte. Ltd. is deemed under the SFO interested in the interests held by HN Capital Ltd.. HN Capital Ltd. is deemed under the SFO interested in the interests held by Hean Nerng Group Pte. Ltd.. Hean Nerng Group Pte. Ltd. is deemed under the SFO interested in the interests held by Fragrance Ltd..

2. Mr. Kelvin Lim is one of the beneficiaries of The LHN Capital Trust of which LHN Capital Pte. Ltd. is the trustee. LHN Capital Pte. Ltd., in its capacity as the trustee, holds the entire issued share capital of HN Capital Ltd., which in turn holds 85% of the total issued share capital of Hean Nerng Group Pte. Ltd.. Hean Nerng Group Pte. Ltd. holds the entire issued share capital of Fragrance Ltd.. Fragrance Ltd. is the beneficial owner of 220,982,600 Shares. Mr. Kelvin Lim is deemed under the SFO to be interested in the Shares held by LHN Capital Pte. Ltd.. LHN Capital Pte. Ltd. is deemed under the SFO interested in the interests held by HN Capital Ltd.. HN Capital Ltd. is deemed under the SFO interested in the interests held by Hean Nerng Group Pte. Ltd.. Hean Nerng Group Pte. Ltd. is deemed under the SFO interested in the interests held by Fragrance Ltd..

19. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS (CONT'D)

Long positions in the Shares and underlying Shares (Cont'd)

Save as disclosed above, as at 30 September 2022, none of the Directors or chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares and debentures of the Company and/or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or otherwise notified to the Company and the SEHK pursuant to the Model Code.

Common Directors

For information of the shareholders, as at 30 September 2022, Mr Kelvin Lim and Ms Jess Lim, the Executive Directors, are also directors of Fragrance Ltd., Hean Nerng Group Pte. Ltd., HN Capital Ltd. and LHN Capital Pte. Ltd..

Save as disclosed above, there are no other Directors who is a director or employee of a company which has an interest in the shares and underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

20. SHARE OPTION SCHEME

Details of the LHN Share Option Scheme are set out under the paragraph headed "Report on Corporate Governance – Share Option Scheme" on pages 64 to 68 of this annual report.

No options were granted since the adoption of the share option scheme and during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under the share option scheme at the end of FY2022.

Other than the Share Option Scheme, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of FY2022.

21. AUDIT COMMITTEE

The Audit Committee ("**AC**") comprises entirely of independent non-executive Directors. The members of the AC during FY2022 are:

Mr. Chan Ka Leung Gary (Chairman)
Ms. Ch'ng Li-Ling
Mr. Eddie Yong

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act, Cap. 50, the SGX-ST Listing Manual Section B: Rules of the Catalist (the "**Catalist Rules**"), the HK Listing Rules and in accordance with its terms of reference as set out under the "Report on Corporate Governance – Principle 10 – Audit Committee" on pages 71 to 72 of this annual report. In performing those functions, the Committee carried out the following during FY2022:

(i) reviewed the overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) reviewed the Company's financial and accounting policies and practices;

(iii) reviewed the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iv) reviewed the interim and annual financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 30 September 2022 as well as the auditor's report thereon;

21. **AUDIT COMMITTEE (CONT'D)**

(v) on an annual basis, reviewed the effectiveness of the Company's risk management and internal controls systems, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors which were considered to be effective and adequate;

(vi) met with the internal and external auditor to discuss any matters that these groups believe should be discussed privately with the AC;

(vii) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(viii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;

(ix) reviewed the nature and extent of non-audit services provided by the external auditor;

(x) recommended to the Board the external auditor to be nominated, approved the compensation and the terms of engagement of the external auditor, and reviewed the scope and results of the audit;

(xi) reported actions and minutes, and matters related to the terms of reference of the AC to the Board with such recommendations as the AC considered appropriate;

(xii) reviewed the interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST) and connected transactions (has the meaning as ascribed to it under the HK Listing Rules); and

(xiii) reviewed the independence, adequacy of resources and the appropriateness of the standing of the internal auditor, and the effectiveness of the internal audit function.

The AC has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The AC also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The AC is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment as auditor at the forthcoming annual general meeting of the Company.

The AC has also reviewed the audited consolidated financial statements of the Group for FY2022. Full details regarding the AC are provided in the Report on Corporate Governance.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the Catalist Rules as well as the HK Listing Rules.

22. **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

At no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporate body.

23. **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

Other than disclosed above and in Note 39 to the financial statements, no contracts of significance to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly and indirectly, subsisted at the end of the year or at any time during the year.

24. MANAGEMENT CONTRACTS

Save for service contracts with our Directors, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during FY2022.

25. CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance has been entered into between the Company or any of its subsidiaries and any of the Controlling Shareholders during the year.

26. RELATED PARTY TRANSACTIONS

Our Group entered into certain related party transactions with its related parties during the year ended 30 September 2022. None of these related party transactions constitutes a connected transaction or continuing connected transaction as defined under Chapter 14A of the HK Listing Rules that is required to be disclosed.

Details of the related party transactions are set out in Note 39 to the consolidated financial statements.

27. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2022, being the end of the reporting period under review, the interests or short positions in the Shares or underlying Shares of the persons which would fall to be disclosed to the Company under the provisions of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO are set out under "Statistics of Shareholdings – Substantial Shareholders and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures" for details of (i) under the requirements of Singapore, the substantial shareholders as recorded in the register of substantial shareholder in Singapore as at 8 December 2022; and (ii) under the requirements of Hong Kong, for the shareholders' information, the interests or short positions in the Shares or underlying Shares of the persons which would fall to be disclosed to the Company under the provisions of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO as at 30 September 2022.

28. PRE-EMPTIVE RIGHTS

Regulation 9(A) of the Constitution provides that subject to any direction to the contrary that may be given by the Company in general meeting or except permitted by the Catalist Rules or the HK Listing Rules, all new shares shall before issue be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. Save for the foregoing, there is no provision for pre-emptive rights under the Constitution or the laws of the Republic of Singapore applicable to Singapore companies generally which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

29. 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 effective upon the HK Listing, 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. 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.

30. MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

In addition to compliance to Rule 1204(19) of the Catalist Rules ("**Catalist Rule 1204(19)**"), 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**"), and the terms of such policy are no less exacting than the required standard set out in the Model Code (the "**Dealings in Securities Policy**").

Based on the Company's Dealings in Securities Policy, 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 (i.e. half-yearly) results and 60 days immediately before the announcement of the Company's full year results (or if shorter than 60 days, commencing from the date of the year-end), 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 and Catalist Rule 1204(19) during FY2022.

31. MAJOR CUSTOMERS AND SUPPLIERS

During FY2022, revenue attributable to the Group's largest customer accounted for approximately 10.6% of the Group's total revenue and aggregate revenue attributable to the five largest customers of the Group accounted for approximately 19.1% of the Group's total pre-IFRS 16 revenue.

During FY2022, purchases attributable to the Group's largest supplier accounted for approximately 20.7% of the Group's total purchases and aggregate purchases attributable to the five largest suppliers of the Group accounted for approximately 52.6% of the Group's total purchases.

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

32. ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group continuously endeavours to promote environmental and social responsibility to employees and contribute to the community. The Group is always in compliance with all the relevant laws and regulations. As a socially responsible enterprise, the Group should keep promoting and enhancing the relevant environmental and social sustainable development of the regions and community. During FY2022, the Board is not aware of any incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group's business where the Group is operating.

In line with the Group's business vision of creating productive environments, the Group strives to minimise its carbon footprint through maximising resource efficiency in how the Group conducts its business.

The space optimisation business is a sustainable business model where the under-utilised spaces are converted to productive space. In addition, renovating the old buildings instead of building new ones reduces the construction material usage, leading to waste reduction. The Group's properties are also operated in an environmentally friendly manner. Most of our facilities are installed with LED lights and motion sensors to reduce the energy consumption. The Group also employs biodegradable cleaning agents instead of bleach for cleaning. This not only protects the environment but also the Group's employees from the harmful chemicals that could be present in bleach. Internally, a strong message of efficiency and waste avoidance is emphasised in the Group's offices. Employees avoid printing as much as possible and all waste paper are shredded and sent to recycling centres. In doing so, the Group hopes to foster an environmentally friendly culture both in its offices and also in the workspaces it creates for its tenants.

As required by the Catalist Rules and HK Listing Rules, the Company is required to report on environmental, social and governance information ("**ESG Information**" or "**Sustainability Report**") on an annual basis and regarding the same financial period covered in this annual report. The Company will publish the ESG Information separately and in any event no later than 28 February 2023. Currently, the Company is in the process of preparing and compiling the relevant ESG Information and will publish the ESG Information on the website of SEHK (www.hkexnews.hk), SGX-ST (www.sgx.com) and the website of the Company (www.lhngroup.com) in due course.

33. RELATIONSHIP WITH STAKEHOLDERS

Our key stakeholders include customers, employees, suppliers and regulators. Cultivating a healthy relationship with them is paramount to our business success.

With our customers, besides traditional channels such as annual survey on customer satisfaction and hotline, the Group employs the use of social platforms like Facebook for a more interactive experience. We believe in creating more dynamic relationships whereby our customers can also be our potential business partners and associates; hence, the sustainability of one's business will benefit the other. We will prioritise utilising services provided by our current tenants for the properties. We also organise various networking sessions to our tenants' benefits throughout the year.

To ensure that we provide services of the highest quality, the Group takes great care in engaging with both our employees and suppliers. For employees, we keep them updated on the Group's business direction and core values via daily interactions and other formal forum such as town hall and management dialogue conducted on quarterly basis. The performance appraisal is conducted half yearly to determine the staff's career aspirations and learning and development needs. The staff will be consulted and registered for courses as appropriate. For suppliers, the Group only works with reputable and ethical suppliers with good track records of service/product quality.

In relation to our regulators, the Group makes concerted efforts to comply with all applicable laws and regulations and to continuously engage with the regulatory agencies to create awareness about our business model.

More specific details on our environmental, social and corporate governance ("ESG") policies will be found in our Sustainability Report, to be published by 28 February 2023.

34. DONATIONS

During FY2022, the Group made charitable donations of S$146,000 (2021: S$72,000).

35. NON-COMPETITION UNDERTAKING FROM CONTROLLING SHAREHOLDERS

Please refer to page 85 of this annual report of "Report on Corporate Governance – Non-competition Undertaking from Controlling Shareholders" for details.

36. DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during FY2022 and up to and including the date of this annual report.

37. CHANGE OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE HK LISTING RULES

The Company is not aware of any change or update in the Directors' information which is reqiured to be disclosed pursuant to Rule 13.51B(1) of the HK Listing Rules since the publication of the annual report for FY2021 on 30 December 2021.

38. SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained the public float as required by the HK Listing Rules and the Catalist Rules for the period under review and up to the date of this annual report, based on information that is publicly available to the Company and within the knowledge of the Directors.

39. EVENTS AFTER 30 SEPTEMBER 2022

Please refer to Note 40 to the consolidated financial statements for details.

40. TAX RELIEF

The Company is not aware of any tax relief to which the shareholders of the Company are entitled by reason of their holding of the Company's securities.

41. AUDITORS

PricewaterhouseCoopers LLP have expressed their willingness to accept re-appointment. PricewaterhouseCoopers LLP will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for the re-appointment of PricewaterhouseCoopers LLP as auditor of the Company is expected to be proposed at the forthcoming annual general meeting.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board

Lim Lung Tieng
DIRECTOR

Lim Bee Choo
DIRECTOR

Singapore
22 December 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LHN LIMITED
(INCORPORATED IN SINGAPORE WITH LIMITED LIABILITY)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying consolidated financial statements of LHN Limited ("the Company") and its subsidiaries ("the Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2022, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Separate opinion in relation to International Financial Reporting Standards ("IFRSs")

As explained in Note 2.1 to the financial statements, the Group and the Company, in addition to applying SFRS(I)s, have also applied International Financial Reporting Standards ("IFRSs"). In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with IFRSs so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of profit or loss and total comprehensive income of the Group for the financial year ended 30 September 2022;
- the consolidated statement of financial position of the Group as at 30 September 2022;
- the statement of financial position of the Company as at 30 September 2022;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended 30 September 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
1. <u>**Valuation of investment properties and leasehold properties**</u>	
As at 30 September 2022, the carrying value of the Group's directly held properties at fair value represented 55% of total assets, comprising of investment properties of S$233.2 million (Note 15) and leasehold properties (classified as property, plant and equipment) of S$24.7 million (Note 13). The Group also indirectly holds investment properties through equity accounted joint ventures (Note 19) and the Group's share of the investment properties' carrying value amounted to S$112.9 million, and share of leasehold properties' carrying value amounted to S$5.4 million. For the financial year ended 30 September 2022, the Group recorded net fair value gain on investment properties of S$12.2 million, and net revaluation loss on leasehold properties of S$0.5 million. The share of results of joint ventures also included the Group's share of net fair value gain of S$12.5 million and net revaluation loss of S$0.1 million. Management has engaged external valuers to determine the fair value of these properties. The valuation of these properties is significant to our audit as significant judgement and estimates are involved in determining the key inputs applied in the valuation techniques adopted by the external valuers. The key inputs include transaction price of comparable properties, discount rate, terminal yield and capitalisation rate and are dependent on the prevailing market conditions.	We have performed audit procedures that focuses on the valuation process and included the following: • evaluating the competency and independence of the external valuers engaged by management; • holding discussions with the external valuers to understand the valuation techniques adopted, areas of key judgements and reasons for significant changes in fair values; • testing the integrity of underlying information including underlying lease and financial information provided to the external valuers; and • assessing the reasonableness of key inputs used by the valuers in the valuation techniques, focusing on – the appropriateness of the comparable properties adopted, taking into account the property's nature, location and tenure; and – reasonableness of the discount rate, terminal yield and capitalisation rate to those adopted for similar properties and against prior year From the procedures performed, we noted that the external valuers are members of recognised bodies for professional valuers and valuation techniques adopted to be in line with generally accepted market practices. We also found that the key inputs applies to be within range of market data.

Key Audit Matter (continued)	How our audit addressed the Key Audit Matter
2. Recoverable values of property, plant & equipment in Myanmar and China	
For the financial year ended 30 September 2022, impairment indicators were identified and impairment testing performed for certain of the Group's property, plant and equipment in • Myanmar due to uncertain business and economic environment; and • China due to the local COVID-19 pandemic situation. Based on recoverable values determined by management using value-in-use calculations, impairment loss of S$2.1 million for property, plant and equipment in Myanmar and S$2.0 million in China were recognised. As at 30 September 2022, the carrying value of the property, plant and equipment, net of the impairment loss recognised, is S$1.4 million for Myanmar and S$2.2 million for China (Note 13). The determination of the recoverable values and resultant impairment loss is significant to our audit because the carrying values of the property, plant and equipment, as well as the impairment loss recognised are material to the financial statements. In addition, the value-in-use calculations 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, particularly those in Myanmar and China.	We reviewed management's value-in-use calculations. Our audit procedures included the following: • reviewing the basis and methodology used to derive the recoverable values; • evaluating management's key assumptions relating to revenue growth rates, EBITDA margins and discount rates and understanding how management has considered the market conditions in Myanmar and China in making the estimates; • assessing the appropriateness of management assumptions by comparing to past historical performance or market comparables, taking into consideration current market developments; • involving our valuation experts to evaluate the appropriateness discount rates adopted by management; • recomputing the resultant impairment loss; • performing sensitivity analysis on management assumptions relating to revenue growth rates, EBITDA margins and discount rates; and • considering the adequacy of the disclosures in the financial statements. Based on the audit procedures performed above, we found management's judgements and assumptions in relation to the determination of the recoverable values to be appropriate, and the disclosure in this respect to be adequate.

Other Information

Management is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Zhen Jian.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 22 December 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND TOTAL COMPREHENSIVE INCOME

	Note	Group Year ended 30 September 2022 S$'000	 2021 S$'000
Revenue	6	**111,772**	120,977
Cost of sales	8	**(52,725)**	(54,426)
Gross profit		**59,047**	66,551
Other gains/(losses) – net and other income	7	**11,829**	15,000
Other operating expenses			
– Impairment loss on trade, other and finance lease receivables		**(381)**	(232)
Selling and distribution expenses	8	**(2,071)**	(1,649)
Administrative expenses	8	**(39,209)**	(32,617)
Finance cost – net	10	**(4,930)**	(4,863)
Share of results of associates and joint ventures, net of tax	18, 19	**16,466**	3,666
Fair value gain/(loss) on investment properties, net	15	**12,261**	(11,598)
Profit before taxation		**53,012**	34,258
Income tax expense	11	**(5,498)**	(5,400)
Profit for the year		**47,514**	28,858
Profit attributable to:			
Equity holders of the Company		**45,838**	28,063
Non-controlling interests		**1,676**	795
Profit for the year		**47,514**	28,858
Other comprehensive (loss)/income			
Item that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation		**(156)**	12
Item that will not be reclassified subsequently to profit or loss			
Revaluation (loss)/gains on leasehold properties, net	13	**(472)**	922
Share of other comprehensive loss of joint venture		**(110)**	(18)
Other comprehensive (loss)/income		**(738)**	916
Total comprehensive income for the year		**46,776**	29,774
Total comprehensive income attributable to:			
Equity holders of the Company		**45,142**	29,015
Non-controlling interests		**1,634**	759
Total comprehensive income for the year		**46,776**	29,774
Earnings per share for profit attributable to equity holders of the Company			
Basic and diluted (cents)	12	**11.21**	6.94

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Group As at 30 September 2022 S$'000	2021 S$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**48,241**	54,167
Right-of-use assets	14	**25,114**	30,629
Investment properties	15	**233,267**	166,570
Intangible assets	16	**–**	–
Investment in associates	18	**420**	295
Investment in joint ventures	19	**35,791**	20,641
Financial assets, at FVOCI	20	**11**	–
Deferred tax assets	22	**60**	60
Long-term prepayments	25	**633**	99
Finance lease receivables	24	**24,702**	13,808
Fixed deposits with banks	27	**500**	–
		368,739	286,269
Current assets			
Inventories	26	**136**	90
Trade and other receivables	23	**25,406**	31,754
Loans to associates and joint ventures	39b	**14,458**	9,152
Prepayments	25	**1,894**	1,342
Finance lease receivables	24	**16,814**	20,031
Fixed deposits with banks	27	**1,584**	1,384
Cash and bank balances	28	**39,727**	36,786
		100,019	100,539
Non-current assets classified as held for sale	18	**128**	–
Total assets		**468,886**	386,808
EQUITY AND LIABILITIES			
Equity			
Share capital	30	**65,496**	65,496
Reserves	29	**120,408**	80,230
Equity attributable to equity holders of the Company		**185,904**	145,726
Non-controlling interests		**6,274**	2,557
Total equity		**192,178**	148,283
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	22	**5,598**	3,653
Other payables	32	**21**	22
Provisions	33	**39**	684
Bank borrowings	34	**128,854**	89,822
Lease liabilities	35	**51,517**	54,630
		186,029	148,811
Current liabilities			
Trade and other payables	32	**37,094**	35,392
Provisions	33	**700**	65
Bank borrowings	34	**19,319**	11,556
Lease liabilities	35	**29,859**	37,706
Current income tax liabilities		**3,707**	4,995
		90,679	89,714
Total liabilities		**276,708**	238,525
Total equity and liabilities		**468,886**	386,808

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION – COMPANY

	Note	Company As at 30 September 2022 S$'000	2021 S$'000
ASSETS			
Non-current asset			
Investment in subsidiaries	17	**32,727**	32,727
Long-term prepayments		**1**	3
		32,728	32,730
Current assets			
Amount due from subsidiaries		**37,210**	36,257
Prepayments		**26**	35
Cash and bank balances		**4,279**	6,090
		41,515	42,382
Total assets		**74,243**	75,112
EQUITY AND LIABILITIES			
Capital and reserve attributable to equity holders of the Company			
Share capital	30	**65,496**	65,496
Reserves	31	**6,430**	5,564
Total equity		**71,926**	71,060
LIABILITIES			
Current liabilities			
Trade and other payables		**2,063**	3,802
Current income tax liabilities		**254**	250
Total liabilities		**2,317**	4,052
Total equity and liabilities		**74,243**	75,112

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	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$'000	Total S$'000
As at 1 October 2021		**65,496**	**108,542**	**(30,727)**	**–**	**(1,350)**	**4,612**	**(847)**	**145,726**	**2,557**	**148,283**
Profit for the year		–	45,838	–	–	–	–	–	45,838	1,676	47,514
Other comprehensive loss for the year		–	–	–	–	–	(582)	(114)	(696)	(42)	(738)
Total comprehensive income/(loss) for the year		**–**	**45,838**	**–**	**–**	**–**	**(582)**	**(114)**	**45,142**	**1,634**	**46,776**
Dividends paid	36	–	(7,143)	–	–	–	–	–	(7,143)	(711)	(7,854)
Capital contribution from non-controlling interests[(a)]		–	–	–	2,179	–	–	–	2,179	2,794	4,973
Total transactions with equity holders, recognised directly in equity		**–**	**(7,143)**	**–**	**2,179**	**–**	**–**	**–**	**(4,964)**	**2,083**	**(2,881)**
As at 30 September 2022		**65,496**	**147,237**	**(30,727)**	**2,179**	**(1,350)**	**4,030**	**(961)**	**185,904**	**6,274**	**192,178**

Group	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 S$'000
As at 1 October 2020		63,407	87,498	(30,727)	(1,350)	3,708	(895)	121,641	1,939	123,580
Profit for the year		–	28,063	–	–	–	–	28,063	795	28,858
Other comprehensive income/(loss) for the year		–	–	–	–	904	48	952	(36)	916
Total comprehensive income for the year		–	28,063	–	–	904	48	29,015	759	29,774
Issuance of shares		2,089	–	–	–	–	–	2,089	–	2,089
Dividends paid	36	–	(7,019)	–	–	–	–	(7,019)	(202)	(7,221)
Capital contribution from non-controlling interests		–	–	–	–	–	–	–	61	61
Total transactions with equity holders, recognised directly in equity		2,089	(7,019)	–	–	–	–	(4,930)	(141)	(5,071)
As 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. Refer to Note 17 for details.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 30 September 2022 S$'000	2021 S$'000
Cash flows from operating activities			
Profit before taxation		**53,012**	34,258
Adjustments for:			
– Share of results of associates and joint ventures, net of tax		**(16,466)**	(3,666)
– Amortisation of intangible assets		**–**	39
– Depreciation of property, plant and equipment	13	**8,204**	7,147
– Depreciation of right-of-use assets	14	**12,291**	11,668
– Gain on disposal of property, plant and equipment	37(b)	**(74)**	(242)
– Property, plant and equipment written off		**196**	18
– Leasehold building written off	7	**4,833**	–
– Fair value (gain)/loss on investment properties	15	**(12,261)**	11,598
– Gain from net investment in subleases	7	**(10,796)**	(4,598)
– Gain from termination of lease	7	**–**	(2)
– Lease modification (gains)/losses – net	7	**(648)**	435
– Impairment loss on property, plant and equipment	7	**4,129**	–
– Impairment loss on trade, other and finance lease receivables		**381**	232
– Listing expenses*		**1,360**	–
– Interest 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		**(46)**	(15)
– Trade and other receivables		**(719)**	12,036
– Trade and other payables		**(623)**	(10,670)
Cash generated from operations		**46,263**	61,751
Interest expenses paid		**(80)**	(31)
Income tax paid		**(5,219)**	(4,875)
Income tax refunded		**264**	65
Net cash generated from operating activities		**41,228**	56,910
Cash flows from investing activities			
Additions to property, plant and equipment	37(a)	**(7,829)**	(19,999)
Additions to right-of-use assets		**(263)**	(147)
Additions to investment properties	37(c)	**(48,322)**	(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		**(4,549)**	(4,062)
Loan from shareholder of a non-wholly owned subsidiary		**–**	717
Proceeds from disposal of property, plant and equipment	37(b)	**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 associates 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		**(36,192)**	(44,133)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 30 September 2022 S$'000	2021 S$'000
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	30	**–**	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 the year		**36,801**	39,127
Exchange gains on cash and cash equivalents		**36**	4
Cash and cash equivalents at end of the year		**39,743**	36,801
Cash and bank deposits comprise:			
Cash and bank balance	28	**39,727**	36,786
Fixed deposits that mature within one year	27	**1,584**	1,384
		41,311	38,170
Less: Pledged fixed deposits that mature within one year	27	**(1,568)**	(1,369)
		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.

Reconciliation of liabilities arising from financing activities	1 October 2020 S$'000	Net of receipts and payments S$'000	Non-cash changes S$'000 Net of additions and disposals	Lease modification	Interest expense	Currency translation	30 September 2021 S$'000
Bank borrowings	66,722	32,575	–	–	2,035	46	101,378
Lease liabilities	99,375	(42,711)	34,525	(1,729)	2,828	48	92,336

Reconciliation of liabilities arising from financing activities	1 October 2021 S$'000	Net of receipts and payments S$'000	Non-cash changes S$'000 Net of additions and disposals	Lease modification	Interest expense	Currency translation	30 September 2022 S$'000
Bank borrowings	101,378	43,943	(357)	–	3,056	153	148,173
Lease liabilities	92,336	(41,593)	27,741	1,062	2,066	(236)	81,376

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL 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 was listed on the Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 13 April 2015 and on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK") on 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 (the "Listing Businesses").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (the "IASB") and Singapore Financial Reporting Standards (International) ("SFRS(I)") issued by Accounting Standards Council Singapore. 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.

For the purpose of SFRS(I), financial statements that have been prepared in accordance and complied with IFRS are deemed to have also complied with SFRS(I). SFRS(I) comprise standards and interpretations that are equivalent to IFRS. All references to IFRS and SFRS(I) are referred to collectively as "IFRS" in these financial statements, unless specified otherwise.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Interpretations and amendments to published standards effective in 2022

The new standards and amendments to standards that the Group has adopted are mandatory for application in 2022. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS. The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

Interpretations and amendments to published standards effective after 2022

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. These are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning
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

2.2 Group accounting

2.2.1 Subsidiaries

(a) Consolidation

Subsidiaries are all entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

The acquisition method of accounting is used to account for business combinations entered into by the Group.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.2 Group accounting (Cont'd)

2.2.1 Subsidiaries (Cont'd)

(b) Acquisitions

The Group applies the acquisition method to account for business combinations entered by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(c) Disposal of subsidiaries

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investment in subsidiaries, Investment in associates, and Joint arrangements" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(d) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements is presented in Singapore Dollar ("S$"), which is functional currency and presentation currency of the Group and the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Foreign currency translation (Cont'd)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

All foreign exchange gains and losses impacting profit or loss are presented within "Other gains/(losses) – net and other income".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statement

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate at the reporting date.

2.4 Property, plant and equipment

Leasehold properties are initially recognised at cost and subsequently stated at their revalued amounts. The revalued amounts are the fair values at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are carried out annually by independent professional valuers such that the carrying amount of these assets does not differ materially from that which would be determined using fair value at the end of reporting period. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Property, plant and equipment (Cont'd)

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income and accumulated in equity, unless they reverse a revaluation decrease of the same asset previously recognised in profit or loss. In this case, the increase is recognised in profit or loss. Decreases in carrying amounts are recognised in other comprehensive income to the extent of any credit balance existing in the equity in respect of that asset and reduces the amount accumulated in equity. All other decreases in carrying amounts are recognised in profit or loss.

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Leasehold properties	13-50 years (over the remaining tenure period or up to 50 years)
Renovation works	1-15 years (on basis of tenure period)
Plant and machinery	5-15 years
Furniture and fittings	5-10 years
Office equipment	3-10 years
Logistics equipment	5-10 years
Motor vehicles	5 years
Computers	1-3 years
Containers	1-5 years

No depreciation is provided for construction-in-progress.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains/losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains/(losses) – net and other income" in the consolidated statement of profit or loss and total comprehensive income. Any amounts in revaluation reserve relating to that item is transferred to retained profits directly.

2.5 Investment properties

Investment properties that are held for long term rental yields and/or for capital appreciation and leasehold land capitalised as Right-of-use assets ("**ROU**") that are held for long-term capital appreciation or for a currently indeterminate use, and where an insignificant portion is held for the Group's own occupation. Investment properties comprise completed investment properties and properties under construction or development for future use as investment properties.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Investment properties (Cont'd)

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in the profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party.

2.6 Intangible assets

Customer contracts acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These cost are amortised to profit or loss using the straight-line method over 3 years, which is the shorter of their estimated useful lives and period of contractual rights.

2.7 Investment in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses on an individual subsidiary basis. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and its share of other comprehensive income of the investee after the date of acquisition. The Group's investments in associates and joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate or joint venture, any difference between the cost of the associate or joint venture and the Group's share of the net fair value of the associate or joint venture's identifiable assets and liabilities is included as goodwill in the carrying amount of investment in associates and joint ventures.

If the ownership interest in an associate or joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated profit or loss, and its share of post-acquisition movements in the other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Investment in associates and joint ventures (Cont'd)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit of investments accounted for using equity method" in the statement of profit or loss.

Profits or losses resulting from upstream and downstream transactions between the group and its associate or joint venture are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates or joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates and joint ventures are recognised in the profit or loss.

2.9 Impairment of non-financial assets

Property, plant and equipment, intangible assets, right-of-use assets and investments in subsidiaries, associates and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Refer to Note 2.4 for the accounting of a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.10 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through other comprehensive income (FVOCI).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial assets (Cont'd)

(a) Classification and measurement (Cont'd)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and bank deposits, fixed deposits, trade and other receivables and loans to associates and joint ventures.

Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other gains/(losses) – net and other income", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income. Dividends from equity investments are recognised in profit or loss as "dividend income".

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial assets (Cont'd)

(c) Recognition and derecognition (Cont'd)

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis, and includes all costs in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.12 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.13 Share capital, treasury shares and dividends

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the LHN Employee Performance Share Plan, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sales or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Dividend distribution to the Company's equity owners is recognised as a liability in the Group's financial statements in the period in which the dividends are approved for payment by the Company's shareholders, where appropriate.

2.14 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Trade and other payables (Cont'd)

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.15 Provisions

Provisions are recognised when the Group have a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions. An onerous contract is considered to exist where the Group has a contract under which unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Provisions are not recognised for future operating losses.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment and investment properties arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value. Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in the profit or loss immediately.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is applied, the increase in the provision due to the passage of time is recognised as finance costs.

2.16 Financial guarantees

The Group has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Group to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of IFRS 15; and

(b) the amount of expected loss computed using the impairment methodology under IFRS 9.

2.17 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognised when the obligation is discharged, cancelled or expired. The difference between carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

2.19 Current and deferred income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.20 Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

— Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

— Receivables and payables that are stated with the amount of sales tax included.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Sales tax (Cont'd)

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

2.21 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts and returns.

The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Rental and warehousing lease income

Rental and warehousing lease and related income from properties are recognised on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of total lease income. Penalty payments received from tenants on early termination, if any, are recognised when received.

(b) Car park services

Seasonal car park services from the operation of car parks is recognised as it is accrued on a time apportioned basis (ie: period over time). Other car park services are recognised when services are rendered (ie: point in time).

(c) Facilities management, logistics services, dormitory management and management services income

Revenue from dormitory management service fee and other services are recognised when services are rendered (ie: point in time). Facility services, services fee income, management service fee income and logistics services are recognised on a straight-line basis over the contract term.

(d) Interest income

Interest income is recognised on a time-apportioned basis using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 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" and accounted for in accordance with Note 2.5.

(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 contracts 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Leases (Cont'd)

Where the Group is lessee (Cont'd)

(ii) Lease liabilities (Cont'd)

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. 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. The Group will assess a sublease to be a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the right-of-use asset (e.g. the lease term is for the major part of the economic life of the right-of-use asset, even if title is not transferred).

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 statement of financial position, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Leases (Cont'd)

The reconciliation of profit or loss from Pre-IFRS 16 basis to Post-IFRS 16 basis for informational purpose are as follows.

	Year Ended 30 September 2022			Year Ended 30 September 2021		
Profit or loss The Group	**Pre-IFRS 16 S$'000**	**Effects of IFRS 16 S$'000**	**Post-IFRS 16 S$'000**	**Pre-IFRS 16 S$'000**	**Effects of IFRS 16 S$'000**	**Post-IFRS 16 S$'000**
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 taxation	**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 for informational purpose are as follows.

	Year Ended 30 September 2022			Year Ended 30 September 2021		
Revenue The Group	**Pre-IFRS 16 S$'000**	**Effects of IFRS 16 S$'000**	**Post-IFRS 16 S$'000**	**Pre-IFRS 16 S$'000**	**Effects of IFRS 16 S$'000**	**Post-IFRS 16 S$'000**
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
– 85SOHO (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

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.23 Leases (Cont'd)

The reconciliation of Segment revenue and profit before taxation from Pre-IFRS 16 basis to Post-IFRS 16 basis for informational purpose are as follows. (Cont'd)

	Year Ended 30 September 2022			Year Ended 30 September 2021		
Profit before taxation The Group	**Pre-IFRS 16 S$'000**	**Effects of IFRS 16 S$'000**	**Post-IFRS 16 S$'000**	**Pre-IFRS 16 S$'000**	**Effects of IFRS 16 S$'000**	**Post-IFRS 16 S$'000**
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
– 85SOHO (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

2.24 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income. Government grants relating to property tax rebates and cash grants are shown as a net basis in other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.25 Operating segments

For management purposes, operating segments are organised based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers are directly accountable to the Group Managing Director who regularly review the segment results in order to allocate resources to the segments and to assess segment performance.

2.26 Share option scheme

The Group has adopted The LHN Performance Share Plan on 10 March 2015 to enable its employees to build up a stake in the Group. The Share Plan has been terminated on 17 January 2018.

On 25 September 2017, the shareholders adopted the "LHN Share Option Scheme", effective upon the HK Listing. The Scheme has been assigned by the Board of Directors to be administered by a committee comprising members of our Remuneration Committee.

No share option has been issued as at reporting date.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including currency risk and interest risk), credit risk, liquidity risk, capital risk and fair value estimation. The Group's overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group's currency exposure on the significant foreign currency balances based on information provided to key management is set out below. Information on SGD exposure is not included as this is the functional currency of the Company. The Company and its Singapore subsidiaries are not exposed to significant currency exposure as they transact predominantly in the functional currency, SGD.

	MYR S$'000	HKD S$'000	RMB S$'000	THB S$'000	IDR S$'000	USD S$'000
At 30 September 2022						
Financial assets						
Cash and bank balances	**183**	**1,603**	**246**	**243**	**357**	**861**
Fixed deposits	**–**	**–**	**–**	**–**	**–**	**62**
Trade and other receivables	**454**	**1,176**	**222**	**849**	**243**	**1,533**
	637	**2,779**	**468**	**1,092**	**600**	**2,456**
Financial liabilities						
Bank borrowings	**–**	**–**	**1,618**	**–**	**–**	**4,691**
Lease liabilities	**965**	**44**	**1,510**	**1,418**	**–**	**–**
Trade and other payables	**267**	**149**	**585**	**246**	**706**	**1,740**
	1,232	**193**	**3,713**	**1,664**	**706**	**6,431**
Net currency exposure	**(595)**	**2,586**	**(3,245)**	**(572)**	**(106)**	**(3,975)**
Less: Net financial assets/ (liabilities) denominated in the respective entities' functional currency	**(595)**	**2,458**	**(3,245)**	**(572)**	**(106)**	**672**
	–	**128**	**–**	**–**	**–**	**(4,647)**
At 30 September 2021						
Financial assets						
Cash and bank balances	47	1,615	455	189	430	1,064
Fixed deposits	–	–	–	–	–	59
Trade and other receivables	462	1,097	397	573	262	818
	509	2,712	852	762	692	1,941
Financial liabilities						
Bank borrowings	–	–	2,086	–	–	5,610
Lease liabilities	773	288	1,646	1,494	–	–
Trade and other payables	183	187	449	205	387	388
	956	475	4,181	1,699	387	5,998
Net currency exposure	(447)	2,237	(3,329)	(937)	305	(4,057)
Less: Net financial assets/ (liabilities) denominated in the respective entities' functional currency	(447)	1,973	(3,329)	(937)	305	(167)
	–	264	–	–	–	(3,890)

3 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Sensitivity analysis for currency risk

With all other variables being held constant, a 5% strengthening/weakening of the HKD and USD against Singapore Dollar at the reporting date would have either increased or decreased the Group's net profit after tax by the amounts (nearest thousand) shown below:

	As at 30 September	
	2022	2021
The Group	**S$'000**	**S$'000**
HKD against SGD		
– Strengthened	**5**	11
– Weakened	**(5)**	(11)
USD against SGD		
– Strengthened	**(193)**	(161)
– Weakened	**193**	161

(ii) Interest rate risk

The Group's interest rate risk from liabilities arises primarily from bank borrowings and lease liabilities. Bank borrowings and lease liabilities at variable rates and fixed rates respectively expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. The Group's interest rate risk from assets arises from interest bearing fixed deposit but is not expected to be material as the fixed deposits balance (Note 27) is not significant.

The Group manages its interest cost by using a mix of fixed and variable rate debt and to obtain the most favorable interest rates available. In September 2022, the Group also entered into an interest rate cap transaction to cap its floating interest rate (excluding margin) at 3% for a notional value of S$3,000,000 and maturity in September 2024. As at reporting date, the fair value of the interest rate cap is insignificant.

The following table details the interest rate profile of the Group at the end of each of the reporting periods:

	Within 1 year S$'000	1-5 years S$'000	More than 5 years S$'000	Total S$'000
30 September 2022				
Fixed rate				
Lease liabilities	**29,859**	**46,502**	**5,015**	**81,376**
Bank borrowings	**761**	**1,641**	**–**	**2,402**
Variable rate				
Bank borrowings	**18,558**	**49,697**	**77,516**	**145,771**

	Within 1 year S$'000	1-5 years S$'000	More than 5 years S$'000	Total S$'000
30 September 2021				
Fixed rate				
Lease liabilities	37,706	49,898	4,732	92,336
Bank borrowings	611	2,349	–	2,960
Variable rate				
Bank borrowings	10,945	31,312	56,161	98,418

3 **FINANCIAL RISK MANAGEMENT (CONT'D)**

(a) **Market risk (Cont'd)**

(ii) Interest rate risk (Cont'd)

Sensitivity analysis for cash flow interest rate risk

As at 30 September 2022, if interest rates on variable rate borrowings had been increased/decreased by 100 (2021: 100) basis points, with all other variables held constant, the Group's profit after tax for the year would have been decreased/increased by approximately S$1,210,000 (2021: S$817,000), mainly as a result of higher/lower interest expense on variable rate borrowings.

The sensitivity analysis above has been determined assuming that the change in cash flow interest rate had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the Group's variable rate borrowings in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period. The analysis was performed on the same methodology for the financial years ended 30 September 2022 and 2021.

(b) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company or the Group to incur a financial loss. The Company's and the Group's exposure to credit risk arises primarily from finance lease receivables, trade and other receivables, bank deposits, advances to subsidiaries and loans to associates and joint venture.

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Cash terms, advance payments, security deposits and letter of credits are required for customers of lower credit standing. The Group's objective is to seek continual growth while minimizing losses incurred due to increased credit risk exposure.

(i) Exposure to credit risk

As the Company and the Group do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except for rental deposits received from customers as disclosed in Note 32.

The Group's policy is to provide financial guarantees only to subsidiaries, associates and joint ventures. The maximum exposure to credit risk is the amount that the Group could have to pay if the corporate guarantees are called on for:

	As at 30 September	
	2022	**2021**
	S$'000	**S$'000**
Hire-purchase facilities – subsidiaries	**2,600**	3,400
Hire-purchase facilities – associates and joint ventures	**400**	100
Bank loan facilities – subsidiaries	**141,300**	101,000
Bank loan facilities – associates and joint ventures	**67,000**	62,100
Banker's guarantee – subsidiaries	**6,700**	1,900

The Group has immaterial exposure to credit risk arising from the corporate guarantees.

For trade receivables and finance lease receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event that the counterparties fail to perform their obligations as of 30 September 2022 in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position. Cash is held with reputable financial institutions.

3 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Trade and other receivables

The Group has applied the simplified approach by using the provision matrix to measure the lifetime expected losses for trade receivables.

To measure the expected credit losses of trade receivables, trade receivables have been grouped based on the days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for the customers of the Group and adjusts to reflect current macroeconomic factors affecting the ability of the customers to settle the receivables.

The Company applies the general IFRS 9 3-stage approach when determining ECL for other receivables. The expected loss rate of other receivables is assessed to be low and no loss allowance provision is made for other receivables during the year.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categories a receivable for write off when a debtor fails to make contractual payment greater than 90 days past due based on historical collection trend. When receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

As at 30 September 2022 and 2021, management has identified a group debtors from the space optimisation business to be credit impaired as they experienced significant financial difficulties. Hence, management has assessed the recoverability of the outstanding balances separately from the provision matrix below.

	2022 **S$'000**	2021 S$'000
Gross carrying amount	**585**	913
Less: loss allowance	**(479)**	(744)
Carrying amount net of allowance	**106**	169

The Group's credit risk exposure in relation to trade receivables as at 30 September 2022 and 2021 are set out in the provision matrix as follows:

	Current[1] S$'000	Past due 1 to 30 days S$'000	Past due 31 to 60 days S$'000	Past due 61 to 90 days S$'000	Past due 91 to 180 days S$'000	Past due 181 to 365 days S$'000	Past due over 365 days S$'000	Total S$'000
30 September 2022								
Space Optimisation								
Expected loss rate	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**53.7%**	**86.4%**	**100.0%**	
Gross carrying amount	**736**	**380**	**82**	**39**	**41**	**59**	**4**	**1,341**
Loss allowances	**–**	**–**	**–**	**–**	**(22)**	**(51)**	**(4)**	**(77)**
Logistics, Facilities and Other								
Expected loss rate	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**23.5%**	**45.5%**	**100.0%**	
Gross carrying amount	**10,437**	**1,758**	**583**	**342**	**294**	**11**	**11**	**13,436**
Loss allowances	**–**	**–**	**–**	**–**	**(69)**	**(5)**	**(11)**	**(85)**

3 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(ii) Trade and other receivables (Cont'd)

	Current[1] S$'000	Past due 1 to 30 days S$'000	Past due 31 to 60 days S$'000	Past due 61 to 90 days S$'000	Past due 91 to 180 days S$'000	Past due 181 to 365 days S$'000	Past due over 365 days S$'000	Total S$'000
30 September 2021								
Space Optimisation								
Expected loss rate	0.0%	0.0%	0.0%	0.0%	84.4%	100.0%	100.0%	
Gross carrying amount	331	372	63	15	45	7	27	860
Loss allowances	–	–	–	–	(38)	(7)	(27)	(72)
Logistics, Facilities and Other								
Expected loss rate	0.0%	0.0%	0.0%	0.0%	88.1%	10.0%	–	
Gross carrying amount	11,263	1,527	464	76	42	20	–	13,392
Loss allowances	–	–	–	–	(37)	(2)	–	(39)

Loans to subsidiaries, associates, joint ventures and staff loans are considered to have low credit risk as they have financial capacity to meet the contractual obligation.

The Group considered that there are evidence of default if any of the following indicators were present:

- Breach of contract, such as default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganization

[1] Includes unbilled receivables of S$7,083,000 (2021: S$6,334,000)

(iii) Movement in credit loss allowance

	Trade receivables S$'000	Other receivables S$'000	Total S$'000
Balance as at 1 October 2020	2,679	3	2,682
Loss allowance recognised in profit or loss for the year	268	–	268
Written off	(2,092)	–	(2,092)
Balance as at 30 September 2021	855	3	858
Balance as at 1 October 2021	855	3	858
Loss allowance no longer required for the year	(157)	–	(157)
Written off	(57)	–	(57)
Balance as at 30 September 2022	**641**	**3**	**644**

(iv) Finance lease receivables

For finance lease receivables, management has performed credit evaluation before entering into the sublease to the tenant. Cash terms, advance payments, security deposits and letter of credits are required for customers of lower credit standing.

In measuring the lifetime expected credit loss allowance for finance lease receivables, the Group considers the history of default and current factors that may affect the ability of the tenants to settle the receivables.

Finance lease receivables are written-off when there is no reasonable expectation of recovery (e.g. early termination) and the right-of-use assets cannot be relet for the remaining lease term.

3 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

(iv) Finance lease receivables (Cont'd)

Finance lease receivables of S$41,516,000 (2021: S$33,839,000) are subject to immaterial credit loss as there is no history of default for the companies in which the Group has entered into a finance lease arrangement with. In addition, in the event that of default, the Group is able to recover at least a substantial part of the finance lease receivables by terminating the lease and reletting the right-of-use asset to new tenants.

(v) Cash and bank deposits and fixed deposits

The Group and the Company held cash and bank deposits and fixed deposits of S$39,743,000 and S$4,279,000 respectively (2021: S$36,801,000 and S$6,090,000) and fixed deposits of S$2,084,000 (2021: S$1,384,000) with banks that are rated A3 and A1+ (2021: A3 and A1+) based on Standard & Poor's and considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

(c) Liquidity risk

Liquidity or funding risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company and Group manages its liquidity risk by ensuring the availability of funding through its ability to operate profitably, maintaining sufficient cash to enable it to meet its normal operating commitments and having adequate amount of committed credit facilities. The Company is subjected to immaterial liquidity risk as its liabilities mature within 1 year.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

	Less than 1 year S$'000	1-5 years S$'000	More than 5 years S$'000	Total S$'000
As at 30 September 2022				
Lease liabilities	**31,223**	**48,364**	**5,397**	**84,984**
Bank borrowings	**23,512**	**67,868**	**111,740**	**203,120**
Trade and other payables	**32,211**	**–**	**21**	**32,232**
	86,946	**116,232**	**117,158**	**320,336**
As at 30 September 2021				
Lease liabilities	39,496	52,047	5,238	96,781
Bank borrowings	13,983	41,890	71,110	126,983
Trade and other payables	31,714	–	22	31,736
	85,193	93,937	76,370	255,500

(d) Capital Risk

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

Gearing has a significant influence on the Group's capital structure and the Group monitors capital using a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as the sum of bank borrowings, trade and other payables and lease liabilities less cash and cash equivalents. Total capital is calculated as equity plus net debt.

3 FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Capital Risk (Cont'd)

As at 30 September 2022 and 2021, the gearing ratios are as follow:

	As at 30 September	
	2022	**2021**
	S$'000	**S$'000**
Bank borrowings	**148,173**	101,378
Lease liabilities	**81,376**	92,336
Trade and other payables	**37,115**	35,414
Less: cash and bank balances	**(39,727)**	(36,786)
Less: fixed deposit	**(1,584)**	(1,384)
Less: long term fixed deposit	**(500)**	–
Net debt	**224,853**	190,958
Total equity	**192,178**	148,283
Total capital	**417,031**	339,241
Gearing ratio	**0.54**	0.56

(e) Fair value estimation

The below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

(iii) Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 30 September 2022 and 2021:

	Level 1	**Level 2**	**Level 3**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**
As at 30 September 2022				
Investment properties (owned):				
Industrial, commercial and residential properties	**–**	**–**	**178,188**	**178,188**
Investment properties (right-of-use):				
Industrial, commercial and residential properties	**–**	**–**	**55,079**	**55,079**
	–	**–**	**233,267**	**233,267**
Property, plant and equipment:				
Leasehold properties	**–**	**–**	**24,707**	**24,707**
As at 30 September 2021				
Investment properties (owned):				
Industrial, commercial and residential properties	–	–	125,239	125,239
Investment properties (right-of-use):				
Industrial, commercial and residential properties	–	–	41,331	41,331
	–	–	166,570	166,570
Property, plant and equipment:				
Leasehold properties	–	–	22,502	22,502

3 FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair value estimation (Cont'd)

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 measurements of investment properties and leasehold properties

Investment properties and leasehold properties are carried at fair values at the end of reporting period. Reconciliation of movements in Level 3 fair value measurements have been disclosed in Note 13 and Note 15.

Details of the valuation techniques and unobservable inputs are set out below.

Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties and leasehold properties categorised under Level 3 of the fair value hierarchy:

Description	Fair value (S$'000)	Valuation technique	Unobservable inputs[a]	Range of unobservable inputs	Relationship of unobservable inputs to fair value
As at 30 September 2022					
Singapore (Owned investment properties)	**155,472**	Direct comparison method	Transacted price of comparable properties	S$1,900 to S$37,600 per square metre	The higher the comparable value, the higher the fair value
		Discounted cash flow method	Discount rate	7.25%-7.5%	The higher the rate, the lower the fair value
		Discounted cash flow method	Terminal yield	5.25%-6%	The higher the rate, the lower the fair value
		Income capitalisation method	Capitalisation rate	3.0%-5.75%	The higher the rate, the lower the fair value
		Residual value method	Gross development value	S$9.3 m to S$13.5 m	The higher the amount,the higher the fair value
		Residual value method	Estimated costs to completion	S$0.5 m to S$1.8 m	The higher the amount, the lower the fair value
Singapore (Right-of-use leased properties)	**55,079**	Income capitalisation method	Capitalisation rate	10.5%	The higher the rate, the lower the fair value
Indonesia (Owned investment properties)	**6,110**	Direct comparison method	Transacted price of comparable properties	S$3,700 to S$4,700 per square metre	The higher the comparable value, the higher the fair value
Cambodia (Owned investment properties)	**16,606**	Direct comparison method	Transacted price of comparable properties	S$1,300 to S$4,100 per square metre	The higher the comparable value, the higher the fair value
		Income capitalisation method	Capitalisation rate	6.0%	The higher the rate, the lower the fair value
	233,267				
Singapore (Leasehold properties)	**24,707**	Direct comparison method	Transacted price of comparable properties	S$500 to S$26,900 per square metre	The higher the comparable value, the higher the fair value
	24,707				

3 FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair value estimation (Cont'd)

Fair value measurements of investment properties and leasehold properties (Cont'd)

Valuation techniques and inputs used in Level 3 fair value measurements (Cont'd)

Description	Fair value (S$'000)	Valuation technique	Unobservable inputs[a]	Range of unobservable inputs	Relationship of unobservable inputs to fair value
As at 30 September 2021					
Singapore (Owned investment properties)	101,628	Direct comparison method	Transacted price of comparable properties	S$1,600 to S$41,000 per square metre	The higher the comparable value, the higher the fair value
		Discounted cash flow method	Discount rate	7.25%-7.5%	The higher the rate, the lower the fair value
		Discounted cash flow method	Terminal yield	5.25%-6%	The higher the rate, the lower the fair value
		Income capitalisation method	Capitalisation rate	5.0%-5.75%	The higher the rate, the lower the fair value
Singapore (Right-of-use leased properties)	41,331	Income capitalisation method	Capitalisation rate	10.5%	The higher the rate, the lower the fair value
Indonesia (Owned investment properties)	6,175	Direct comparison method	Transacted price of comparable properties	S$3,400 to S$3,800 per square metre	The higher the comparable value, the higher the fair value
Cambodia (Owned investment properties)	17,436	Direct comparison method	Transacted price of comparable properties	S$1,800 to S$6,700 per square metre	The higher the comparable value, the higher the fair value
		Income capitalisation method	Capitalisation rate	6.0%	The higher the rate, the lower the fair value
	166,570				
Singapore (Leasehold properties)	22,502	Direct comparison method	Transacted price of comparable properties	S$1,300 to S$2,000 per square metre	The higher the comparable value, the higher the fair value
	22,502				

(a) There were no significant inter-relationships between unobservable inputs except that under the Discounted Cash Flow Method, the discount rate should conceptually approximate the summation of the terminal yield and the growth rate.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Fair value of investment properties and leasehold properties (classified as "property, plant and equipment")

The fair value of investment properties and leasehold properties (classified as "property, plant and equipment") is determined by using valuation techniques. Details of the judgement and assumptions have been disclosed in Note 3(e).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) 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, EDITDA (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$4,129,000 (2021: S$nil).

Refer to details in Note 13 (a).

(c) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within the range as indicated in the accounting policy for property, plant and equipment. The carrying amount of the Group's property, plant and equipment as at 30 September 2022 was S$48,241,000 (2021: S$54,167,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. If the estimated useful lives on property, plant and equipment increases/decreases by 10% from management, the Group's profit for the year ended 30 September 2022 will increase/decrease by S$820,000 (2021: S$715,000).

(d) Expected credit losses ("ECL")

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments, which involved significant estimates and judgements.

In determining the ECL of trade receivables, the Group used one year of historical losses data to determine the loss rate. As at date of balance sheet, the ECLs for trade receivables are S$641,000 (2021: S$855,000).

In determining the ECL of the finance lease receivables, the Group considered the history of default to determine the loss rate and applied an adjustment against the loss rate. As at date of balance sheet, the finance lease receivables of S$41,516,000 (2021: S$33,839,000) are subject to immaterial credit loss.

(e) Determining the lease term of right-of-use assets

In determining the lease term, management considered all factors and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. The assessment of the lease term will have an impact on the carrying amount of the lease liability and right-of-use asset initially recognised. The impact of the extension options not taken up by management is disclosed in Note 35(f).

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.

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 statements. 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 that are directly attributable to a segment as well as items that can be allocated on a reasonable basis.

5 SEGMENT INFORMATION (CONT'D)

Segment assets and liabilities (Cont'd)

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

	Industrial S$'000	Commercial S$'000	Residential S$'000	Logistics S$'000	Facilities management S$'000	Corporate and eliminations S$'000	Consolidated 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)
Sales to external parties	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 venture	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 expenditure	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
Write-off of property, plant and equipment/leasehold building	–	11	4	4,833	14	167	5,029
Impairment loss on property, plant and equipment	–	–	4,129	–	–	–	4,129

5 SEGMENT INFORMATION (CONT'D)

Segment assets and liabilities (Cont'd)

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

	Industrial S$'000	Commercial S$'000	Residential S$'000	Logistics S$'000	Facilities management S$'000	Corporate and eliminations S$'000	Consolidated 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)
Sales to external parties	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 venture	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 expenditure	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.

5 SEGMENT INFORMATION (CONT'D)

Reconciliation of segments' total assets and total liabilities

	As at 30 September	
	2022	2021
	S$'000	S$'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
Total assets	**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
Total liabilities	**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 Year ended 30 September	
	2022	2021
	S$'000	S$'000
Singapore	**100,098**	110,502
Thailand	**4,755**	3,975
Malaysia	**2,694**	2,056
Hong Kong	**2,467**	2,133
Myanmar	**997**	830
Indonesia	**392**	344
Cambodia	**369**	1,137
	111,772	120,977

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

	Non-current assets As at 30 September	
	2022	2021
	S$'000	S$'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**	6,251
Cambodia	**16,633**	17,479
People's Republic of China	**3,455**	5,715
	368,679	286,209

6 REVENUE

	Year ended 30 September 2022 S$'000	2021 S$'000
Rental and warehousing lease income from		
– Leased properties	**24,626**	25,007
– Owned properties	**6,598**	5,712
Car park services	**20,200**	16,831
Dormitory management services	**–**	42
Logistics services		
– Trucking services	**11,708**	12,318
– Storage services	**2,656**	2,655
– Container repair services	**2,402**	2,436
– Logistics management	**10,543**	9,808
Facilities services	**29,933**	44,502
Management services fee income	**2,218**	1,572
Others	**888**	94
	111,772	120,977
Timing of revenue recognition:		
At a point in time	**10,360**	7,580
Period over time	**70,188**	82,678
	80,548	90,258

(a) Contract liabilities

	Year ended 30 September 2022 S$'000	2021 S$'000	1 October 2020 S$'000
Contract liabilities			
– Advance received from customers	**3,432**	2,298	1,766

(i) Revenue recognised in relation to contract liabilities

	Year ended 30 September 2022 S$'000	2021 S$'000
Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the period:		
– Advance received from customers	**2,298**	1,766

(ii) Unsatisfied performance obligation

As permitted under IFRS 15, the aggregated transaction price allocated to unsatisfied contracts of period one year or less, or are billed based on time incurred, is not disclosed.

(b) Trade receivables from contracts with customers

	Year ended 30 September 2022 S$'000	2021 S$'000	1 October 2020 S$'000
Current assets			
– Trade receivables from contracts with customers	**13,589**	13,484	31,737
– Loss allowance	**(90)**	(47)	(50)
	13,499	13,437	31,687

7 OTHER GAINS/(LOSSES) – NET AND OTHER INCOME

	Year ended 30 September	
	2022	2021
	S$'000	S$'000
Other gains/(losses) – net		
Gain on disposal of property, plant and equipment	**74**	242
Write-off of property, plant and equipment	**(196)**	(18)
Write-off of leasehold building	**(4,833)**	–
Impairment loss on property, plant and equipment	**(4,129)**	–
Gain from net investment in subleases	**10,796**	4,598
Gain from termination of lease	**–**	2
Lease modification gains/(losses) – net	**648**	(435)
Foreign exchange gains/(losses) – net	**721**	(72)
	3,081	4,317
Other income		
Handling charges	**317**	325
Interest income	**1,440**	1,350
Vehicle related income	**143**	113
Government grants	**490**	89
Wage credit scheme and special employment credit*	**321**	211
Job support scheme**	**431**	1,882
Job growth incentive***	**892**	157
Forfeiture of tenant deposit	**255**	242
Services charges	**223**	207
Miscellaneous charge to tenant	**175**	161
Rental rebates, net****	**2,414**	4,534
Other income	**1,647**	1,412
	8,748	10,683
	11,829	15,000

* Wages 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**") was introduced by the 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 is allocated over the period of uncertainty to match its relevant cost incurred.

*** Job growth incentive ("**JGI**") was 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 reliefs received from landlords and rental relief paid to eligible tenants.

8 EXPENSES BY NATURE

	Year ended 30 September 2022 S$'000	2021 S$'000
Advertising expenses	**376**	321
Commission fees	**969**	922
Entertainment expenses	**413**	274
Marketing expenses	**185**	132
Transportation costs	**1,277**	1,348
Container depot management charges	**2,185**	2,607
Rental expenses	**5,530**	5,939
Upkeep, maintenance, set up and retrofit costs of worker's dormitory	**17,740**	18,853
Consultancy fees	**178**	145
Depreciation of property, plant and equipment	**8,204**	7,147
Depreciation of right-of-use assets	**12,291**	11,668
Amortisation of intangible assets	**–**	39
Listing expenses*	**1,360**	–
Professional fees	**1,847**	1,103
Vehicle-related expenses	**92**	80
Employee benefit costs *(Note 9)*	**32,708**	31,416
Insurance fees	**817**	738
IT Maintenance expenses	**827**	644
Printing expenses	**232**	204
Property management fees	**338**	334
Telephone expenses	**344**	314
Auditor's remuneration		
– Audit services – current	**543**	437
– Audit services – under provision in prior year	**22**	104
– Non-audit services	**90**	265
Other expenses	**5,437**	3,658
	94,005	88,692

* relates to listing expenses incurred for the spin-off and separate listing of our Logistics business, and includes the fees for audit services of S$105,000 and non-audit services of S$120,000 to the Auditor.

9 EMPLOYEE BENEFIT COSTS – INCLUDING DIRECTORS' EMOLUMENTS

(a) Employee benefit expenses during the years are as follows:

	Year ended 30 September 2022 S$'000	2021 S$'000
Wages, salaries and allowances	**30,177**	28,918
Retirement benefit costs – defined contribution plans	**2,295**	2,294
Directors' fees	**236**	204
	32,708	31,416

Employee benefits expenses have been included in consolidated statement of profit or loss as follows:

	Year ended 30 September 2022 S$'000	2021 S$'000
Cost of sales	**12,483**	13,550
Selling and distribution expenses	**124**	–
Administrative expenses	**20,101**	17,866
	32,708	31,416

9 EMPLOYEE BENEFIT COSTS – INCLUDING DIRECTORS' EMOLUMENTS (CONT'D)

(b) Directors' emoluments

The remuneration of every director for the year ended 30 September 2022 is set out below:

Name of director	Fees S$'000	Salaries, allowances and benefits in kind S$'000	Employer's contribution to defined contribution plans S$'000	Other benefits S$'000	Total S$'000
Executive directors					
Kelvin Lim[1]	**–**	**1,926**	**17**	**–**	**1,943**
Jess Lim[2]	**–**	**709**	**17**	**–**	**726**
Independent non-executive directors					
Ch'ng Li-Ling[3]	**77**	**2**	**–**	**–**	**79**
Eddie Yong[4]	**72**	**2**	**–**	**–**	**74**
Chan Ka Leung Gary[5]	**81**	**2**	**–**	**–**	**83**
	230	**2,641**	**34**	**–**	**2,905**

The remuneration of every director for the year ended 30 September 2021 is set out below:

Name of director	Fees S$'000	Salaries, allowances and benefits in kind S$'000	Employer's contribution to defined contribution plans S$'000	Other benefits S$'000	Total S$'000
Executive directors					
Kelvin Lim[1]	–	2,949	17	–	2,966
Jess Lim[2]	–	1,102	17	–	1,119
Independent non-executive directors					
Ch'ng Li-Ling[3]	64	4	–	–	68
Eddie Yong[4]	60	4	–	–	64
Chan Ka Leung Gary[5]	68	4	–	–	72
	192	4,063	34	–	4,289

1 Kelvin Lim is the Group's Executive Chairman and Group Managing Director. He was appointed to the Board on 10 July 2014.

2 Jess Lim is the Group's Executive Director and Group Deputy Managing Director. She was appointed to the Board on 10 July 2014.

3 Ch'ng Li-Ling is a Lead Independent Director of the Group. She was appointed to the Board on 10 March 2015.

4 Eddie Yong is an Independent Director of the Group. He was appointed to the Board on 10 March 2015.

5 Chan Ka Leung Gary was appointed as an Independent Director on 5 June 2017.

During the financial years ended 30 September 2022 and 2021, none of the directors of the Company waived any emoluments paid or payable by the Group companies and no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

9 EMPLOYEE BENEFIT COSTS – INCLUDING DIRECTORS' EMOLUMENTS (CONT'D)

(b) Directors' emoluments (Cont'd)

(i) Directors' retirement benefits

Save as disclosed above under the employer's contribution to defined contribution plans, there were no other retirement benefits paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the financial years ended 30 September 2022 and 2021.

(ii) Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment during the financial years ended 30 September 2022 and 2021.

(iii) Consideration provided to third parties for making available directors' services

No payment was made to the former employer of directors for making available the services of them as a director of the Company during the financial years ended 30 September 2022 and 2021.

(iv) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the financial years ended 30 September 2022 and 2021.

(v) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the financial years ended 30 September 2022 and 2021.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 30 September 2022 and 2021 include two directors, respectively whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three individuals during the years ended 30 September 2022 and 2021, respectively are as follows:

	Year ended 30 September	
	2022	**2021**
	S$'000	**S$'000**
Wages, salaries and allowances	**2,047**	1,768
Retirement benefit costs – defined contribution plans	**46**	48
	2,093	1,816

9 EMPLOYEE BENEFIT COSTS – INCLUDING DIRECTORS' EMOLUMENTS (CONT'D)

(c) Five highest paid individuals (Cont'd)

The emoluments of above individuals are within the following band:

This disclosure, including the bands, is required under the HKEX Listing Rules.

	Number of individuals Year ended 30 September	
	2022	**2021**
Emoluments band		
HK$1,500,001-HK$2,000,000 (S$264,401-S$351,200)	**–**	–
HK$2,000,001-HK$2,500,000 (S$351,201-S$439,000)	**1**	1
HK$2,500,001-HK$3,000,000 (S$439,001-S$526,800)	**1**	–
HK$3,000,001-HK$3,500,000 (S$526,801-S$614,600)	**–**	1
HK$4,500,001-HK$5,000,000 (S$790,201-S$878,000)	**–**	1
HK$7,000,001-HK$7,500,000 (S$1,229,201-S$1,317,000)	**1**	–

10 FINANCE COST – NET

	Year ended 30 September	
	2022	**2021**
	S$'000	**S$'000**
Interest expense on borrowings	**3,056**	2,035
Interest expense on lease liabilities from hire purchase arrangements	**138**	165
Interest expense on lease liabilities from lease arrangements	**1,928**	2,663
Interest expense on others	**79**	–
	5,201	4,863
Less: Amount capitalised	**(271)**	–
Finance cost – net	**4,930**	4,863

11 INCOME TAX EXPENSE

Tax has been provided at the applicable tax rate on the estimated assessable profit during the financial years.

The amount of income tax expense (credited)/charged to the consolidated statements of profit or loss represents:

	Year ended 30 September	
	2022	**2021**
	S$'000	**S$'000**
Current income tax	**4,217**	4,989
Deferred income tax *(Note 22)*	**1,499**	30
	5,716	5,019
(Over)/under provision in respect of prior years		
– current taxation	**(556)**	314
– deferred taxation *(Note 22)*	**338**	67
Income tax expense	**5,498**	5,400

11 INCOME TAX EXPENSE (CONT'D)

The tax on the Group's profit before income tax differs from the theoretical amount as follows:

	Year ended 30 September 2022 S$'000	2021 S$'000
Profit before tax	**53,012**	34,258
Share of results of associates and joint ventures, net of tax	**(16,466)**	(3,666)
Profit before tax and share of results of associates and joint ventures	**36,546**	30,592
Tax calculated at rate of 17%	**6,212**	5,201
Tax effect of:		
– expenses not deductible for tax purposes	**3,376**	849
– non-taxable income	**(3,962)**	(422)
Enhanced PIC deduction	**(57)**	(94)
Deferred tax assets on temporary differences not recognised	**752**	334
Utilisation of deferred tax assets not recognised in prior years	**(319)**	(596)
Effect of different tax rates in different jurisdictions	**11**	4
Singapore statutory tax incentives	**(289)**	(250)
(Over)/under provision in respect of prior years	**(218)**	381
Others	**(8)**	(7)
Income tax expense	**5,498**	5,400

Subject to agreement with Singapore tax authority, as at 30 September 2022, the Group has unutilised tax losses of S$2,050,000 (2021: S$781,000) and unabsorbed capital allowances of S$624,000 (2021: S$247,000), which are available for offsetting against future taxable profits provided that the provision of tax legislation are complied with. As at 30 September 2022, the related tax benefits of S$455,000 (2021: S$175,000) have not been recognised in the financial statements of the Group as there is no reasonable certainty of their realisation in future periods.

The Group is not exposed to any significant deferred tax on foreign subsidiaries in Indonesia, Thailand, China and Myanmar as the business relates mainly to owning of investment properties and provision of container depot services respectively.

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 years ended 30 September 2022 and 2021:

	Year ended 30 September 2022 S$'000	2021 S$'000
Net profit attributable to equity holders of the Company	**45,838**	28,063
Weighted average number of ordinary shares ('000)	**408,945**	404,208
Basic earnings per share (cents)	**11.21**	6.94

Diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the financial years ended 30 September 2022 and 2021.

Ordinary shares	Year ended 30 September 2022 No of ordinary shares ('000)	2021 No of ordinary shares ('000)
Shares issued at beginning of the year	**408,945**	402,445
Weighted average number of new placement shares issued *(Note 30)*	**–**	1,763
Weighted average number of ordinary shares for basic earnings per share	**408,945**	404,208

13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties S$'000	Renovation works S$'000	Construction-in-progress S$'000	Plant and machinery S$'000	Furniture and fittings S$'000	Office equipment S$'000	Logistics equipment S$'000	Motor vehicles S$'000	Computers S$'000	Containers S$'000	Total S$'000
Cost or valuation											
As at 1 October 2021	22,502	42,115	4,551	7,587	6,429	1,425	3,584	1,173	3,695	90	93,151
Additions	603	1,564	2,770	1,992	283	50	82	46	578	57	8,025
Transfer	–	205	(360)	–	–	–	–	–	155	–	–
Written off	–	(1,475)	–	(43)	(251)	(258)	–	–	(301)	–	(2,328)
Written off of leasehold building	(5,787)	(370)	–	–	–	–	–	–	–	–	(6,157)
Disposals	–	–	–	–	(54)	(32)	(183)	(24)	–	–	(293)
Transfer from investment properties *(Note 15)*	8,286	–	–	–	–	–	–	–	–	–	8,286
Derecognition	–	(5,319)	–	–	(277)	–	–	–	–	–	(5,596)
Adjustment arising from revaluation	(897)	–	–	–	–	–	–	–	–	–	(897)
Currency translation	–	221	(183)	7	14	(1)	–	(31)	(7)	*	20
As at 30 September 2022	24,707	36,941	6,778	9,543	6,144	1,184	3,483	1,164	4,120	147	94,211
Representing:											
Cost	–	36,941	6,778	9,543	6,144	1,184	3,483	1,164	4,120	147	69,504
Valuation	24,707	–	–	–	–	–	–	–	–	–	24,707
Accumulated depreciation and impairment losses											
As at 1 October 2021	–	(23,915)	–	(4,385)	(2,387)	(1,065)	(3,358)	(571)	(3,222)	(81)	(38,984)
Depreciation for the year	(1,662)	(4,338)	–	(790)	(618)	(130)	(91)	(167)	(402)	(6)	(8,204)
Written off	–	1,429	–	43	158	217	–	–	285	–	2,132
Written off of leasehold building	1,130	194	–	–	–	–	–	–	–	–	1,324
Disposals	–	–	–	–	34	32	139	24	–	–	229
Derecognition	–	1,054	–	–	155	–	–	–	–	–	1,209
Adjustment arising from revaluation	532	–	–	–	–	–	–	–	–	–	532
Impairment charge	–	(2,023)	(2,000)	(19)	(87)	–	–	–	–	–	(4,129)
Currency translation	–	(84)	–	(5)	(10)	*	–	14	6	*	(79)
As at 30 September 2022	–	(27,683)	(2,000)	(5,156)	(2,755)	(946)	(3,310)	(700)	(3,333)	(87)	(45,970)
Net book value											
As at 30 September 2022	**24,707**	**9,258**	**4,778**	**4,387**	**3,389**	**238**	**173**	**464**	**787**	**60**	**48,241**

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold properties S$'000	Renovation works S$'000	Construction-in-progress S$'000	Plant and machinery S$'000	Furniture and fittings S$'000	Office equipment S$'000	Logistics equipment S$'000	Motor vehicles S$'000	Computers S$'000	Containers S$'000	Total S$'000
Cost or valuation											
As at 1 October 2020	13,385	35,826	5,762	5,510	5,471	1,357	3,943	988	3,645	118	76,005
Additions	10,095	5,360	786	2,089	1,070	101	66	223	342	–	20,132
Transfer	–	2,172	(2,172)	–	–	–	–	–	–	–	–
Written off	–	(1,131)	–	–	(25)	(31)	–	–	(287)	–	(1,474)
Disposals	–	–	–	(9)	(86)	(3)	(425)	(25)	–	(27)	(575)
Adjustment arising from revaluation	(978)	–	–	–	–	–	–	–	–	–	(978)
Currency translation	–	(112)	175	(3)	(1)	1	–	(13)	(5)	(1)	41
As at 30 September 2021	22,502	42,115	4,551	7,587	6,429	1,425	3,584	1,173	3,695	90	93,151
Representing:											
Cost	–	42,115	4,551	7,587	6,429	1,425	3,584	1,173	3,695	90	70,649
Valuation	22,502	–	–	–	–	–	–	–	–	–	22,502
Accumulated depreciation and impairment losses											
As at 1 October 2020	(864)	(20,796)	–	(3,824)	(1,921)	(972)	(3,583)	(446)	(3,144)	(92)	(35,642)
Depreciation for the year	(1,036)	(4,265)	–	(564)	(507)	(126)	(120)	(149)	(369)	(11)	(7,147)
Written off	–	1,131	–	–	7	31	–	–	287	–	1,456
Disposals	–	–	–	2	34	1	345	18	–	22	422
Adjustment arising from revaluation	1,900	–	–	–	–	–	–	–	–	–	1,900
Currency translation	–	15	–	1	*	1	–	6	4	*	27
As at 30 September 2021	–	(23,915)	–	(4,385)	(2,387)	(1,065)	(3,358)	(571)	(3,222)	(81)	(38,984)
Net book value											
As at 30 September 2021	22,502	18,200	4,551	3,202	4,042	360	226	602	473	9	54,167

* Amounts are less than S$500

During the financial year ended 30 September 2022, the depreciation expense charged to cost of sales amounted to S$1,129,000 (2021: S$1,036,000) and administrative expense amounted to S$7,075,000 (2021: S$6,111,000) in the consolidated statement of profit or loss.

The leasehold properties of the Group with carrying values of S$24,707,000 (2021: S$22,502,000) are carried at the revalued amounts in accordance with the Group's accounting policy as described in Note 2.4. If these properties of the Group were included in the financial statements at cost less accumulated depreciation and impairment losses, the net book values would have been S$24,059,000 (2021: S$21,580,000) respectively. Refer to Note 3(e) for details on the valuation techniques and inputs.

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Impairment of property, plant and equipment

For the financial year ended 30 September 2022, impairment indicators were identified and impairment testing performed for certain of the Group's property, plant and equipment in:

- Myanmar due to uncertain business and economic environment; and
- China due to the local COVID-19 pandemic situation.

Based on recoverable values determined by management using value-in-use calculations, impairment loss of S$2,129,000 for property, plant and equipment in Myanmar and S$2,000,000 in China were recognised in Other Gains/(losses)-net and Other Income (Note 7). As at 30 September 2022, the carrying value of the property, plant and equipment, net of the impairment loss recognised, is S$1,400,000 for Myanmar and S$2,200,000 for China.

Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a 7-12 year period and extrapolated for remaining period of the assets' useful life using the revenue growth rates, EBITDA (earnings before interest, tax, depreciation and amortisation) margins stated below, which takes into consideration management's expectations of market and economic developments.

For Myanmar, management determined the revenue growth rate based on the forecasted country inflation and GDP growth rate, and the EBITDA margin is based on past performance. For China, management determined the revenue growth rate after benchmarking against industry comparables and the EBITDA margin is based on experiences from similar operations within the Group. The discount rates used were pre-tax and reflected specific risks relating to the relevant country.

The assumptions used and sensitivities is as follows:

	Myanmar			China		
	Assumption used	Assumption changed to	Additional impairment S$'000	Assumption used	Assumption changed to	Additional impairment S$'000
Revenue growth rate	11.4%	8%	150	5%	4%	370
EBITDA margin	62%	57%	72	23%	18%	560
Discount rate	33%	38%	90	14%	20%	530

14 RIGHT-OF-USE ASSETS

	Leasehold properties S$'000	Plant and machinery S$'000	Furniture and fittings S$'000	Office equipment S$'000	Logistics equipment S$'000	Motor vehicles S$'000	Total S$'000
Cost							
As at 1 October 2021	37,406	5,232	459	21	6,842	1,435	51,395
Additions	6,825	263	–	–	–	807	7,895
Disposals	–	–	–	–	–	(142)	(142)
Reclassified to investment properties	(1,588)	–	–	–	–	–	(1,588)
Currency translation	(161)	–	–	–	–	(78)	(239)
As at 30 September 2022	42,482	5,495	459	21	6,842	2,022	57,321
Accumulated depreciation							
As at 1 October 2021	(13,798)	(2,722)	(115)	(9)	(3,554)	(568)	(20,766)
Depreciation for the year	(10,818)	(481)	(46)	(3)	(630)	(313)	(12,291)
Disposals	–	–	–	–	–	142	142
Reclassified to investment properties	663	–	–	–	–	–	663
Currency translation	24	–	–	–	–	21	45
As at 30 September 2022	(23,929)	(3,203)	(161)	(12)	(4,184)	(718)	(32,207)
Net book value							
As at 30 September 2022	**18,553**	**2,292**	**298**	**9**	**2,658**	**1,304**	**25,114**

14 RIGHT-OF-USE ASSETS (CONT'D)

	Leasehold properties S$'000	Plant and machinery S$'000	Furniture and fittings S$'000	Office equipment S$'000	Logistics equipment S$'000	Motor vehicles S$'000	Total S$'000
Cost							
As at 1 October 2020	40,368	4,811	459	21	5,982	1,102	52,743
Additions	19,034	421	–	–	860	385	20,700
Disposals	(6,671)	–	–	–	–	(43)	(6,714)
Lease modification adjustments	(326)	–	–	–	–	–	(326)
Reclassified to investment properties	(14,928)	–	–	–	–	–	(14,928)
Currency translation	(71)	–	–	–	–	(9)	(80)
As at 30 September 2021	37,406	5,232	459	21	6,842	1,435	51,395
Accumulated depreciation							
As at 1 October 2020	(12,073)	(2,196)	(69)	(6)	(2,827)	(388)	(17,559)
Depreciation for the year	(10,143)	(526)	(46)	(3)	(727)	(223)	(11,668)
Disposals	5,130	–	–	–	–	43	5,173
Lease modification adjustments	426	–	–	–	–	–	426
Reclassified to investment properties	2,844	–	–	–	–	–	2,844
Currency translation	18	–	–	–	–	–	18
As at 30 September 2021	(13,798)	(2,722)	(115)	(9)	(3,554)	(568)	(20,766)
Net book value							
As at 30 September 2021	23,608	2,510	344	12	3,288	867	30,629

The Group lease certain properties, plant and equipment for the purpose of its operations and facility management services.

During the financial year ended 30 September 2022, the depreciation expense charged to cost of sales amounted to S$10,789,000 (2021: S$10,143,000) and administrative expense amounted to S$1,502,000 (2021: S$1,525,000) in the consolidated statement of profit or loss.

15 INVESTMENT PROPERTIES

Investment properties that comprising owned properties and right-of-use leased properties are carried at fair values at the end of reporting period as determined by independent professional valuers. Valuations are made at least annually based on the properties' highest-and-best-use using the direct market comparison method, discounted cash flow method, income capitalisation method and residual value method in determining the fair market values.

The direct market comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to reflect the characteristics of the investment properties.

The discounted cash flow method involves a projection of future net operating income and is discounted at an appropriate discount rate. Future net operating income is derived by deducting from future gross income against direct operating expense.

Income capitalisation method where the net income is capitalised at a rate which reflects the yield expected from the property. The most significant unobservable input to the valuation is the capitalisation rate applied.

15 INVESTMENT PROPERTIES (CONT'D)

Residual value method involves as a starting point using the direct market comparison method to derive the fair value of the property as if the development was already completed at reporting date. Deductions from that fair value, such as estimated construction cost and other costs to completion and estimated profit margin required to hold and develop the property to completion are made to reflect the current condition of the property under development.

At each financial year end, the Group assesses property valuation movements when compared to prior year valuation reports.

Changes in fair values are analysed at each reporting date by the Audit Committee.

There were no transfers between Level 2 and 3 during the year.

Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties (owned and right-of-use) at the end of every financial year based on the properties highest and best use.

The valuers hold a recognised and relevant professional qualification and have recent experience in location and category of the investment properties being valued.

Further details of fair value measurement are disclosed in Note 3(e).

	Year ended 30 September	
	2022	**2021**
	S$'000	**S$'000**
At fair value		
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	**233,267**	166,570

* For the financial year 2021, management has assessed that the properties will be used for leasing on a longer terms instead of provision of services to customers. This is aligned with the steps taken by management to mitigate the risk of impact on Covid-19. Accordingly, management has reclassified the assets to investment properties.

The following amounts are recognised in consolidated statement of profit or loss:

	Year ended 30 September	
	2022	**2021**
	S$'000	**S$'000**
Rental income from:		
– Owned properties	**6,598**	5,712
– Right-of-use leased properties	**22,256**	21,432
Direct operating expenses arising from:		
– Owned properties that generate rental income	**1,592**	1,382
– Owned properties that do not generate rental income	**23**	6
– Right-of-use leased properties that generate rental income	**4,468**	4,437

15 INVESTMENT PROPERTIES (CONT'D)

The investment properties comprises:

Location & Description	Tenure	30 September 2022 S$'000	2021 S$'000
Owned properties			
72 Eunos Avenue 7, Singapore 6-storey multiple-user light industrial building	30 years lease commencing from 1 January 2011	**6,980***	15,723
100 Eunos Avenue 7, Singapore 5-storey multiple-user light industrial building	60 years lease commencing from 1 July 1980	**15,548**	16,486
23 Woodlands Industrial Park A flatted industrial unit	60 years lease commencing from 9 January 1995	**400**	380
71 Lorong 23 Geylang, Singapore 9-storey light industrial building	99 years lease commencing from 21 December 1993	**24,963**	23,958
320 Balestier Road, Singapore 4-storey mixed commercial and residential building	Freehold	**35,257**	21,071
75 Beach Road, Singapore 2-storey residential building	999 years less 10 days lease commencing from 25 January 1827	**13,100**	10,093
115 Geylang Road, Singapore	Freehold	**18,963**	13,917
55 Tuas South Avenue 1, Singapore	60 years lease commencing from 4 January 1999	**25,000**	–
298 River Valley Road, Singapore	Freehold	**10,620**	–
52 Arab Street, Singapore	99 years lease commencing from 1 March 1952	**4,641**	–
38th floor, 88 Building, Jalan Kasablanka Raya Kav, Jakarta, Indonesia 4 units of office building	14 years lease commencing from 1 July 2013	**6,110**	6,175
Street Duong Ngeap III, Phum Teuk Thla, Sangkat Teuk Thla, Khan Sen Sok, Phnom Penh, Cambodia	Freehold	**16,606**	17,436
		178,188	125,239
Right-of-use leased properties			
8 Jalan Papan, Singapore	2.0 years lease commencing from 1 January 2021	**11**	95
43 Keppel Road, Singapore	5 years lease commencing from 1 October 2022 (2021: 3 years lease commencing from 1 October 2019)	**3,845**	51
18 Tampines Industrial Crescent, Singapore	1 month lease commencing from 13 September 2022 (2021: 3 years lease commencing from 1 October 2019)	**275**	364

15 INVESTMENT PROPERTIES (CONT'D)

The investment properties comprises: (Cont'd)

Location & Description	Tenure	30 September 2022 S$'000	2021 S$'000
20, 21, 23, 23A, 24, 24A, 25, 25A Depot Lane	5.5 years lease commencing from 1 October 2019	**655**	5,921
2 Tuas South Avenue 2, Singapore	3.8 years lease commencing from 1 October 2019	**285**	667
18 New Industrial Road, Singapore	3.5 years lease commencing from 1 October 2019	**128**	370
10 Raeburn Park, Singapore	6 years lease commencing from 1 October 2019	**2,208**	10,757
27 West Coast Highway, Singapore	1 year lease commencing from 1 December 2021 (2021: 2.2 years lease commencing from 1 October 2019)	**14**	102
5 Tampines Central 6 Telepark #03-32 to #03-40 Singapore	3.6 years lease commencing from 1 October 2019	**142**	223
1557 Keppel Road, Singapore	6 years lease commencing from 1 January 2020	**1,033**	6,104
45 Burghley Drive, Singapore	3.0 years lease commencing from 6 July 2020	**2**	23
300, 302, 304, 306, 308, 310, 312, 314, 316, 318, 320 Tanglin Road, Singapore	2.4 years lease commencing from 7 August 2020	**12**	–
31 Boon Lay Drive, Singapore**	5.0 years lease commencing from 1 October 2019	**4,394**	5,872
1A Lutheran Road, Singapore**	5.9 years lease commencing from 1 October 2019	**1,052**	1,370
34 Boon Leat Terrace, Singapore	6.0 years lease commencing from 1 October 2020	**7,894**	9,412
2 Mount Elizabeth Link, Singapore	6.0 years lease commencing from 1 December 2021	**24,346**	–
219, 221, 223, 225, 231, 233, 233A, 239, 241, 247, 249, 251, 253, 255, 267 Lavender Street and 592, 594, 594A, 598, 600, 606, 608, 612, 620 Serangoon Road, Singapore ("Lavender Collection")	6.7 years lease commencing from 1 May or 1 August 2022	**8,783**	–
		55,079	41,331
		233,267	166,570

* Partially reclassified to property, plant and equipment as owner-occupied during the financial year 2022.

** Reclassified from right-of-use assets during the financial year 2021.

15 INVESTMENT PROPERTIES (CONT'D)

Reconciliation of carrying value in the statement of consolidated financial position to valuation reports:

	Year ended 30 September	
	2022	**2021**
	S$'000	**S$'000**
Value per valuation reports	**218,142**	166,570
Fair value/cost of renovation works for right-of-use leased properties	**15,125**	–
Carrying value	**233,267**	166,570

Properties at 100 Eunos Avenue 7, 72 Eunos Avenue 7, 71 Lorong 23 Geylang, 75 Beach Road, 320 Balestier Road, 115 Geylang Road, 55 Tuas South Avenue 1, 298 River Valley Road, 52 Arab Street and Axis Residences are mortgaged for bank borrowings, disclosed in Note 34.

The properties are leased to related and non-related parties under operating leases. Refer to Note 38 for operating leases to non-related parties.

16 INTANGIBLE ASSETS

	As at 30 September	
	2022	**2021**
	Customer contracts	**Customer contracts**
	S$'000	**S$'000**
Cost		
Beginning of financial year	**201**	204
Currency translation	**(10)**	(3)
End of financial year	**191**	201
Accumulated amortisation and impairment losses		
Beginning of financial year	**201**	164
Amortisation for the year	**–**	39
Currency translation	**(10)**	(2)
End of financial year	**191**	201
Net book value		
End of financial year	**–**	–

The intangible assets are in relation to consideration paid for the acquisition of customer contracts under the Logistics Services Business in the financial year 2018. They are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over 3 years.

17 INVESTMENT IN SUBSIDIARIES

	Company	
	As at 30 September	
	2022	**2021**
	S$'000	**S$'000**
Equity investments at cost	**32,727**	32,727

17 INVESTMENT IN SUBSIDIARIES (CONT'D)

The Group had direct and indirect interests in the following significant subsidiaries as at 30 September 2022 and 2021:

Name	Principal activities	Country of business/ incorporation	Date of incorporation	Issued and paid up capital	Effective interest held by the Group as at 30 September 2022 %	2021 %
Directly held by the Company						
LHN Group Pte. Ltd.	Investment holding and space resource management	Singapore	4 March 2005	S$2,000,000	**100**	100
Indirectly held by the Company						
LHN Logistics Limited	Investment holding and logistics management	Singapore	24 August 2021	S$17,392,291	**84.1**	100
Hean Nerng Logistics Pte. Ltd.~	Freight transport by road and warehousing logistics	Singapore	18 June 1997	S$500,000	**84.1**	100
LHN Logistics Sdn Bhd[1~]	Freight transport by road	Malaysia	8 June 2015	MYR500,000	**41.2**	49
HLA Holdings Pte. Ltd.~	Container depot management	Singapore	26 November 2008	S$715,680	**50.4**	60
HLA Container Services Pte. Ltd.~	Container depot management	Singapore	22 March 2013	S$800,000	**50.4**	60
HLA Holdings (Thailand) Ltd.[2, ~]	Container depot management	Thailand	22 December 2014	THB2,000,000	**24.2**	28.8
HLA Container Services (Thailand) Ltd.[2 ~]	Container depot management	Thailand	23 December 2014	THB8,000,000	**36.6**	43.5
Work Plus Store Pte. Ltd.	Space resource management	Singapore	21 September 2004	S$600,000	**100**	100
GREENHUB Suited Offices Pte. Ltd.	Space resource management	Singapore	28 October 2004	S$1,000,000	**100**	100
Chua Eng Chong Holdings Pte. Ltd	Space resource management	Singapore	4 June 1981	S$100,000	**100**	100
LHN Properties Investments Pte. Ltd.	Space resource management	Singapore	16 August 2007	S$1,500,000	**100**	100
LHN Facilities Management Pte. Ltd.	Space resource management	Singapore	21 July 2007	S$4,000,000	**100**	100
Work Plus Store (Joo Seng) Pte. Ltd.	Space resource management	Singapore	27 March 2008	S$1,400,000	**100**	100
LHN Residence Pte. Ltd.	Space resource management	Singapore	10 March 2008	S$25,000	**100**	100
LHN Space Resources Pte. Ltd.	Space resource management	Singapore	15 July 2009	S$2,000,000	**100**	100
Soon Wing Investments Pte. Ltd.	Space resource management	Singapore	12 April 2006	S$25,000	**100**	100
Singapore Handicrafts Pte. Ltd.	Investment holding	Singapore	28 November 1973	S$4,000,000	**100**	100
WPS KB Pte. Ltd.	Space resource management	Singapore	6 March 2019	S$1	**100**	100
WPS (TPY) Pte. Ltd.	Space resource management	Singapore	16 April 2020	S$1	**100**	100

17 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Principal activities	Country of business/ incorporation	Date of incorporation	Issued and paid up capital	Effective interest held by the Group as at 30 September 2022 %	2021 %
Indirectly held by the Company						
PT Hean Nerng Group[3]	Space resource management	Indonesia	9 April 2013	Rp29,157,000,000	**99**	99
Greenhub Serviced Offices Yangon Limited[4]	Space resource management	Myanmar	23 April 2013	US$50,000	**100**	100
LHN Management Services (Nan An) Co. Ltd.*	Space resource management	People's Republic of China	25 May 2018	RMB31,500,000	**100**	100
Axis A1 Properties Co. Ltd.[5]	Space resource management	Cambodia	5 June 2018	US$5,000	**100**	100
Coliwoo (BR) Pte. Ltd	Space resource management	Singapore	24 October 2019	S$2	**100**	100
Coliwoo Balestier Pte. Ltd	Space resource management	Singapore	12 August 2020	S$1	**100**	100
Coliwoo Holdings Pte. Ltd.	Space resource management	Singapore	7 September 2020	S$1	**100**	100
LHN SB2 Pte. Ltd.	Investment holding and space resource management	Singapore	4 March 2021	S$1	**100**	100
Emerald Properties Pte. Ltd.	Space resource management	Singapore	26 March 2021	S$1	**100**	100
Coliwoo RV1 Pte. Ltd	Space resource management	Singapore	5 October 2020	S$1	**100**	100
White Opal Properties Pte. Ltd.	Space resource management	Singapore	8 March 2021	S$1	**100**	100
Chrysolite Industries Pte. Ltd.	Space resource management	Singapore	29 April 2021	S$200,000	**60**	100
Erinite Properties Pte. Ltd.	Space resource management	Singapore	5 April 2021	S$1	**100**	100
Coliwoo Bugis Pte Ltd	Space resource management	Singapore	28 January 2022	S$1	**100**	–
LHN Parking Pte. Ltd.	Carpark management and operation services	Singapore	5 September 2007	S$4,500,000	**100**	100
LHN Parking (GMT) Pte. Ltd.	Carpark management and operation services	Singapore	24 June 2016	S$1	**100**	100
LHN Parking HK Limited[6]	Carpark management and operation services	Hong Kong	26 January 2017	HKD1,000,000	**100**	100
Coliwoo Dormitory Management Pte. Ltd.	Dormitory management	Singapore	11 January 2005	S$2,000,000	**100**	100
LHN Energy Resources Pte. Ltd.	Distribution and sale of electricity	Singapore	2 January 2004	S$25,000	**100**	100
Industrial and Commercial Facilities Management Pte. Ltd.	General contractors and facilities management	Singapore	15 May 2009	S$500,000	**100**	100

1 Audited by HLB Ler Lum Chew PLT, Malaysia
2 Audited by Proact Services Thailand
3 Audited by Grant Thornton Gani Sigiro & Handayani, Indonesia
4 Audited by Ngwe Inzaly, Myanmar
5 Audited by PricewaterhouseCoopers (Cambodia) Ltd., Cambodia
6 Audited by Patrick Wong C.P.A. Limited, Hong Kong
~ Held by LHN Logistics Limited as at 30 September 2022.
* As at 30 September 2022, the Group has paid up RMB18,700,000 (2021: RMB16,500,000) of the capital of the company.

17 INVESTMENT IN SUBSIDIARIES (CONT'D)

Carrying value of non-controlling interests	As at 30 September 2022 S$'000	2021 S$'000
LHN Logistics Limited and its subsidiaries ("**LHN Logistics Group**")	**4,799**	–
HLA Holdings Pte Ltd[a]	**–**	214
HLA Container Services Pte Ltd[a]	**–**	1,643
HLA Container Services (Thailand) Pte Ltd[a]	**–**	224
Chrysolite Industries Pte Ltd	**1,386**	–
Other subsidiaries with immaterial non-controlling interest	**89**	476
	6,274	2,557

(a) Subsidiaries of LHN Logistics Ltd upon the spin-off and separate listing of our Logistics Group on 29 April 2022. Following the completion of the spin-off and share placement, the Group retains an indirect shareholding interest in LHN Logistics Limited of approximately 84.1%.

Summarised financial information for subsidiaries

Set out below are the summarised financial statements for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised statement of financial position

	As at 30 September 2022	
	LHN Logistics Group S$'000	Chrysolite Industries Pte. Ltd. S$'000
Current		
Assets	**13,606**	**1,561**
Liabilities	**(7,313)**	**(7,626)**
Total current net assets/(liabilities)	**6,293**	**(6,065)**
Non-current		
Assets	**21,702**	**25,012**
Liabilities	**(13,221)**	**(15,512)**
Total non-current net assets	**8,481**	**9,500**
Net assets	**14,774**	**3,435**

	As at 30 September 2021		
	HLA Holdings Pte. Ltd. S$'000	HLA Container Services Pte. Ltd. S$'000	HLA Container Services (Thailand) Ltd. S$'000
Current			
Assets	969	2,930	741
Liabilities	(434)	(869)	(893)
Total current net assets/(liabilities)	535	2,061	(152)
Non-current			
Assets	–	3,009	2,310
Liabilities	–	(958)	(1,493)
Total non-current net assets	–	2,051	817
Net assets	535	4,112	665

17 INVESTMENT IN SUBSIDIARIES (CONT'D)

Summarised statement of comprehensive income

	As at 30 September 2022	
	LHN Logistics Group S$'000	Chrysolite Industries Pte. Ltd. S$'000
Revenue	**27,320**	**1,126**
(Loss)/profit before income tax	**(2,667)**	**3,271**
Income tax expense	**(518)**	**(6)**
Net profit	**(3,185)**	**3,265**
Other comprehensive loss	**(985)**	**–**
Total comprehensive (loss)/income	**(4,170)**	**3,265**
Total comprehensive income allocated to non-controlling interests	**359**	**1,306**

	As at 30 September 2021		
	HLA Holdings Pte. Ltd. S$'000	HLA Container Services Pte. Ltd. S$'000	HLA Container Services (Thailand) Ltd. S$'000
Revenue	3,734	3,814	4,014
Profit before income tax	66	1,322	90
Income tax expense	(1)	–	(34)
Net profit	65	1,322	56
Other comprehensive loss	–	–	(61)
Total comprehensive income/(loss)	65	1,322	(5)
Total comprehensive income allocated to non-controlling interests	26	529	(3)

Summarised cash flows

	As at 30 September 2022	
	LHN Logistics Group S$'000	Chrysolite Industries Pte. Ltd. S$'000
Net cash generated from operating activities	**6,777**	**4,291**
Net cash used in investing activities	**(1,945)**	**(21,811)**
Net cash (used in)/generated from financing activities	**(2,324)**	**18,934**

	As at 30 September 2021		
	HLA Holdings Pte. Ltd. S$'000	HLA Container Services Pte. Ltd. S$'000	HLA Container Services (Thailand) Ltd. S$'000
Net cash (used in)/generated from operating activities	(184)	728	939
Net cash used in investing activities	–	(259)	(23)
Net cash used in financing activities	–	(58)	(955)

18 INVESTMENTS IN ASSOCIATES

	As at 30 September 2022 S$'000	2021 S$'000
Unquoted equity investment, at cost	**237**	140
Cumulative share of post-acquisition reserves	**183**	155
	420	295
Share of associates' results, net of tax	**1,096**	634

Set out below are the associates which are material to the Group as at 30 September 2022 and 2021. The associates have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Principal activity	% of ownership interest as at 30 September 2022	30 September 2021
HLA Logistics Pte. Ltd.	Singapore	Container depot management	**41.2**	49
Metropolitan Parking (BTSC) Pte. Ltd.	Singapore	Carpark management and operation services	**40**	40

Summarised financial information for associates

Set out below are the summarised financial information for HLA Logistics Pte. Ltd. and Metropolitan Parking (BTSC) Pte. Ltd. which, in the opinion of the directors, is significant to the Group:

Summarised statement of financial position

	As at 30 September 2022 HLA Logistics Pte. Ltd. S$'000	Metropolitan Parking (BTSC) Pte. Ltd. S$'000	Total S$'000
Current assets	**1,379**	**272**	**1,651**
Includes:			
– Cash and cash equivalents	**336**	**195**	**531**
Current liabilities	**(813)**	**(5,106)**	**(5,919)**
Includes:			
– Financial liabilities (excluding trade payables)	**–**	**(518)**	**(518)**
Non-current assets	**12**	**16,130**	**16,142**
Non-current liabilities	**(1)**	**(11,544)**	**(11,545)**
Includes:			
– Financial liabilities	**–**	**(11,534)**	**(11,534)**
Net assets/(liabilities)	**577**	**(248)**	**329**

18 INVESTMENTS IN ASSOCIATES (CONT'D)

Summarised financial information for associates (Cont'd)

Summarised statement of financial position (Cont'd)

	As at 30 September 2021		
	HLA Logistics Pte. Ltd. S$'000	**Metropolitan Parking (BTSC) Pte. Ltd. S$'000**	**Total S$'000**
Current assets	1,237	220	1,457
Includes:			
– Cash and cash equivalents	668	151	819
Current liabilities	(771)	(4,626)	(5,397)
Includes:			
– Financial liabilities (excluding trade payables)	–	(518)	(518)
Non-current assets	22	16,244	16,266
Non-current liabilities	(3)	(12,059)	(12,062)
Includes:			
– Financial liabilities	–	(12,053)	(12,053)
Net assets/(liabilities)	485	(221)	264

Summarised statement of comprehensive income

	Year ended 30 September 2022		
	HLA Logistics Pte. Ltd. S$'000	**Metropolitan Parking (BTSC) Pte. Ltd. S$'000**	**Total S$'000**
Revenue	**5,859**	**819**	**6,678**
Profit/(loss) before income tax	**2,524**	**(12)**	**2,512**
Income tax expense	**(432)**	**(15)**	**(447)**
Net profit	**2,092**	**(27)**	**2,065**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income/(loss)	**2,092**	**(27)**	**2,065**
Includes the following:			
– Depreciation and amortisation	**(15)**	**(10)**	**(25)**

18 INVESTMENTS IN ASSOCIATES (CONT'D)

Summarised financial information for associates (Cont'd)

Summarised statement of comprehensive income (Cont'd)

	Year ended 30 September 2021		
	HLA Logistics Pte. Ltd. S$'000	Metropolitan Parking (BTSC) Pte. Ltd. S$'000	Total S$'000
Revenue	4,885	552	5,437
Profit/(loss) before income tax	1,672	(412)	1,260
Income tax expense	(249)	(9)	(258)
Net profit	1,423	(421)	1,002
Other comprehensive income	–	–	–
Total comprehensive income/(loss)	1,423	(421)	1,002
Includes the following:			
– Depreciation and amortisation	(36)	(3)	(39)

The information above reflects the amounts presented in the financial statements of associates (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associates.

Reconciliation of summarised financial information

Reconciliation of the summarised financial statements presented to the carrying amount of the Group's interest in associates, is as follows:

	HLA Logistics Pte. Ltd. S$'000	Metropolitan Parking (BTSC) Pte. Ltd. S$'000	Total S$'000
Opening net assets at 1 October 2020	302	–	302
Issuance of shares	–	200	200
Total comprehensive income/(loss) for the year	1,423	(421)	1,002
Dividend paid	(1,240)	–	(1,240)
Unrecognised loss over cost of investment	–	221	221
Closing net assets at 30 September 2021	485	–	485
Carrying value of Group's interest	238	–	238
Add: Carrying value of individual immaterial associates			57
Carrying value of Group's interest in Associates at 30 September 2021			295
Opening net assets at 1 October 2021	485	–	485
Total comprehensive income/(loss) for the year	2,092	(27)	2,065
Dividend paid	(2,000)	–	(2,000)
Unrecognised loss over cost of investment	–	27	27
Closing net assets at 30 September 2022	**577**	**–**	**577**
Carrying value of Group's interest	283	–	283
Add: Carrying value of individual immaterial associates			265
Less: Reclassified to held for sale[(a)]			(128)
Carrying value of Group's interest in Associates at 30 September 2022			**420**

(a) The Group has entered into a sales and purchase agreement for the sale share in our interest in an associate. The sale is expected to be completed in the financial year ending 30 September 2023.

19 INVESTMENTS IN JOINT VENTURES

	As at 30 September	
	2022	**2021**
	S$'000	**S$'000**
Unquoted equity investment, at cost	**2,210**	2,130
Cumulative share of results of post-acquisition reserves	**33,581**	18,511
	35,791	20,641
Share of joint ventures' results, net of tax	**15,370**	3,032
Share of joint ventures' other comprehensive income	**(110)**	(18)

Set out below are the joint ventures of the Group as at 30 September 2022 and 2021. The joint venture has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

		% of ownership interest as at	
Name of entity	**Place of business/ country of incorporation**	**30 September 2022**	**30 September 2021**
Metropolitan Parking Pte. Ltd.	Singapore	**50**	50
Work Plus Store (AMK) Pte. Ltd.	Singapore	**50**	50
Four Star Industries Pte Ltd	Singapore	**50**	50
Work Plus Store (Kallang) Pte. Ltd	Singapore	**50**	50
Work Plus Store (Kallang Bahru) Pte. Ltd.	Singapore	**50**	50
Motorway Automotive Pte. Ltd.	Singapore	**40**	40
Coliwoo East Pte. Ltd.	Singapore	**50**	50
471 Balestier Pte. Ltd[1]	Singapore	**40**	–

Metropolitan Parking Pte. Ltd. provides carpark management and operations services principally in Singapore.

Work Plus Store (AMK) Pte. Ltd. provides general warehousing and business support services principally in Singapore.

Four Star Industries Pte Ltd trade spring mattresses principally in Singapore and has a wholly owned subsidiary, Work Plus Store (Kallang) Pte. Ltd., which provides general warehousing and business support services principally in Singapore.

Work Plus Store (Kallang Bahru) Pte. Ltd. provides general warehousing and business support services principally in Singapore.

Motorway Automotive Pte. Ltd. provides general warehousing and business support services principally in Singapore.

Coliwoo East Pte. Ltd. provides space optimisation business principally in Singapore.

471 Balestier Pte. Ltd. provides space optimisation business principally in Singapore.

1 471 Balestier Pte. Ltd. is 60% owned by Four Star Industries Pte Ltd, a joint venture of the Group.

19 INVESTMENTS IN JOINT VENTURES (CONT'D)

Summarised financial information for joint ventures

Set out below are the summarised financial information which, in the opinion of the directors, is significant to the Group.

Summarised statement of financial position

	As at 30 September 2022							
	Metropolitan Parking Pte. Ltd. S$'000	Work Plus Store (AMK) Pte. Ltd. S$'000	Four Star Industries Pte Ltd and its subsidiary S$'000	Work Plus Store (Kallang Bahru) Pte. Ltd. S$'000	Motorway Automotive Pte. Ltd. S$'000	Coliwoo East Pte. Ltd. S$'000	471 Balestier Pte. Ltd. S$'000	Total S$'000
Current assets	**2,447**	**762**	**8,602**	**860**	**782**	**393**	**722**	**15,053**
Includes:								
– Cash and cash equivalents	**234**	**557**	**648**	**661**	**492**	**365**	**477**	**3,434**
Current liabilities	**(5,576)**	**(7,567)**	**(7,662)**	**(12,894)**	**(4,562)**	**(8,552)**	**(5,310)**	**(52,816)**
Includes:								
– Financial liabilities (excluding trade payables)	**(5,398)**	**(5,812)**	**(1,684)**	**(10,696)**	**(3,746)**	**(7,897)**	**(4,878)**	**(40,307)**
Non-current assets	**30,001**	**53,087**	**23,674**[(a)]	**49,992**	**10,106**	**48,031**	**24,000**	**238,891**
Non-current liabilities	**(23,494)**	**(28,601)**	**(8,956)**	**(29,546)**	**(3,666)**	**(21,220)**	**(12,324)**	**(127,599)**
Includes:								
– Financial liabilities	**(23,473)**	**(27,845)**	**(8,956)**	**(29,536)**	**(3,625)**	**(21,220)**	**(12,324)**	**(126,771)**
Net assets	**3,378**	**17,681**	**15,658**[(a)]	**8,412**	**2,660**	**18,652**	**7,088**	**73,529**

	As at 30 September 2021						
	Metropolitan Parking Pte. Ltd. S$'000	Work Plus Store (AMK) Pte. Ltd. S$'000	Four Star Industries Pte Ltd and its subsidiary S$'000	Work Plus Store (Kallang Bahru) Pte. Ltd. S$'000	Motorway Automotive Pte. Ltd. S$'000	Coliwoo East Pte. Ltd. S$'000	Total S$'000
Current assets	2,418	1,661	6,434	767	272	673	12,225
Includes:							
– Cash and cash equivalents	266	1,509	1,093	538	124	651	4,181
Current liabilities	(3,229)	(6,250)	(7,103)	(11,410)	(3,701)	(7,001)	(38,694)
Includes:							
– Financial liabilities (excluding trade payables)	(2,333)	(4,774)	(1,988)	(9,194)	(3,671)	(6,879)	(28,839)
Non-current assets	31,147	53,113	20,491	48,911	11,353	27,000	192,015
Non-current liabilities	(25,855)	(33,059)	(10,280)	(29,185)	(4,386)	(20,696)	(123,461)
Includes:							
– Financial liabilities	(25,830)	(32,385)	(10,280)	(29,185)	(4,386)	(20,696)	(122,762)
Net assets/(liabilities)	4,481	15,465	9,542	9,083	3,538	(24)	42,085

19 INVESTMENTS IN JOINT VENTURES (CONT'D)

Summarised financial information for joint ventures (Cont'd)

Summarised statement of comprehensive income

Year ended 30 September 2022	Metropolitan Parking Pte. Ltd. S$'000	Work Plus Store (AMK) Pte. Ltd. S$'000	Four Star Industries Pte Ltd and its subsidiary S$'000	Work Plus Store (Kallang Bahru) Pte. Ltd. S$'000	Motorway Automotive Pte. Ltd. S$'000	Coliwoo East Pte. Ltd. S$'000	471 Balestier Pte. Ltd. S$'000	Total S$'000
Revenue	**1,063**	**5,411**	**20,496**	**2,654**	**1,715**	**773**	**426**	**32,538**
(Loss)/profit before income tax	**(1,108)**	**2,676**	**6,836[(a)]**	**(661)**	**(881)**	**18,676**	**6,888**	**32,426**
Income tax credit/(expense)	**5**	**(460)**	**–**	**(10)**	**3**	**–**	**–**	**(462)**
Net profit	**(1,103)**	**2,216**	**6,836[(a)]**	**(671)**	**(878)**	**18,676**	**6,888**	**31,964**
Other comprehensive loss	**–**	**–**	**(220)**	**–**	**–**	**–**	**–**	**(220)**
Total comprehensive (loss)/ income	**(1,103)**	**2,216**	**6,616[(a)]**	**(671)**	**(878)**	**18,676**	**6,888**	**31,744**
Includes the following:								
– Depreciation and amortisation	**(30)**	**(322)**	**(362)**	**(141)**	**(41)**	**(3)**	**–**	**(899)**
– Interest expense	**(703)**	**(834)**	**(355)**	**(914)**	**(171)**	**(535)**	**(291)**	**(3,803)**
– Fair value (loss)/gain on investment properties	**(1,129)**	**125**	**(563)**	**(1,045)**	**(1,242)**	**18,710**	**7,078**	**21,934**

Year ended 30 September 2021	Metropolitan Parking Pte. Ltd. S$'000	Work Plus Store (AMK) Pte. Ltd. S$'000	Four Star Industries Pte Ltd and its subsidiary S$'000	Work Plus Store (Kallang Bahru) Pte. Ltd. S$'000	Motorway Automotive Pte. Ltd. S$'000	Coliwoo East Pte. Ltd. S$'000	Total S$'000
Revenue	931	5,204	12,600	149	1,163	24	20,071
(Loss)/profit before income tax	(1,923)	646	(37)	8,811	66	(1,024)	6,539
Income tax expense	(5)	(427)	(19)	–	(45)	–	(496)
Net profit	(1,928)	219	(56)	8,811	21	(1,024)	6,043
Other comprehensive loss	–	–	(34)	–	–	–	(34)
Total comprehensive (loss)/income	(1,928)	219	(90)	8,811	21	(1,024)	6,009
Includes the following:							
– Depreciation and amortisation	(29)	(319)	(286)	(2)	(6)	–	(642)
– Interest expense	(562)	(918)	(337)	(670)	(146)	(138)	(2,771)
– Fair value (loss)/gain on investment properties	(2,000)	(1,904)	(2,242)	9,803	218	(826)	3,049

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint ventures.

19 INVESTMENTS IN JOINT VENTURES (CONT'D)

Summarised financial information for joint ventures (Cont'd)

Reconciliation of summarised financial statements

Reconciliation of the summarised financial statements presented to the carrying amount of the Group's interest in joint ventures, is as follows:

	Metropolitan Parking Pte. Ltd. S$'000	Work Plus Store (AMK) Pte. Ltd. S$'000	Four Star Industries Pte Ltd and its subsidiary S$'000	Work Plus Store (Kallang Bahru) Pte. Ltd. S$'000	Motorway Automotive Pte. Ltd. S$'000	Coliwoo East Pte. Ltd. S$'000	471 Balestier Pte. Ltd. S$'000	Total S$'000
Opening net assets at 1 October 2020	6,409	15,246	9,632	272	3,517	–	–	35,076
Issuance of shares	–	–	–	–	–	1,000	–	1,000
Total comprehensive income for the year	(1,928)	219	(90)	8,811	21	(1,024)	–	6,009
Unrecognised loss over cost of investment	–	–	–	–	–	24	–	24
Closing net assets at 30 September 2021	4,481	15,465	9,542	9,083	3,538	–	–	42,109
Carrying value of Group's interest	2,241	7,733	4,771	4,541	1,415	–	–	20,701
Opening net assets at 1 October 2021	4,481	15,465	9,542	9,083	3,538	–	–	42,109
Issuance of shares	–	–	–	–	–	–	200	200
Total comprehensive income for the year	(1,103)	2,216	6,616[a]	(671)	(878)	18,676	6,888	31,744
Dividend paid	–	–	(500)	–	–	–	–	(500)
Recognition of unrecognised loss in prior year	–	–	–	–	–	(24)	–	(24)
Closing net assets at 30 September 2022	**3,378**	**17,681**	**15,658[a]**	**8,412**	**2,660**	**18,652**	**7,088**	**73,529**
Carrying value of Group's interest	**1,689**	**8,841**	**7,829[a]**	**4,206**	**1,064**	**9,326**	**2,836**	**35,791**

Note:

(a) includes a share of 30% effective interest in 471 Balestier Pte. Ltd. as the ownership interest is with Four Star Industries Pte. Ltd.

20 FINANCIAL ASSETS, AT FVOCI

	As at 30 September	
	2022	2021
	S$'000	S$'000
Beginning of financial year	–	–
Additions	11	–
End of financial year	11	–

Financial assets, at FVOCI are analysed as follows:

	As at 30 September	
	2022	2021
	S$'000	S$'000
Unlisted equity shares	11	–
Total	11	–

Unlisted equity shares relate to investment in Astore Pte. Ltd. and Costay Pte. Ltd., both the companies incorporated in Singapore. They are principally engaged in the business of provision of space and storage solutions in Singapore.

The carrying amount of the investments includes a cumulative fair value losses of S$700,000 due to fair value movements of unlisted equity shares, at FVOCI (Note 29).

The financial asset, at FVOCI are classified as Level 3 of the fair value hierarchy, based on the unobservable inputs of the net asset value. The lower the net asset value, the lower the fair value.

21 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 September	
	2022	2021
	S$'000	S$'000
Assets as per consolidated statement of financial position		
Financial assets, at FVOCI	11	–
Financial assets at amortised cost		
– Trade and other receivables (excluding prepayments)	24,758	28,784
– Loans to associates and joint ventures	14,458	9,152
– Finance lease receivables	41,516	33,839
– Cash and bank balances	39,727	36,786
– Fixed deposits	2,084	1,384
Total	122,543	109,945
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost		
– Bank borrowings	148,173	101,378
– Trade and other payables (excluding goods and services tax payables, advances received from customers, accrued rental expenses, rental received in advance and withholding tax)	32,232	31,736
– Lease liabilities	81,376	92,336
Total	261,781	225,450

22 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority.

The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	As at 30 September	
	2022	2021
	S$'000	S$'000
Deferred tax assets	**60**	60
Deferred tax liabilities	**(5,598)**	(3,653)
Net deferred tax liabilities	**(5,538)**	(3,593)

The movements in deferred income tax (prior to offsetting of balances within the same tax jurisdiction) during the financial years are as follows:

Deferred income tax assets:

	Provisions S$'000	Lease liabilities S$'000	Others S$'000	Total S$'000
At 1 October 2020	73	12,520	64	12,657
Credit/(charged) to profit or loss	9	(1,412)	165	(1,238)
At 30 September 2021	82	11,108	229	11,419
At 1 October 2021	82	11,108	229	11,419
Charged to profit or loss	(33)	(1,952)	(146)	(2,131)
At 30 September 2022	**49**	**9,156**	**83**	**9,288**

Deferred income tax liabilities:

	Accelerated tax depreciation S$'000	Lease assets S$'000	Others S$'000	Total S$'000
At 1 October 2020	653	15,367	133	16,153
Charged/(credit) to profit or loss	785	(1,894)	(32)	(1,141)
At 30 September 2021	1,438	13,473	101	15,012
At 1 October 2021	1,438	13,473	101	15,012
Charged/(credit) to profit or loss	546	(832)	100	(186)
At 30 September 2022	**1,984**	**12,641**	**201**	**14,826**

23 TRADE AND OTHER RECEIVABLES

	As at 30 September 2022 S$'000	2021 S$'000
Trade receivables:		
– Third parties	**14,555**	14,544
– Associates and Joint ventures	**807**	621
	15,362	15,165
Accrued rental income	**310**	354
Other receivables:		
– Goods and services tax receivables	**648**	2,970
– Deposits with external parties	**8,719**	12,984
– Other receivables	**1,011**	1,139
	10,378	17,093
Less: impairment loss on trade receivables	**(641)**	(855)
Less: impairment loss on other receivables	**(3)**	(3)
	(644)	(858)
Net trade and other receivables	**25,406**	31,754

The accrued rental income relates to apportionment of the free rental period over the lease term.

Related parties comprise entities which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Deposits with external parties comprise mainly security deposits placed with landlord of leased properties.

Other receivables comprise mainly warehouse storage fee and sundry receivables.

(a) Trade receivables

	As at 30 September 2022 S$'000	2021 S$'000
Trade receivables	**15,362**	15,165
Accrued rental income	**310**	354
Less: provision for loss allowance	**(641)**	(855)
	15,031	14,664

The carrying amounts of trade receivables approximate their fair values. Trade receivables do not bear any effective interest rate.

23 TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

The Group normally grants credit terms to its customers ranging from 0 to 90 days. The aging analysis of the trade receivables based on invoice date is as follows:

	As at 30 September	
	2022	2021
	S$'000	S$'000
0 to 30 days[1]	**13,296**	13,309
31 to 60 days	**396**	549
61 to 90 days	**426**	240
91 to 180 days	**530**	90
181 days to 365 days	**113**	184
Over 365 days	**601**	793
	15,362	15,165

[1] include unbilled receivables of S$7,083,000 (2021: S$6,334,000)

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	As at 30 September	
	2022	2021
	S$'000	S$'000
SGD	**20,929**	28,145
USD	**1,533**	818
HKD	**1,176**	1,097
IDR	**243**	262
RMB	**222**	397
THB	**849**	573
MYR	**454**	462
	25,406	31,754

24 FINANCE LEASE RECEIVABLES

The Group's sub-leases of its right-of-use of the industrial, commercial and residential space are classified as finance leases because the sub-leases are for the major part of the remaining lease term of the head lease.

ROU assets relating to the head leases with sub-leases classified as finance lease is derecognised. The net investment in the sub-lease is recognised under finance lease receivables.

Finance income on the net investment in sub-leases during the financial year is S$1,032,000 (2021: S$1,127,000).

24 FINANCE LEASE RECEIVABLES (CONT'D)

The following table shows the maturity analysis of the undiscounted lease payments to be received:

	As at 30 September	
	2022	**2021**
	S$'000	**S$'000**
Gross finance lease receivables – minimum lease payments to be received		
No later than 1 year	**17,634**	20,685
Later than 1 year and no later than 2 years	**13,922**	7,647
Later than 2 years and no later than 3 years	**10,401**	4,404
Later than 3 years and no later than 4 years	**967**	2,160
Later than 4 years and no later than 5 years	**–**	–
Later than 5 years	**–**	–
Total undiscounted lease payments	**42,924**	34,896
Unearned finance income	**(1,408)**	(1,057)
Net investment in finance lease	**41,516**	33,839
Presented as:		
Current	**16,814**	20,031
Non-current	**24,702**	13,808
	41,516	33,839

(a) The finance lease receivables has increased by S$7,677,000 (2021: decreased by S$9,414,000) as the Group has entered into new sublease arrangements during the current financial year 2022, received the lease payments and written off subleases of S$450,000 (2021: S$1,527,000) due to early termination.

25 PREPAYMENTS

	As at 30 September	
	2022	**2021**
	S$'000	**S$'000**
Prepaid operating expenses:		
Current	**1,894**	1,342
Non-current	**633**	99
	2,527	1,441

26 INVENTORIES

	As at 30 September	
	2022	**2021**
	S$'000	**S$'000**
Finished goods	**136**	90

The cost of inventories included in cost of sales amounted to S$845,000 and S$251,000 for the year ended 30 September 2022 and 2021, respectively.

27 FIXED DEPOSITS

	As at 30 September	
	2022	2021
	S$'000	S$'000
Fixed deposits		
Mature within 3 months	**–**	–
Mature within one year	**1,584**	1,384
	1,584	1,384
Mature after one year	**500**	–

Certain fixed deposits have been pledged to financial institutions for providing banker guarantees facilities as follows:

	As at 30 September	
	2022	2021
	S$'000	S$'000
Pledged fixed deposits		
Mature within 3 months	**–**	–
Mature within one year	**1,568**	1,369
	1,568	1,369

The Group's fixed deposits are denominated in the following currencies:

	As at 30 September	
	2022	2021
	S$'000	S$'000
SGD	**2,022**	1,325
USD	**62**	59
	2,084	1,384

28 CASH AND BANK BALANCES

	As at 30 September	
	2022	2021
	S$'000	S$'000
Cash at banks	**39,665**	36,680
Cash on hand	**62**	106
	39,727	36,786

28 CASH AND BANK BALANCES (CONT'D)

The Group's cash and cash equivalents are denominated in the following currencies:

	As at 30 September	
	2022	2021
	S$'000	**S$'000**
SGD	**35,986**	32,849
USD	**861**	1,064
HKD	**1,603**	1,615
IDR	**357**	430
RMB	**246**	455
THB	**243**	189
MYR	**183**	47
Others	**248**	137
	39,727	36,786

29 RESERVES

	As at 30 September	
	2022	**2021**
	S$'000	**S$'000**
Exchange translation reserve	**(961)**	(847)
Asset valuation reserve	**4,030**	4,612
Fair value reserve	**(1,350)**	(1,350)
Capital reserve	**2,179**	–
Merger reserve	**(30,727)**	(30,727)
Retained profits	**147,237**	108,542
	120,408	80,230
Represented by:		
Distributable	**116,510**	77,815
Non-distributable	**3,898**	2,415
	120,408	80,230

Exchange translation reserve arises from the translation of the financial statements of foreign entities whose functional currencies are different from the presentation currency of this financial statements.

Asset revaluation reserve arises from surplus on revaluation of leasehold properties as at the end of the financial year.

Fair value reserve arises from the fair value movements of financial assets, at FVOCI. Included in the fair value reserves are the fair value losses of S$700,000 arising from the fair value movements of unlisted equity shares at FVOCI held by a subsidiary and fair value losses of S$650,000, which is the Group's proportionate share of the same unlisted equity shares held by a joint venture.

Capital reserve arising from the difference between sale consideration and the carrying value of the share capital issued with the initial public offering of the Group's Logistics business, LHN Logistics Limited on the SGX-ST in the year ended 30 September 2022.

Merger reserve arises from the difference between the purchase consideration and the carrying value of the share capital acquired under the pooling-of-interests method of consolidation in the restructuring exercise undertaken with the intention of the Company's listing on the SGX-ST.

30 SHARE CAPITAL

	As at 30 September			
	2022		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 number of ordinary shares of the Company at the issue price of S$0.3351 were issued following the completion of the placement of shares. 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.

31 COMPANY LEVEL STATEMENT OF CHANGES IN EQUITY

Company	Note	Retained profits S$'000
2021		
As at 1 October 2020		5,473
Profit and total comprehensive income for the year		7,110
Dividends paid	36	(7,019)
As at 30 September 2021		5,564
2022		
As at 1 October 2021		5,564
Profit and total comprehensive income for the year		8,009
Dividends paid	36	(7,143)
As at 30 September 2022		**6,430**

32 TRADE AND OTHER PAYABLES

	As at 30 September	
	2022 S$'000	2021 S$'000
Trade payables:		
– Third parties	**2,614**	5,086
– Associates and Joint venture	**319**	149
Total trade payables *(Note i)*	**2,933**	5,235
Contract liabilities:		
– Advances received from customers	**3,432**	2,298
	3,432	2,298

32 TRADE AND OTHER PAYABLES (CONT'D)

	As at 30 September 2022 S$'000	2021 S$'000
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
Total trade and other payables	**37,115**	35,414
Less non-current portion: other payables	**(21)**	(22)
Total trade and other payables included in current liabilities	**37,094**	35,392

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

The carrying amounts of trade payables approximate their fair values.

(i) As at 30 September 2022 and 2021, the aging analysis of the trade payables based on invoice date is as follows:

	As at 30 September 2022 S$'000	2021 S$'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
	2,933	5,235

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	As at 30 September 2022 S$'000	2021 S$'000
SGD	**33,422**	33,615
USD	**1,740**	388
HKD	**149**	187
IDR	**706**	387
RMB	**585**	449
THB	**246**	205
MYR	**267**	183
	37,115	35,414

33 PROVISIONS

Provision for reinstatement costs were recognised for the expected costs associated with restoring the leased properties by certain subsidiaries upon expiry of leases from landlords to its original condition based on the requirements of the lease contract. Provision for reinstatement costs is the present value of the estimated costs of dismantlement, removal and restoration to be incurred for the leased properties. The provision is based on estimates made from historical data associated with reinstatement works on contracts of similar nature using technology and materials that are currently available.

Movement of the provision accounts are as follows:

	As at 30 September	
	2022 Reinstatement Cost S$'000	2021 Reinstatement Cost S$'000
Balance of financial year	**749**	1,318
Amount utilised for the year	**(11)**	(569)
Amortisation of discount	**1**	–
End of financial year	**739**	749
Presented as:		
Current	**39**	65
Non-current	**700**	684
	739	749

34 BANK BORROWINGS

	As at 30 September	
	2022 S$'000	2021 S$'000
Non-current		
Repayable later than 1 year and no later than 2 years	**18,760**	9,919
Repayable later than 2 years and no later than 5 years	**32,578**	23,742
Repayable later than 5 years	**77,516**	56,161
	128,854	89,822
Current		
Repayable no later than 1 year	**19,319**	11,556
Total bank borrowings	**148,173**	101,378

Total bank borrowings of S$144,650,000 as at 30 September 2022 (2021: S$96,638,000) are secured by (i) legal mortgage of 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 shareholders of certain non-wholly owned subsidiaries of the Company, where applicable.

Interest is charged between 1.38% and 5.70% (2021: between 1.40% and 6.00%) per annum. The interest rate is repriced monthly.

The amount repayable within one year is included under current liabilities whilst the amount repayable after one year is included under non-current liabilities.

34 BANK BORROWINGS (CONT'D)

The Group's bank borrowings are denominated in the following currencies:

	As at 30 September 2022 S$'000	2021 S$'000
SGD	**141,864**	93,682
USD	**4,691**	5,610
RMB	**1,618**	2,086
	148,173	101,378

Carrying amounts and fair values

The carrying amounts of current bank borrowings approximate their fair value. The carrying amounts and fair values of non-current bank borrowings as at 30 September 2022 and 2021 are as follows:

	As at 30 September 2022	
	Carrying Amount S$'000	Fair Value S$'000
Between one and later than 5 years	**128,854**	**129,278**

	As at 30 September 2021	
	Carrying Amount S$'000	Fair Value S$'000
Between one and later than 5 years	89,822	87,263

The table below analyses the maturity profile of the Group's bank borrowings based on contractual undiscounted cash flows:

	Carrying amount S$'000	Contractual cash flows S$'000
As at 30 September 2022		
Less than one year	**19,319**	**23,512**
Between one to two years	**18,760**	**23,270**
Between two to five years	**32,578**	**44,598**
More than five years	**77,516**	**111,740**
	128,854	**179,608**
	148,173	**203,120**
As at 30 September 2021		
Less than one year	11,556	13,983
Between one to two years	9,919	12,297
Between two to five years	23,742	29,593
More than five years	56,161	71,110
	89,822	113,000
	101,378	126,983

35 LEASE LIABILITIES

As at 30 September 2022 and 2021, the Group leases certain properties and plant and machinery from non-related parties.

The amount payable within one year is included under current liabilities whilst that payable after one year is included under non-current liabilities.

	As at 30 September	
	2022	**2021**
	S$'000	**S$'000**
Gross lease liabilities – minimum lease payments		
No later than 1 year	**31,223**	39,496
Later than 1 year and no later than 2 years	**21,342**	24,889
Later than 2 years and no later than 5 years	**27,022**	27,158
Later than 5 years	**5,397**	5,238
	84,984	96,781
Future finance charges on leases	**(3,608)**	(4,445)
Present value of lease liabilities	**81,376**	92,336
The present value of lease liabilities is as follows:		
No later than 1 year	**29,859**	37,706
Later than 1 year and no later than 2 years	**20,476**	23,825
Later than 2 years and no later than 5 years	**26,026**	26,073
Later than 5 years	**5,015**	4,732
	81,376	92,336

The Group's lease liabilities are denominated in the following currencies:

	As at 30 September	
	2022	**2021**
	S$'000	**S$'000**
SGD	**77,439**	88,135
HKD	**44**	288
RMB	**1,510**	1,646
THB	**1,418**	1,494
MYR	**965**	773
	81,376	92,336

(a) Interest expense on lease liabilities in financial year 2022 was S$2,066,000 (2021: S$2,828,000).

(b) Lease expense not capitalised in lease liabilities

	Year ended 30 September	
	2022	**2021**
	S$'000	**S$'000**
Lease expense – short-term leases	**3,019**	4,323
Lease expense – low-value leases	**443**	394
Variable lease payments which do not depends on an index or rate	**2,068**	1,222
	5,530	5,939

35 LEASE LIABILITIES (CONT'D)

(c) Total income from subleasing ROU assets in financial year 2022 was S$22,256,000 (2021: S$21,432,000).

(d) Total cash outflow for all the leases in financial year 2022 was S$47,123,000 (2021: S$48,650,000).

(e) The additions of ROU for leases classified as investment properties and ROU assets in financial year 2022 was S$20,678,000 and S$7,895,000 (2021: S$15,553,000 and S$20,700,000) respectively.

(f) Future cash outflow which are not capitalised in lease liabilities

i. Variable lease payments

The leases for certain properties contain variable lease payments that are based on a percentage of sales generated by the properties ranging from 25% to 90% (2021: 25% to 60%) exceeding certain threshold where applicable, on top of fixed payments. The Group negotiates variable lease payments for a variety of reasons, including minimising the fixed costs base. Such variable lease payments are recognised to profit or loss when incurred and amounted to S$2,068,000 and S$1,222,000 for the financial year ended 30 September 2022 and 2021.

ii. Extension options

The leases for certain properties contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension option. The Group negotiates extension options to optimise operational flexibility in terms of managing the lessor. Had the Group taken up these extension options, the additional future minimum lease payable is S$118,498,000 (2021: S$87,987,000).

36 DIVIDENDS

	Year ended 30 September	
	2022	**2021**
	S$'000	**S$'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**	–
	7,143	7,019

The Board has resolved to recommend a final dividend of S$0.01 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 2023.

37 NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of cash used in purchase of property, plant and equipment

	Year ended 30 September 2022 S$'000	2021 S$'000
Total property, plant and equipment acquired during the year	**8,025**	20,132
Less: Payable of property, plant and equipment	**(84)**	(133)
Less: Capitalised of interest on borrowings	**(112)**	–
Cash used in purchase of property, plant and equipment during the year	**7,829**	19,999

(b) Proceeds from disposal of property, plant, and equipment

	Year ended 30 September 2022 S$'000	2021 S$'000
Net book amount	**64**	153
Gain on disposal of property, plant and equipment	**74**	242
Proceeds from disposal of property, plant and equipment	**138**	395

(c) Reconciliation of cash used in purchase of investment properties

	Year ended 30 September 2022 S$'000	2021 S$'000
Total investment properties acquired during the year	**76,289**	60,634
Less: Additions of right-of-use assets	**(20,678)**	(15,553)
Less: Accrued costs/Deposit paid in prior year	**(7,130)**	(2,684)
Less: Capitalised of interest on borrowings	**(159)**	–
Cash used in purchase of investment properties during the year	**48,322**	42,397

38 COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, excluding those relating to investments in associated companies (Note 18) and investment in a joint venture (Note 19), are as follows:

	As at 30 September 2022 S$'000	2021 S$'000
Investment properties	**5,342**	1,005
Property, plant and equipment	**15,350**	1,884
	20,692	2,889

(b) Lease commitments – where the Group is a lessee

The Group leases property, plant and equipment from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

These lease payments have been recognised as ROU assets and lease liabilities on the balance sheet as at 30 September 2022 and 2021, except for short-term and low value leases which are disclosed in Note 35 (b).

38 COMMITMENTS AND CONTINGENCIES (CONT'D)

(c) Operating lease commitments – where the Group is a lessor

The Group leases out investment properties to non-related parties under non-cancellable operating leases. The lessees are required to pay either absolute fixed annual increase to the lease payments or contingent rents computed based on their sales achieved during the lease period. When considered necessary to reduce the credit risk, the Group may obtain bank guarantees equivalent to few months of the lease payments.

The Group is exposed to changes in the residual value of properties at the end of current lease agreements. The residual value risk born by the Group is mitigated by active management of its property portfolio with the objective of optimising tenant mix in order to:

- achieve the longest weighted average lease term possible;
- minimise vacancy rates across all properties; and
- minimise the turnover of tenants with high quality credit ratings.

Lease agreements may also include a clause requiring the tenant to reinstate the leased space to its original state when the lease expires and the tenant decides not to renew the lease agreement. This contributes to the maintenance of the property and allows for the space to be re-let quickly once a tenant has departed.

The undiscounted lease payments from the operating leases from leased properties and owned investment properties to be received after 30 September 2022 and 2021 is disclosed as follows:

	As at 30 September	
	2022	**2021**
	S$'000	**S$'000**
Operating leases from leased properties		
Not later than one year	**9,854**	15,157
Between one and two years	**142**	2,648
Between two and three years	**61**	16
	10,057	17,821

	As at 30 September	
	2022	**2021**
	S$'000	**S$'000**
Operating leases from owned investment properties		
Not later than one year	**3,434**	2,617
Between one and two years	**281**	116
Between two and three years	**36**	–
	3,751	2,733

(d) Corporate guarantees

The Group has provided corporate guarantees in favour of financial institutions in respect of facilities granted to certain associates and joint ventures amounting to S$84,500,000 (2021: S$73,930,000). As at 30 September 2022, the outstanding amount of guaranteed loans drawn down by the associates and joint ventures amounted to S$67,400,000 (2021: S$62,200,000).

The Group has determined that the corporate guarantees had insignificant fair values as at 30 September 2022 and 2021.

38 COMMITMENTS AND CONTINGENCIES (CONT'D)

(e) Contingent liabilities

On 29 June 2016, the Group's subsidiary, HLA Container Services Pte. Ltd. ("HLACS Singapore") and a third party corporation (the "contracted party") entered into a service agreement for the contracted party to provide container depot services, including container repair services, to HLACS Singapore (the "Services").

Owing to a failure by the contracted party to provide the Services required under the service agreement, HLACS Singapore commenced arbitration proceedings against the contracted party. HLACS Singapore alleged that the contracted party had breached the terms of the service agreement by failing to provide the Services. The contracted party has counterclaimed against HLA in these arbitration proceedings, alleging that HLACS Singapore had unlawfully terminated the service agreement early and is seeking recovery of approximately S$550,000 in damages. Management is of the view that the counter-claim is unlikely to be successful and therefore a contingent liability. Accordingly, no provision is recognised for the counter-claim.

As of the date of this financial statements, the evidential hearing of the arbitration proceedings has concluded and parties have prepared the closing and reply submissions. There is no official conclusion from the arbitration Court.

39 RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the financial statements, the following is a summary of significant related party transactions which, in the opinion of the directors, are entered into the ordinary course of business between the Group and its related parties, and the balances arising from related party transactions.

Name of the related party	Relationship with the Group
Lim Lung Tieng	Executive director and shareholder
Lim Bee Choo	Executive director and shareholder
Work Plus Store (AMK) Pte. Ltd.	A joint venture
Metropolitan Parking Pte. Ltd.	A joint venture
Four Star Industries Pte Ltd	A joint venture
Work Plus Store (Kallang Bahru) Pte. Ltd.	A joint venture
Motorway Automotive Pte. Ltd.	A joint venture
Coliwoo East Pte. Ltd	A joint venture
471 Balestier Pte. Ltd.	A joint venture
Work Plus Store (Kallang) Pte. Ltd.	A subsidiary of the joint venture company of the Group
Metropolitan Parking (BTSC) Pte. Ltd.	An associate
HLA Logistics Pte. Ltd.	An associate
The Bus Hotel Pte. Ltd	An associate
Master Care Services Pte. Ltd.	A non-controlling shareholder of a subsidiary of the Group
Lim Hock San	A non-controlling shareholder of a subsidiary of the Group
Way Assets Pte. Ltd.	A non-controlling shareholder of a subsidiary of the Group

39 RELATED PARTY TRANSACTIONS (CONT'D)

(a) Transactions

	Year ended 30 September	
	2022	**2021**
	S$'000	**S$'000**
Rental and service income from:		
Work Plus Store (AMK) Pte. Ltd.	**719**	820
Metropolitan Parking Pte. Ltd.	**104**	83
Four Star Industries Pte Ltd	**930**	625
Work Plus Store (Kallang Bahru) Pte. Ltd.	**581**	39
Motorway Automotive Pte. Ltd	**214**	116
Coliwoo East Pte Ltd	**123**	–
471 Balestier Pte Ltd	**85**	–
Work Plus Store (Kallang) Pte. Ltd.	**19**	100
HLA Logistics Pte. Ltd.	**1,706**	1,588
Receipts of lease payment from:		
Master Care Services Pte. Ltd.	**336**	332
Auxiliary services from:		
Four Star Industries Pte Ltd	**574**	14
Loan to:		
Work Plus Store (AMK) Pte. Ltd.	**630**	–
Metropolitan Parking Pte. Ltd.	**1,120**	400
Work Plus Store (Kallang Bahru) Pte. Ltd.	**450**	–
Motorway Automotive Pte. Ltd.	**264**	324
Coliwoo East Pte. Ltd	**355**	3,077
471 Balestier Pte Ltd	**2,078**	–
Metropolitan Parking (BTSC) Pte. Ltd.	**120**	590
The Bus Hotel Pte Ltd	**330**	–
Repayment of loan from:		
Four Star Industries Pte Ltd	**14**	1,095
471 Balestier Pte Ltd	**320**	–
Loan from:		
Lim Hock San	**1,329**	–
Way Assets Pte. Ltd.	**1,329**	–
Other transactions with:		
Work Plus Store (AMK) Pte. Ltd.	**308**	268
Metropolitan Parking Pte. Ltd.	**1,107**	853
Work Plus Store (Kallang Bahru) Pte. Ltd.	**289**	117
Motorway Automotive Pte. Ltd.	**70**	100
Coliwoo East Pte. Ltd	**99**	24
Metropolitan Parking (BTSC) Pte. Ltd.	**731**	529

Notes:

i Sales and purchases are made at prices mutually agreed by the relevant parties

ii Terms of services are mutually agreed between the relevant parties

iii Other transactions mainly pertain to interest income, collection and payment on behalf

39 RELATED PARTY TRANSACTIONS (CONT'D)

(b) Year-end balances with related parties

	As at 30 September	
	2022	**2021**
	S$'000	**S$'000**
Amounts due to related parties (Trade)		
Work Plus Store (AMK) Pte. Ltd.	**29**	18
Metropolitan Parking Pte. Ltd.	**97**	72
Metropolitan Parking (BTSC) Pte. Ltd.	**74**	49
Four Star Industries Pte Ltd	**83**	8
Work Plus Store (Kallang Bahru) Pte. Ltd.	**31**	–
Others	**5**	2
Total	**319**	149
Amounts due to related parties (Non-trade)		
Four Star Industries Pte Ltd	**–**	38
Total	**–**	38
Amounts due from related parties (Trade)		
Work Plus Store (AMK) Pte. Ltd.	**141**	150
Work Plus Store (Kallang Bahru) Pte. Ltd.	**93**	41
Metropolitan Parking Pte. Ltd.	**13**	10
Metropolitan Parking (BTSC) Pte. Ltd.	**10**	13
Four Star Industries Pte Ltd	**291**	160
HLA Logistics Pte Ltd	**234**	195
Motorway Automotive Pte. Ltd.	**18**	22
Coliwoo East Pte. Ltd.	**5**	21
Others	**2**	9
Total	**807**	621
Amounts due from related parties (Non-trade)		
Loan to Metropolitan Parking Pte. Ltd.	**1,550**	402
Loan to Metropolitan Parking (BTSC) Pte. Ltd.	**655**	603
Loan to Work Plus Store (Kallang Bahru) Pte. Ltd.	**4,672**	4,095
Loan to Motorway Automotive Pte. Ltd.	**1,250**	954
Loan to Coliwoo East Pte. Ltd.	**3,553**	3,098
Loan to 471 Balestier Pte. Ltd.	**1,812**	–
Loan to The Bus Hotel Pte. Ltd.	**330**	–
Loan to Work Plus Store (AMK) Pte. Ltd.	**636**	–
Total	**14,458**	9,152

The amounts due to related parties (Trade), amounts due to related parties (Non-trade) and amounts due from related parties (Trade) were unsecured, interest-free and repayable on demand.

The amounts due from related parties (Non-trade) were unsecured and interest-bearing at 3% and 3% as at 30 September 2022 and 2021 respectively. They had no fixed terms of repayment and are repayable on demand.

The carrying amounts approximated their fair values and were denominated in Singapore dollars.

(c) Key management compensation

Key management includes Executive Directors, Independent Non-executive Directors, Chief Financial Officer ("CFO") and Executive Officer. The compensation paid or payable to key management for employee services is shown below:

	Year ended 30 September	
	2022	**2021**
	S$'000	**S$'000**
Salaries and other short-term employee benefits	**3,653**	5,051

Other related parties comprise mainly companies which are controlled by the Group's key management personnel and their close family members.

40 EVENTS OCCURRING AFTER BALANCE SHEET DATE

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. On 16 December 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 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.

On 30 November 2022, the Group and its joint venture partner entered into a sale and purchase agreement to sell their collective interests in the joint venture company, Coliwoo East Pte Ltd (the "JV Company"), to a third party for an aggregate consideration of S$46,600,000 plus the closing net asset and, on the occurrence of the hotel room demolition, a deduction of S$388,333. The disposal is still in its preliminary stage and is subject to, among others, approvals from the relevant authorities. Assuming the disposal is completed, the Group expects to recognise an estimated loss of S$1.6 million for its proportionate share and will no longer have any interest in the JV Company.

41 IMPACT OF COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the year ended 30 September 2022:

i. The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

ii. In 2022, the Group has received rental, property tax and cash rebates for its leased and owned properties and also provided similar rebates to its tenants in the Space Optimisation business. The effects of such rebates received/provided are disclosed in Note 7.

iii. The Group has considered the market conditions (including the impact of COVID-19) as at the reporting date, in making estimates and judgements on the fair value of investment properties and recoverability of assets as at 30 September 2022. The significant estimates and judgement applied on the valuation of investment properties and impairment of receivables and property, plant and equipment are disclosed in Notes 3(e) and 4 respectively.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 30 September 2023. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

42 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of LHN Limited on 22 December 2022.

STATISTICS OF SHAREHOLDINGS

AS AT 8 DECEMBER 2022

Number of Ordinary Shares in Issue	:	408,945,400
Number of Subsidiary Holdings Held	:	Nil
Number of Treasury Shares Held	:	Nil
Class of Shares	:	Ordinary
Voting Rights	:	One vote of each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	–	–	–	–
100 – 1,000	65	6.31	47,900	0.01
1,001 – 10,000	302	29.32	2,077,500	0.51
10,0001 – 1,000,000	646	62.72	40,943,300	10.01
1,000,001 AND ABOVE	17	1.65	365,876,700	89.47
TOTAL	**1,030**	**100.00**	**408,945,400**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	134,744,200	32.95
2	HSBC (SINGAPORE) NOMINEES PTE LTD	101,165,600	24.74
3	HKSCC NOMINEES LIMITED	94,524,300	23.11
4	PHILLIP SECURITIES PTE LTD	5,387,300	1.32
5	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	5,283,900	1.29
6	DBS NOMINEES (PRIVATE) LIMITED	4,882,800	1.19
7	RAFFLES NOMINEES (PTE.) LIMITED	3,997,500	0.98
8	IFAST FINANCIAL PTE LTD	2,622,100	0.64
9	TAN CHONG MENG	1,976,600	0.48
10	TAN KIM KOON	1,914,000	0.47
11	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,902,600	0.47
12	UOB KAY HIAN PRIVATE LIMITED	1,574,800	0.39
13	TAN HWAN SHEN SAM (CHEN HUANSEN SAM)	1,265,000	0.31
14	LEE CHEE HONG (LI ZHIHONG)	1,250,000	0.31
15	HO JUAT KENG	1,241,700	0.30
16	TIGER BROKERS (SINGAPORE) PTE. LTD.	1,094,300	0.27
17	BPSS NOMINEES SINGAPORE (PTE.) LTD.	1,050,000	0.26
18	KGI SECURITIES (SINGAPORE) PTE. LTD.	720,200	0.18
19	LAI WENG KAY	699,300	0.17
20	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	695,600	0.17
	TOTAL	**367,991,800**	**90.00**

PUBLIC FLOAT

Based on the information available to the Company as at 8 December 2022, being the latest practicable date prior to the publication of this annual report, approximately 44.67% of the issued ordinary shares of the Company are held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited and Rule 8.08 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Under Singapore Laws and Regulations

	Direct Interest		Deemed Interest	
Name	**Number of shares**	**%**	**Number of shares**	**%**
Kelvin Lim[(2)(3)(4)(5)(6)(7)]	–	–	224,982,600	55.02
Jess Lim[(2)(3)(4)(5)(6)(7)]	4,000,000	0.98	220,982,600	54.04
Trident Trust Company (B.V.I.) Limited[(3)]	–	–	220,982,600	54.04
LHN Capital Pte. Ltd.[(4)]	–	–	220,982,600	54.04
HN Capital Ltd.[(5)]	–	–	220,982,600	54.04
Hean Nerng Group Pte. Ltd.[(6)]	–	–	220,982,600	54.04
Fragrance Ltd.[(7)]	220,982,600	54.04	–	–
Lim Hean Nerng[(7)]	–	–	220,982,600	54.04
Foo Siau Foon[(7)]	–	–	220,982,600	54.04
Lim Yun En[(7)]	–	–	220,982,600	54.04
Lim Wei Yong Matthew[(7)]	–	–	220,982,600	54.04
Lim Wei Yee[(7)]	–	–	220,982,600	54.04
Lin Weichen[(7)]	–	–	220,982,600	54.04
Lim Wei Kheng (Lin Weiqing)[(7)]	–	–	220,982,600	54.04
Lim Yu Yang[(7)]	–	–	220,982,600	54.04
Lim Bee Li[(8)]	–	–	220,982,600	54.04

Notes:

(1) Based on the total issued share capital of 408,945,400 ordinary shares of the Company as at 8 December 2022.

(2) Kelvin Lim and Jess Lim are siblings. They are therefore deemed interested in each other's interests in the Shares of the Company.

(3) Trident Trust Company (B.V.I.) Limited, a licensed trust company incorporated in BVI, holds the entire issued and paid-up share capital in LHN Capital Pte. Ltd. as trustee of The Land Banking Trust in BVI. LHN Capital Pte. Ltd., a company incorporated in Singapore, is the trustee of The LHN Capital Trust in Singapore. LHN Capital Pte. Ltd. holds the entire issued and paid-up share capital in HN Capital Ltd., a company incorporated in BVI. The Land Banking Trust is a discretionary purpose trust with the principal purpose of (a) promoting the operation of the businesses owned directly or indirectly by LHN Capital Pte. Ltd. ("**LHN Capital Business**"); and (b) to enable the operation of the LHN Capital Business in accordance with the terms of the business plan. Accordingly, there are no beneficiaries to The Land Banking Trust. The LHN Capital Trust is a discretionary irrevocable trust which the trustee, LHN Capital Pte. Ltd., has all powers in relation to the property comprised in The LHN Capital Trust as the legal owner of such property, subject to any express restrictions contained in The LHN Capital Trust. The beneficial owners of the property in the trust fund are the beneficiaries of The LHN Capital Trust which comprise Lim Hean Nerng, Foo Siau Foon, Kelvin Lim and Kelvin Lim's direct lineal issues (namely, Lim Yun En, Lim Wei Yong Matthew, Lim Wei Yee, Lin Weichen, Lim Wei Kheng (Lin Weiqing) and Lim Yu Yang) ("**LHN Capital Trust Beneficiaries**"). Trident Trust Company (Singapore) Pte. Limited is the trust administrator of The LHN Capital Trust.

HN Capital Ltd., Jess Lim and Kelvin Lim hold 85.0%, 10.0% and 5.0% respectively of the entire issued and paid-up share capital in Hean Nerng Group Pte. Ltd.. Kelvin Lim and Jess Lim are also directors of Hean Nerng Group Pte. Ltd.. Hean Nerng Group Pte. Ltd. holds the entire issued and paid-up share capital of Fragrance Ltd.. Kelvin Lim and Jess Lim are also directors of Fragrance Ltd..

Fragrance Ltd. has a direct interest in 220,982,600 ordinary shares of the Company.

As Trident Trust Company (B.V.I.) Limited and its associates, namely LHN Capital Pte. Ltd., HN Capital Ltd. and Hean Nerng Group Pte. Ltd., are entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in Fragrance Ltd., Trident Trust Company (B.V.I.) Limited is deemed to have an interest in the issued and paid-up share capital of the Company held by Fragrance Ltd..

(4) Kelvin Lim and Jess Lim are directors of LHN Capital Pte. Ltd.. In connection with footnote (3) above, as LHN Capital Pte. Ltd. and its associates, namely HN Capital Ltd. and Hean Nerng Group Pte. Ltd. are entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in Fragrance Ltd., LHN Capital Pte. Ltd. is deemed to have an interest in the issued and paid-up share capital of the Company held by Fragrance Ltd..

(5) Kelvin Lim and Jess Lim are directors of HN Capital Ltd.. In connection with footnote (3) above, as HN Capital Ltd. and its associate, namely Hean Nerng Group Pte. Ltd., are entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in Fragrance Ltd., HN Capital Ltd. is deemed to have an interest in the issued and paid-up share capital of the Company held by Fragrance Ltd..

(6) Kelvin Lim and Jess Lim are directors of Hean Nerng Group Pte. Ltd.. In connection with footnote (3) above, as Hean Nerng Group Pte. Ltd. is entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in Fragrance Ltd., Hean Nerng Group Pte. Ltd. is deemed to have an interest in the issued and paid-up share capital of the Company held by Fragrance Ltd..

(7) Section 4(3) of the SFA provides that "where any property held in trust consists of or includes securities and a person knows, or has reasonable grounds for believing, that he has an interest under the trust, he shall be deemed to have an interest in those securities". In connection with footnote (3) above and pursuant to Section 4(3) of the SFA, The LHN Capital Trust Beneficiaries are deemed to have an interest in the issued and paid-up share capital of the Company held by Fragrance Ltd..

Notwithstanding that each of Lim Hean Nerng, Foo Siau Foon and Kelvin Lim's direct lineal issues (namely, Lim Yun En, Lim Wei Yong Matthew, Lim Wei Yee, Lin Weichen, Lim Wei Kheng (Lin Weiqing) and Lim Yu Yang), being a beneficiary of The LHN Capital Trust, is deemed to be interested in 15.0% or more of the voting shares of the Company, each of them only receives an economic benefit under The LHN Capital Trust but has no control over the property comprised in The LHN Capital Trust and also does not, in fact, have any voting rights in or exercise control over the Company. Pursuant to the Fourth Schedule of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore ("**SFR**"), a controlling shareholder in relation to a corporation means (a) a person who has an interest in the voting shares of the corporation and who exercises control over the corporation; or (b) a person who has an interest in the voting shares of the corporation of an aggregate of not less than 30% of the total votes attached to all voting shares in the corporation, unless he does not exercise control over the corporation. Accordingly, it is not meaningful to consider them as controlling shareholders of the Company within the meaning of the Fourth Schedule of the SFR.

However, Lim Hean Nerng has been deemed interested in 15.0% or more of the voting shares of the Company through The LHN Capital Trust by virtue of the fact that he was one of the initial founders of the Group, the father of Kelvin Lim and Jess Lim and a settlor of The LHN Capital Trust, as well as by virtue of the fact that he was actively involved in the management and affairs of the Group's business until his retirement from the Group about seven years ago. As such, he was previously considered to be a controlling shareholder under the Catalist Rules ("**SG Controlling Shareholder**").

With effect from FY2022, the Board has made a reassessment of the status of Lim Hean Nerng as a SG Controlling Shareholder and has concluded that there is basis to regard Lim Hean Nerng as not being a SG Controlling Shareholder given that Lim Hean Nerng has retired from the Group and has not been involved in the strategic development, management and operational affairs of the Group for at least the past seven years.

In addition, once The LHN Capital Trust had been established, Lim Hean Nerng had left The LHN Capital Trust to manage and make decisions on the shareholder matters pertaining to the Group and he has not participated in any shareholder meeting nor has he voted or involved himself in any shareholder meetings to make any decisions in relation to the Group.

However, Foo Siau Foon and each of Kelvin Lim's direct lineal issues are considered Substantial Shareholders of the Company because they are deemed interested in the Shares held by Fragrance Ltd., being not less than 5.0% of the total votes attached to all the voting shares of the Company.

However, Kelvin Lim, a beneficiary of The LHN Capital Trust, is also a director of LHN Capital Pte. Ltd., HN Capital Ltd., Hean Nerng Group Pte. Ltd., Fragrance Ltd. and the Company. Accordingly, he is deemed to be able to exercise control over the Company and is deemed to be a SG Controlling Shareholder and a controlling shareholder of the Company within the meaning of the Fourth Schedule of the SFR.

Jess Lim is Kelvin Lim's sibling and is also a director of LHN Capital Pte. Ltd., HN Capital Ltd., Hean Nerng Group Pte. Ltd., Fragrance Ltd. and the Company. Accordingly, she is deemed to be able to exercise control over the Company and is deemed to be a SG Controlling Shareholder and a controlling shareholder of the Company within the meaning of the Fourth Schedule of the SFR.

(8) With effect upon the listing of the Company's shares on the Main Board of the SEHK, Lim Bee Li is considered a SG Controlling Shareholder and controlling shareholder of the Company within the meaning of the Fourth Schedule of the SFR in Singapore. Lim Bee Li is deemed to have an interest in the issued and paid-up capital of the Company held by Fragrance Ltd. by virtue of her position as a SG Controlling Shareholder and a controlling shareholder of the Company within the meaning of the Fourth Schedule of the SFR.

Under Hong Kong Laws and Regulations

The following persons/entities have an interest in the Shares or the underlying Shares which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, were as follows:

Long positions in the Shares and underlying Shares

NAME OF SHAREHOLDER	CAPACITY/ NATURE OF INTEREST	NUMBER OF SHARES HELD/INTERESTED	APPROXIMATE PERCENTAGE OF SHAREHOLDING AS AT 30 SEPTEMBER 2022
Fragrance Ltd.(1)(2)	Beneficial owner	220,982,600	54.04%
Wang Jialu(1)(3)	Deemed interest by virtue of interest held by spouse	220,982,600	54.04%
Hean Nerng Group Pte. Ltd.(1)(2)	Interest in a controlled corporation	220,982,600	54.04%
HN Capital Ltd.(1)(2)	Interest in a controlled corporation	220,982,600	54.04%
LHN Capital Pte. Ltd.(1)(2)	Trustee	220,982,600	54.04%
Trident Trust Company (B.V.I.) Limited(1)(2)	Trustee	220,982,600	54.04%
Lim Hean Nerng(1)(2)	Founder of discretionary trusts	220,982,600	54.04%
Foo Siau Foon(1)(2)	Founder of discretionary trusts	220,982,600	54.04%

Notes:

(1) Fragrance Ltd., which is wholly-owned by Hean Nerng Group Pte. Ltd., which in turn is owned as to 5% by Kelvin Lim, 10% by Jess Lim and 85% by HN Capital Ltd., is the beneficial owner of 220,982,600 Shares. By virtue of the SFO, Kelvin Lim, Wang Jialu, Hean Nerng Group Pte. Ltd., HN Capital Ltd., LHN Capital Pte. Ltd., Trident Trust Company (B.V.I.) Limited, Lim Hean Nerng and Foo Siau Foon are deemed to be interested in all of the Shares held by Fragrance Ltd..

(2) Lim Hean Nerng, Foo Siau Foon and Kelvin Lim are the founders of The LHN Capital Trust and The Land Banking Trust. Trident Trust Company (B.V.I.) Limited, in its capacity as the trustee of The Land Banking Trust, holds the entire issued share capital of LHN Capital Pte. Ltd.. LHN Capital Pte. Ltd., in its capacity as the trustee of The LHN Capital Trust, holds the entire issued share capital of HN Capital Ltd., which in turn holds 85% of the total issued share capital of Hean Nerng Group Pte. Ltd.. Hean Nerng Group Pte. Ltd. holds the entire issued share capital of Fragrance Ltd.. Lim Hean Nerng, Foo Siau Foon and Kelvin Lim are deemed under the SFO to be interested in the Shares held by Trident Trust Company (B.V.I.) Limited and LHN Capital Pte. Ltd.. Trident Trust Company (B.V.I.) Limited is deemed under the SFO interested in the interests held by LHN Capital Pte. Ltd.. LHN Capital Pte. Ltd. is deemed under the SFO interested in the interests held by HN Capital Ltd.. HN Capital Ltd. is deemed under the SFO interested in the interests held by Hean Nerng Group Pte. Ltd.. Hean Nerng Group Pte. Ltd. is deemed under the SFO interested in the interests held by Fragrance Ltd..

(3) Wang Jialu, the spouse of Kelvin Lim, is deemed under the SFO to be interested in the interests held by Kelvin Lim.

Save as disclosed above, as at 30 September 2022, the Directors are not aware of any other person who had an interest or a short position in any Shares which would be required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

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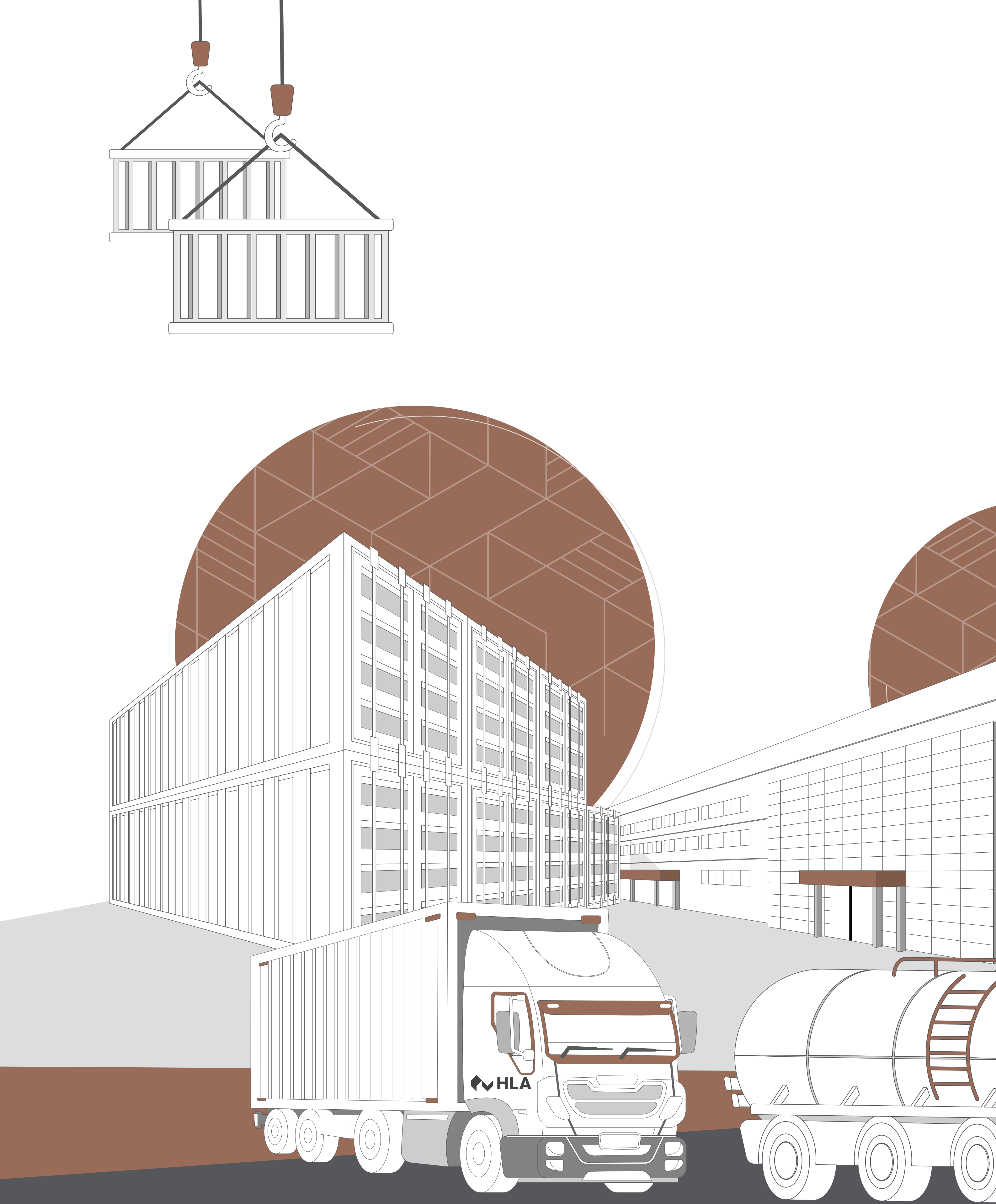

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