

LHN LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 201420225D

PART I - INFORMATION REQUIRED FOR HALF-YEAR AND FULL YEAR ANNOUNCEMENT

- 1(a) (i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 MARCH 2020

	Group		
	Six months ended 31 March		Change
	2020 (unaudited)	2019 (unaudited)	
	S\$'000	S\$'000	
Revenue	51,619	53,599	(3.7)
Cost of sales	(29,703)	(41,422)	(28.3)
Gross profit	21,916	12,177	80.0
Other income	2,757	1,806	52.7
Other operating expenses	(641)	(190)	>100
Selling and distribution expenses	(751)	(676)	11.1
Administrative expenses	(13,185)	(11,173)	18.0
Finance cost	(2,576)	(569)	>100
Share of results of associates and joint ventures, net of tax	579	1,953	(70.4)
Fair value losses on investment properties	(4,317)	-	NM
Profit before income tax	3,782	3,328	13.6
Income tax expense	(315)	(232)	35.8
Profit for the period	3,467	3,096	12.0
Other comprehensive (loss)/income			
<u>Item that will be reclassified subsequently to profit or loss</u>			
Currency translation differences arising from consolidation	(26)	27	NM
<u>Item that will not be reclassified subsequently to profit or loss</u>			
Financial assets, at FVOCI			
- Fair value gain – equity investment	13	-	NM
Share of other comprehensive income of joint venture	4	14	(71.4)
Other comprehensive (loss)/income	(9)	41	NM
Total comprehensive income for the period	3,458	3,137	10.2
Profit attributable to:			
Equity holders of the Company	3,176	2,815	12.8
Non-controlling interests	291	281	3.6
Profit for the period	3,467	3,096	12.0
Total comprehensive income attributable to:			
Equity holders of the Company	3,184	2,854	11.6
Non-controlling interests	274	283	(3.2)
Total comprehensive income for the period	3,458	3,137	10.2
NM – Not Meaningful			

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

	Group	
	Six months ended	
	31 March	
	2020	2019
	(unaudited)	(unaudited)
	S\$'000	S\$'000
Depreciation of right-of-use assets	5,964	-
Depreciation of property, plant and equipment	4,246	2,978
Amortisation of intangible assets	34	34
Interest income on bank deposits and loans	(100)	(183)
Interest income on lease receivables	(659)	-
Finance cost		
- on borrowings	810	484
- on finance leases from hire purchase arrangement	-	85
- on lease liabilities from hire purchase arrangement	93	-
- on lease liabilities from lease arrangement	1,673	-
Allowance for impairment of trade and other receivables	197	171
Provision for losses from onerous contract	270	-
Foreign exchange loss/(gain), net	174	(129)
Loss/(gain) on disposal of property, plant and equipment, net	39	(84)
Property, plant and equipment written off	39	7
Gains from net investment in subleases	(433)	-
Fair value losses		
- on investment properties	507	-
- on investment properties (right-of-use)	3,810	-

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

Statements of Financial Position

	Group		Company	
	As At 31 March 2020 (unaudited)	As At 30 September 2019 (audited)	As At 31 March 2020 (unaudited)	As At 30 September 2019 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	48,396	37,435	-	-
Investment properties	108,044	67,309	-	-
Right-of-use assets	34,614	-	-	-
Intangible assets	74	108	-	-
Financial assets, at FVOCI	700	492	-	-
Investment in subsidiaries	-	-	32,727	32,727
Investment in associates	271	306	-	-
Investment in joint ventures	18,069	17,215	-	-
Deferred tax assets	159	341	-	-
Long-term prepayments	188	322	8	9
Lease receivables	27,770	-	-	-
Other asset	13,245	12,709	-	-
	251,530	136,237	32,735	32,736
Current assets				
Inventories	47	3	-	-
Trade and other receivables	16,834	17,581	31,607	30,076
Loans to joint ventures	5,828	2,432	-	-
Prepayments	3,124	3,338	38	53
Lease receivables	15,223	-	-	-
Cash and bank balances	18,140	18,218	2,087	1,745
Fixed deposits	4,991	9,135	-	2,515
	64,187	50,707	33,732	34,389
TOTAL ASSETS	315,717	186,944	66,467	67,125
EQUITY				
Capital and Reserves				
Share capital	63,407	63,407	63,407	63,407
Reserves	39,631	31,936	2,477	2,953
	103,038	95,343	65,884	66,360
Non-controlling interests	1,690	1,537	-	-
TOTAL EQUITY	104,728	96,880	65,884	66,360

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

Statements of Financial Position (Cont'd)

	Group		Company	
	As At 31 March 2020 (unaudited)	As At 30 September 2019 (audited)	As At 31 March 2020 (unaudited)	As At 30 September 2019 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	3,229	533	-	-
Other payables	20	34	-	-
Provisions	53	1,091	-	-
Finance lease liabilities	-	3,476	-	-
Bank borrowings	49,905	41,134	-	-
Lease liabilities	79,834	-	-	-
	133,041	46,268	-	-
Current liabilities				
Trade and other payables	28,200	32,701	515	665
Provisions	1,622	1,466	-	-
Finance lease liabilities	-	2,157	-	-
Bank borrowings	11,923	7,009	-	-
Lease liabilities	35,246	-	-	-
Current income tax liabilities	957	463	68	100
	77,948	43,796	583	765
TOTAL LIABILITIES	210,989	90,064	583	765
TOTAL EQUITY AND LIABILITIES	315,717	186,944	66,467	67,125

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

	Group	
	As At 31 March 2020 (unaudited) S\$'000	As At 30 September 2019 (audited) S\$'000
Amount repayable in one year or less (secured and guaranteed)		
- Bank borrowings	11,923	7,009
- Finance lease liabilities	-	2,157
- Lease liabilities	35,246	-
	47,169	9,166
Amount repayable after one year (secured and guaranteed)		
- Bank borrowings	49,905	41,134
- Finance lease liabilities	-	3,476
- Lease liabilities	79,834	-
	129,739	44,610
Total borrowings	176,908	53,776

The Group does not have any unsecured borrowings and debt securities as at 31 March 2020 and 30 September 2019.

Details of any collaterals:

- Bank borrowings of approximately S\$61.8 million as at 31 March 2020 (30 September 2019 – S\$48.1 million) obtained by our subsidiaries are secured by (i) legal mortgage of leasehold properties at 72 Eunos Avenue 7, 100 Eunos Avenue 7, 71 Lorong 23 Geylang (the **"Geylang Property"**) and 7 Gul Avenue; (ii) corporate guarantees provided by the Group; (iii) assignment of rental proceeds of the mortgaged properties; and (iv) personal guarantees provided by directors and shareholders of certain non-wholly owned subsidiaries of the Company, who are not controlling shareholders of the Company (the **"Subsidiaries Directors"**), where applicable.
- Certain lease liabilities of the Group are secured by the underlying assets of certain plant and machinery, logistics equipment and motor vehicles, personal guarantees provided by the Subsidiaries Directors and corporate guarantees provided by the Group.

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1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.
Consolidated Statement of Cash Flows for Half Year Ended 31 March 2020

	Group	
	Six months ended 31 March	
	2020 (unaudited)	2019 (unaudited)
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit before income tax	3,782	3,328
Share of results of associates and joint ventures, net of tax	(579)	(1,953)
Adjustments for:		
Amortisation of intangible assets	34	34
Depreciation of property, plant and equipment	4,246	2,978
Depreciation of right-of-use assets	5,964	-
Loss/(gain) on disposal of property, plant and equipment	39	(84)
Property, plant and equipment written off	39	7
Fair value losses on investment properties	4,317	-
Gain from net investment in subleases	(433)	-
Bad and doubtful debts	197	171
Provision for losses from onerous contract	270	-
Finance income	(759)	(183)
Finance cost	2,576	569
Operating profit before working capital changes	19,693	4,867
Changes in working capital:		
-Inventories	(44)	(49)
-Trade and other receivables	(388)	(1,265)
-Trade and other payables	(1,683)	1,351
Cash generated from operations	17,578	4,904
Interest expense paid	-	(2)
Income tax paid	(414)	(790)
Income tax refunded	825	905
Net cash generated from operating activities	17,989	5,017
Cash flows from investing activities:		
Additions to property, plant and equipment	(19,602)	(7,399)
Additions to investment properties	(21)	(18,833)
Purchase of financial assets, at FVOCI	-	(42)
Additions to other asset	(128)	(8,487)
Cash outflow on acquisition of joint venture	(500)	-
Proceeds from disposal of property, plant and equipment	253	84
Disposal of financial assets, at FVOCI	330	-
(Loans to)/repayment from joint ventures, net	(3,525)	4,320
Dividend from associate	264	98
Interest received	213	42
Net cash used in investing activities	(22,716)	(30,217)
Cash flows from financing activities:		
Repayment of finance lease	(1,127)	(987)
Decrease/(increase) in fixed deposits - pledged	4,710	(33)
Proceeds from bank borrowings	17,761	28,137
Repayment of bank borrowings	(3,729)	(5,342)
Repayment of lease liabilities	(15,731)	-
Refund of capital to non-controlling shareholder	(1)	-
Receipts from lease receivables	7,472	-
Interest received from lease receivables	658	-
Interest expense paid	(2,612)	(565)
Dividend paid	(2,043)	-
Dividend paid to non-controlling shareholder	(120)	-
Net cash generated from financing activities	5,238	21,210

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

Consolidated Statement of Cash Flows for Half Year Ended 31 March 2020 (Cont'd)

	Group	
	Six months ended 31 March	
	2020 (unaudited) S\$'000	2019 (unaudited) S\$'000
Net increase/(decrease) in cash and cash equivalents	511	(3,990)
Cash and cash equivalents at beginning of period	21,300	20,667
Exchange (losses)/gains on cash and cash equivalents	(23)	15
Cash and cash equivalents at end of period	21,788	16,692
Consolidated cash and cash equivalents comprise:		
Cash and bank balances	18,140	14,315
Fixed deposits	4,991	7,227
	23,131	21,542
Less: Pledged fixed deposits	(1,343)	(4,714)
Less: Bank overdrafts	-	(136)
Cash and cash equivalents as per consolidated statement of cash flows	21,788	16,692

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

Statements of Changes in Equity

GROUP (unaudited)	Share capital	Retained profits	Merger reserve	Other reserve	Asset revaluation reserve	Exchange translation reserve	Total attributable to equity holders of the Company	Non- controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 30 September 2018	63,407	51,835	(30,727)	269	3,680	(930)	87,534	972	88,506
Adoption of IFRS 9	-	(434)	-	-	-	-	(434)	-	(434)
Balance at 1 October 2018	63,407	51,401	(30,727)	269	3,680	(930)	87,100	972	88,072
Profit for the period	-	2,815	-	-	-	-	2,815	281	3,096
Other comprehensive income	-	-	-	-	14	25	39	2	41
Total comprehensive income for the period	-	2,815	-	-	14	25	2,854	283	3,137
Balance at 31 March 2019	63,407	54,216	(30,727)	269	3,694	(905)	89,954	1,255	91,209

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

Statements of Changes in Equity (Cont'd)

GROUP (unaudited)	Share capital	Retained profits	Merger reserve	Other reserve	Fair value reserve	Asset revaluation reserve	Exchange translation reserve	Total attributable to equity holders of the Company	Non- controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 30 September 2019	63,407	59,587	(30,727)	269	-	3,711	(904)	95,343	1,537	96,880
Adoption of IFRS 16	-	6,554	-	-	-	-	-	6,554	-	6,554
Balance at 1 October 2019	63,407	66,141	(30,727)	269	-	3,711	(904)	101,897	1,537	103,434
Dividend paid	-	(2,043)	-	-	-	-	-	(2,043)	(120)	(2,163)
Refund of capital to non-controlling shareholder	-	-	-	-	-	-	-	-	(1)	(1)
Transfer upon disposal of equity investment	-	13	-	-	(13)	-	-	-	-	-
Profit for the period	-	3,176	-	-	-	-	-	3,176	291	3,467
Other comprehensive income/(loss)	-	-	-	-	13	4	(9)	8	(17)	(9)
Total comprehensive income/(loss) for the period	-	3,176	-	-	13	4	(9)	3,184	274	3,458
Balance at 31 March 2020	63,407	67,287	(30,727)	269	-	3,715	(913)	103,038	1,690	104,728

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

Statements of Changes in Equity (Cont'd)

COMPANY (unaudited)	Share capital S\$'000	Retained profits S\$'000	Total S\$'000
Balance at 1 October 2018	63,407	887	64,294
Total comprehensive income for the period	-	52	52
Balance at 31 March 2019	63,407	939	64,346
Balance at 1 October 2019	63,407	2,953	66,360
Dividend paid	-	(2,043)	(2,043)
Total comprehensive income for the period	-	1,567	1,567
Balance at 31 March 2020	63,407	2,477	65,884

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

As at 31 March 2020 and 30 September 2019, the share capital of the Company amounted to S\$63,406,836 comprising 402,445,400 issued ordinary shares.

The Company did not have any outstanding options, treasury shares, convertibles or subsidiary holdings as at 31 March 2020 and 31 March 2019.

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

The total number of issued ordinary shares (excluding treasury shares) as at 31 March 2020 and 30 September 2019 was 402,445,400.

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

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

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

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

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

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

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

Not applicable.

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

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

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

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

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

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

Save as disclosed in paragraph 5 below, the Group and the Company have applied the same accounting policies and methods of computation in preparation of the financial statements for the current financial period ended 31 March 2020 compared with the audited financial statements for the financial year ended 30 September 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the following new accounting standards, amendment and interpretation to existing standards which are mandatory for accounting periods beginning on or after 1 January 2019.

International Financial Reporting Standard 16 - Leases ("IFRS 16")

The Group has applied IFRS 16 from the mandatory adoption date of 1 October 2019. The Group applied the modified transition approach and has not restated comparative amounts for the year prior to first adoption.

Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Right-of-use assets which meet the definition of investment property will be included under "Investment properties".

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

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

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The effects of adoption of IFRS 16 on the Group's financial statements are as follows:

Balance Sheet	As at 30 September 2019	Effects of adoption of IFRS 16	As at 1 October 2019
The Group	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>			
Investment properties	67,309	40,790	108,099
Property, plant and equipment	37,435	(4,837)	32,598
Right-of-use assets	-	31,928	31,928
Deferred tax assets	341	(245)	96
Long-term prepayments	322	(95)	227
Lease receivables	-	32,824	32,824
	105,407	100,365	205,772
<u>Current assets</u>			
Trade and other receivables	17,581	(502)	17,079
Prepayments	3,338	(48)	3,290
Lease receivables	-	14,745	14,745
	20,919	14,195	35,114
	126,326	114,560	240,886
<u>Retained profits</u>	59,587	6,554	66,141
<u>Non-current liabilities</u>			
Deferred tax liabilities	533	3,068	3,601
Provisions	1,091	(386)	705
Finance lease liabilities	3,476	(3,476)	-
Lease liabilities	-	82,013	82,013
	5,100	81,219	86,319
<u>Current liabilities</u>			
Trade and other payables	32,701	(3,888)	28,813
Provisions	1,466	(366)	1,100
Finance lease liabilities	2,157	(2,157)	-
Lease liabilities	-	33,198	33,198
	36,324	26,787	63,111
	41,424	108,006	149,430

Profit or Loss	(unaudited) (IAS 17 basis) Six months ended 31 March 2020	Effects of adoption of IFRS 16	(IFRS 16 basis) Six months ended 31 March 2020
The Group	S\$'000	S\$'000	S\$'000
Revenue	59,632	(8,013)	51,619
Cost of sales	(40,795)	11,092	(29,703)
Gross profit	18,837	3,079	21,916
Other income	1,665	1,092	2,757
Other operating expenses	(641)	-	(641)
Selling and distribution expenses	(751)	-	(751)
Administrative expenses	(13,723)	538	(13,185)
Finance cost	(903)	(1,673)	(2,576)
Share of results of associates and joint ventures, net of tax	560	19	579
Fair value losses on investment properties	(507)	(3,810)	(4,317)
Profit before income tax	4,537	(755)	3,782

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

	Group	
	Six months Ended 31 March	
	2020 (unaudited)	2019 (unaudited)
<u>Earnings per ordinary share</u>		
(i) Based on weighted average number of ordinary shares in issue (Singapore Cents)	0.79	0.70
(ii) On a fully diluted basis (Singapore Cents)	0.79	0.70
Weighted average number of shares (in '000)	402,445	402,445

The basic and diluted earnings per share are the same as there were no potentially dilutive ordinary securities in issue as at 31 March 2020 and 31 March 2019.

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

	Group		Company	
	As at 31 March 2020 (unaudited)	As at 30 September 2019 (audited)	As at 31 March 2020 (unaudited)	As at 30 September 2019 (audited)
Net asset attributable to Shareholders (S\$ '000)	103,038	95,343	65,884	66,360
Number of ordinary shares in issue (in '000)	402,445	402,445	402,445	402,445
Net asset value per ordinary share (Singapore Cents)	25.60	23.69	16.37	16.49

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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review on Group's Financial Results

For the period six months ended 31 March 2020 ("1H2020") vs six months ended 31 March 2019 ("1H2019")

Revenue

	1H2020 S\$'000 (unaudited)	1H2019 S\$'000 (unaudited)	Variance	
			S\$'000	%
Industrial Properties	15,290	19,390	(4,100)	(21.1)
Commercial Properties	8,813	10,578	(1,765)	(16.7)
Residential Properties	5,058	1,283	3,775	294.2
Space Optimisation Business	29,161	31,251	(2,090)	(6.7)
Facilities Management Business	9,714	10,537	(823)	(7.8)
Logistics Services Business	12,744	11,811	933	7.9
Total	51,619	53,599	(1,980)	(3.7)

The Group's revenue decreased by approximately S\$2.0 million or 3.7% from approximately S\$53.6 million in 1H2019 to approximately S\$51.6 million in 1H2020 primarily due to the decrease in revenue from (i) the Industrial Properties and Commercial Properties under the Space Optimisation Business; and (ii) the Facilities Management Business. The decrease was partially offset by the increase in revenue from the Residential Properties under the Space Optimisation Business and Logistics Services Business.

(a) Space Optimisation Business
Industrial Properties

Revenue derived from Industrial Properties decreased by approximately S\$4.1 million or 21.1% from approximately S\$19.4 million in 1H2019 to approximately S\$15.3 million in 1H2020 mainly due to derecognition of revenue of approximately S\$5.1 million from subleases classified as finance lease and the net gain was recognised to retained earnings on 1 October 2019 upon adoption of IFRS 16.

The decrease was partially offset by (i) increase in rental income as a result of higher occupancy rates; and (ii) the contribution of rental income from one new property acquired and tenanted since the second quarter of our financial year ended 30 September 2019 ("FY2019").

The average occupancy rate of the Group's Industrial Properties increased by 2.1 percentage points to approximately 89.9% in 1H2020 as compared to 87.8% in 1H2019.

Commercial Properties

Revenue derived from Commercial Properties decreased by approximately S\$1.8 million or 16.7% from approximately S\$10.6 million in 1H2019 to approximately S\$8.8 million in 1H2020 mainly due to (i) the movement of tenants due to expiry of subleases; (ii) renewal of subleases at lower rate; and (iii) derecognition of revenue of approximately S\$0.8 million from subleases classified as finance lease and the net gain was recognised to retained earnings on 1 October 2019 upon adoption of IFRS 16.

The average occupancy rate of the Group's Commercial Properties decreased by 6.0 percentage points to approximately 84.5% in 1H2020 as compared to 90.5% in 1H2019.

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Residential Properties

Revenue derived from Residential Properties increased by approximately S\$3.8 million or 294.2% from approximately S\$1.3 million in 1H2019 to approximately S\$5.1 million in 1H2020 mainly due to increase in (i) revenue of approximately S\$3.2 million mainly from the co-work co-live business at 31 Boon Lay Drive Singapore which started to generate revenue from the second quarter of FY2019; and (ii) revenue of approximately S\$0.6 million from our new serviced residence project in Myanmar which started to generate revenue in the fourth quarter of FY2019.

Besides the above projects, our co-work co-live business at 150 Cantonment had also started to generate revenue from the third quarter of FY2019. However, there was no increase in revenue recorded for this project in 1H2020 as compared to 1H2019 due to the adoption of IFRS 16 as revenue of approximately S\$2.1 million in 1H2020 was derecognised from subleases classified as finance lease and the net gain was recognised to retained earnings on 1 October 2019.

(b) Facilities Management Business

Revenue derived from our Facilities Management Business decreased by approximately S\$0.8 million or 7.8% from approximately S\$10.5 million in 1H2019 to approximately S\$9.7 million in 1H2020 mainly due to the absence of revenue of approximately S\$2.6 million from the security services business as a result of the completion of the disposal of the security services business as disclosed in the announcement dated 31 May 2019. This was partially offset by the increase in (i) revenue of approximately S\$1.5 million from the management of new carparks in Singapore and Hong Kong; and (ii) revenue of approximately S\$0.3 million from the increase in facilities management services provided.

(c) Logistics Services Business

Revenue derived from our Logistics Services Business increased by approximately S\$0.9 million or 7.9% from approximately S\$11.8 million in 1H2019 to approximately S\$12.7 million in 1H2020 mainly due to increase in transportation services provided from the trucking business and an increase in demand for storage and repairs of leasing containers in Thailand.

Cost of Sales

Cost of sales decreased by approximately S\$11.7 million or 28.3% from approximately S\$41.4 million in 1H2019 to approximately S\$29.7 million in 1H2020.

The decrease was mainly due to decrease in (i) direct labour costs of approximately S\$2.1 million from a decrease in manpower cost under the Facilities Management Business as a result of the disposal of the security services business which was completed in May 2019; and (ii) rental costs of approximately S\$17.1 million due to the adoption of IFRS 16, of which approximately S\$5.9 million has been recognised as depreciation of right-of-use assets, S\$3.8 million has been recognised as fair value loss on investment properties (right-of-use) and the remaining balance was largely due to the derecognition of rental cost to retained earnings as a result of subleases classified as finance lease and fair value loss to retained earnings upon adoption of IFRS 16 on 1 October 2019.

The decrease was partially offset by the increase in (i) depreciation of right-of-use assets of approximately S\$5.9 million due to adoption of IFRS 16; (ii) upkeep and maintenance costs of approximately S\$1.3 million mainly from the Facilities Management Business and Logistics Services Business in line with the increase in revenue (excluding the impact of the absence of revenue contribution from the security services business); and (iii) depreciation of property, plant and equipment of approximately S\$0.3 million.

Gross Profit

In view of the above mentioned, gross profit increased by approximately S\$9.7 million from approximately S\$12.2 million in 1H2019 to approximately S\$21.9 million in 1H2020.

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Other Income

Other income increased by approximately S\$1.0 million or 52.7% from approximately S\$1.8 million in 1H2019 to approximately S\$2.8 million in 1H2020 mainly due to the increase in (i) forfeiture of tenants' deposit of approximately S\$0.4 million; (ii) interest income of approximately S\$0.6 million mainly arising from the interest charged on lease receivables upon the adoption of IFRS 16; and (iii) gains from subleases of approximately S\$0.4 million upon the adoption of IFRS 16 which were derived based on differences between the right-of-use asset derecognised and the net investment in sublease. These were partially offset by the (i) decrease in government grants of approximately S\$0.2 million; (ii) the absence of foreign exchange gain of approximately S\$0.1 million recognised in 1H2019; and (iii) the absence of gain on disposal of property, plant and equipment of approximately S\$0.1 million recognised in 1H2019.

Other Operating Expenses

Other operating expenses increased by approximately S\$0.4 million or 237.4% from approximately S\$0.2 million in 1H2019 to approximately S\$0.6 million in 1H2020 mainly due to (i) provision of losses from onerous contracts of approximately S\$0.2 million under the Industrial Properties for which the costs to meet the obligations are expected to exceed the economic benefits to be received under them; and (ii) foreign exchange losses of approximately S\$0.2 million in 1H2020.

Selling and Distribution Expenses

Selling and distribution expenses increased by approximately S\$0.1 million or 11.1% from approximately S\$0.7 million in 1H2019 to approximately S\$0.8 million in 1H2020 mainly due to increase in advertising and marketing expenses of approximately S\$0.1 million.

Administrative Expenses

Administrative expenses increased by approximately S\$2.0 million or 18.0% from approximately S\$11.2 million in 1H2019 to approximately S\$13.2 million in 1H2020 mainly due to increase in (i) depreciation of property, plant and equipment of approximately S\$0.9 million arising from the Residential Properties; (ii) staff costs of approximately S\$0.9 million mainly from the Space Optimisation Business which is in line with the increase in revenue from the Residential Properties business; and (iii) miscellaneous expenses of approximately S\$0.2 million.

Finance Cost

Finance cost increased by approximately S\$2.0 million or 352.7% from approximately S\$0.6 million in 1H2019 to approximately S\$2.6 million in 1H2020 mainly due to (i) increased interest expenses of approximately S\$0.3 million due to the increase in bank borrowings; and (ii) interest expenses on lease liabilities of approximately S\$1.7 million as a result of the adoption of IFRS 16.

Share of Results of Associates and Joint Ventures

Share of results of associates and joint ventures decreased by approximately S\$1.4 million or 70.4% from approximately S\$2.0 million in 1H2019 to approximately S\$0.6 million in 1H2020 mainly due to (i) decrease in share of operating profits of approximately S\$0.1 million in 1H2020; and (ii) fair value loss on investment property of approximately S\$0.2 million in 1H2020 as compared to a net fair value gain on investment properties of approximately S\$1.1 million in 1H2019.

Fair Value Losses on Investment Properties

Fair value losses on investment properties in 1H2020 arose mainly from a decrease in valuation of an industrial property in Singapore of approximately S\$0.5 million and from our investment properties (right-of-use) of approximately S\$3.8 million which was recognised as a result of the adoption of IFRS 16.

Profit before Income Tax

As a result of the aforementioned, the Group's profit before income tax increased by approximately S\$0.5 million or 13.6% from approximately S\$3.3 million in 1H2019 to approximately S\$3.8 million in 1H2020.

Income Tax Expense

Income tax expenses increased by approximately S\$0.1 million or 35.8% from approximately S\$0.2 million in 1H2019 to approximately S\$0.3 million in 1H2020 mainly due to higher taxable profit.

Profit for the Period

As a result of the above, the Group's net profit increased by approximately S\$0.4 million or 12.0% from approximately S\$3.1 million in 1H2019 to approximately S\$3.5 million in 1H2020.

Review of Statements of Financial Position**Non-current assets**

Non-current assets increased by approximately S\$115.3 million from approximately S\$136.2 million as at 30 September 2019 to approximately S\$251.5 million as at 31 March 2020 mainly due the factors as set out below:

Property, plant and equipment ("PPE") increased by approximately S\$11.0 million due to additions amounting to approximately S\$20.4 million mainly for renovation costs for our new student hostel project in Singapore and hotel project in China under the Space Optimisation Business and the purchase of property at 7 Gul Avenue under the Logistics Services Business. This was partially offset by depreciation of PPE of approximately S\$4.2 million and the net derecognition of PPE of approximately S\$5.0 million to retained earnings on 1 October 2019 upon the adoption of IFRS 16.

Investment properties increased by approximately S\$40.7 million mainly due to additions of investment properties (right-of-use) of approximately S\$48.0 million upon the adoption of IFRS 16, partially offset by fair value losses of approximately S\$4.3 million, derecognition of investment properties (right-of-use) to net investment in subleases of approximately S\$2.3 million and foreign currency translation losses of approximately S\$0.7 million.

Right-of-use assets of approximately S\$34.6 million was recognised due to adoption of IFRS 16.

Financial assets, at fair value through other comprehensive income ("FVOCI") increased by approximately S\$0.2 million mainly from additional investment in a company principally engaged in the provision of storage solutions of approximately S\$0.5 million. This was partially offset by the disposal of another financial asset, at FVOCI of approximately S\$0.3 million.

Investment in associates and joint ventures increased by approximately S\$0.8 million mainly arising from the share of profit of associates and joint ventures recognised for 1H2020 of approximately S\$0.6 million and injection of share capital of S\$0.5 million into a joint venture company in 1H2020. This was partially offset by dividends received from an associate of approximately S\$0.3 million.

Lease receivables of approximately S\$27.8 million was recognised due to the recognition of receivables from subleases upon adoption of IFRS 16.

Other asset increased by approximately S\$0.5 million mainly due to foreign currency translation gains.

The increase in non-current assets was partially offset by a decrease in (i) prepayment of approximately S\$0.1 million; and (ii) deferred tax assets of approximately S\$0.2 million.

Current assets

Current assets increased by approximately S\$13.5 million from approximately S\$50.7 million as at 30 September 2019 to approximately S\$64.2 million as at 31 March 2020 mainly due to the factors as set out below.

Trade and other receivables decreased by approximately S\$0.7 million mainly due to (i) decrease in other receivables of approximately S\$0.5 million which was largely due to the capitalisation of deposit paid upon the completion of acquisition of 7 Gul Avenue property; and (ii) increase in allowance for impairment of trade receivables of approximately S\$0.2 million.

Loans to joint ventures increased by approximately S\$3.4 million mainly due to loans to our joint venture companies of approximately S\$1.4 million for working capital and approximately S\$2.0 million partial payment for the acquisition of an industrial property in Singapore under Work Plus Store (Kallang Bahru) Pte. Ltd..

Lease receivables of approximately S\$15.2 million was recognised due to the recognition of receivables from subleases upon adoption of IFRS 16.

Prepayments decreased by approximately S\$0.2 million.

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Cash and bank balances and fixed deposits decreased by approximately S\$4.2 million.

Non-current liabilities

Non-current liabilities increased by approximately S\$86.7 million from approximately S\$46.3 million as at 30 September 2019 to approximately S\$133.0 million as at 31 March 2020 mainly due to the factors as set out below.

Bank borrowings increased by approximately S\$8.7 million mainly for the purchase of property at 7 Gul Avenue under our Logistics Services Business.

Lease liabilities increased by approximately S\$79.8 million due to the adoption of IFRS 16 which includes the recognition of liabilities payable to landlords for lease arrangements of approximately S\$76.6 million and reclassification from finance lease liabilities of approximately S\$3.5 million less repayment of approximately S\$0.3 million during 1H2020.

Deferred tax liabilities increased by approximately S\$2.7 million mainly due to recognition of tax liabilities arising from net investment in subleases upon adoption of IFRS 16 on 1 October 2019.

These were partially offset by the decrease in provisions of approximately S\$1.0 million mainly due to reclassification of provision for onerous contract under the Industrial Properties to right-of-use assets due to adoption of IFRS 16 of approximately S\$0.3 million and reclassification of provision of reinstatement cost from non-current liabilities to current liabilities of approximately S\$0.7 million.

In addition, finance lease liabilities of approximately S\$3.5 million has been reclassified to lease liabilities due to the adoption of IFRS 16.

Current liabilities

Current liabilities increased by approximately S\$34.1 million from approximately S\$43.8 million as at 30 September 2019 to approximately S\$77.9 million as at 31 March 2020 mainly due to the factors as set out below.

Provisions increased by approximately S\$0.2 million mainly due to the reclassification of provision of reinstatement cost from non-current liabilities to current liabilities of approximately S\$0.7 million. This was partially offset by the decrease in provision for onerous contract under the Industrial Properties of approximately S\$0.5 million.

Bank borrowings increased by approximately S\$4.9 million mainly for the purchase of property at 7 Gul Avenue under our Logistics Services Business.

Lease liabilities increased by approximately S\$35.2 million due to the adoption of IFRS 16 which includes the recognition of liabilities payable to landlords for lease arrangements of approximately S\$33.2 million and reclassification from finance lease liabilities of approximately S\$2.2 million less repayment of approximately S\$0.1 million during 1H2020.

Current tax payable increased by approximately S\$0.5 million mainly due to income tax provided for the period.

The increase in current liabilities was partially offset by a decrease in (i) trade and other payables of approximately S\$4.5 million largely due to the adjustment of accrued lease expenses to right-of-use assets upon adoption of IFRS 16; and (ii) finance lease liabilities of approximately S\$2.2 million which has been reclassified to lease liabilities due to the adoption of IFRS 16.

Working Capital

As at 30 September 2019, the Group had positive working capital of approximately S\$6.9 million.

Due to the adoption of IFRS 16, the Group recorded negative working capital of approximately S\$13.8 million as at 31 March 2020 as a result of inclusion of current lease liabilities of approximately S\$33.2 million while the corresponding assets were recognised under non-current assets as investment properties (right-of-use) or right-of-use assets. The exclusion of these current lease liabilities offset by current lease receivables of approximately S\$15.2 million due to adoption of IFRS 16, would have resulted in a positive working capital of approximately S\$4.2 million.

Despite the negative working capital of approximately S\$13.8 million due to the adoption of IFRS 16, the Board confirms that the Group is able to operate as a going concern and meet its debt obligations as and when they fall due in view of the sufficiency in cash flows based on the Group's cash flow forecast and the support from banks through its available banking facilities and temporary bridging loans which demonstrates the Group's ability to continue its operations and meet its obligations in the next 12 months.

Review of Statement of Cash Flows

In 1H2020, the Group recorded net cash generated from operating activities of approximately S\$18.0 million, which was a result of operating profit before changes in working capital of approximately S\$19.7 million, increase in trade and other receivables of approximately S\$0.4 million and decrease in trade and other payables of approximately S\$1.7 million, adjusted for net income tax refunded of approximately S\$0.4 million.

Net cash used in investing activities amounted to approximately S\$22.7 million, which was mainly due to (i) additions to PPE of approximately S\$19.6 million for renovation costs paid for our new student hostel project in Singapore and hotel project in China under the Space Optimisation Business and purchase of property at 7 Gul Avenue under the Logistics Services Business; (ii) loans to joint ventures of approximately S\$3.5 million mainly for the acquisition of an industrial property and working capital; (iii) cash paid on acquisition of joint venture of approximately S\$0.5 million; (iv) additions to other asset of approximately S\$0.1 million. These were partially offset by (i) dividend received from associate of approximately S\$0.3 million; (ii) proceeds received from disposal of PPE of approximately S\$0.2 million; (iii) proceeds received from disposal of financial assets, at FVOCI of approximately S\$0.3 million; and (iv) interest received of approximately S\$0.2 million.

Net cash generated from financing activities amounted to approximately S\$5.2 million, which were due to (i) repayment of lease liabilities of approximately S\$15.7 million; (ii) repayment of finance lease of approximately S\$1.1 million for logistics and carpark equipment; (iii) repayment of bank borrowings of approximately S\$3.7 million; (iv) interest expense paid of approximately S\$2.6 million; (v) dividend paid of approximately S\$2.0 million; and (vi) dividend paid to non-controlling shareholder of approximately S\$0.1 million. These were partially offset by (i) proceeds from bank borrowings of approximately S\$17.7 million for the acquisition of property at 7 Gul Avenue and renovation loans for our Space Optimisation Business; (ii) decrease in pledged fixed deposits of approximately S\$4.7 million due to the release of charges by bankers; (iii) receipts from lease receivables of approximately S\$7.4 million; and (iv) interest received from lease receivables of approximately S\$0.6 million.

As a result of the above, cash and cash equivalents increased by approximately S\$0.5 million, amounting to approximately S\$21.8 million as at 31 March 2020.

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

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

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

The coronavirus ("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 countries and a sudden decline in demand. The Singapore economy will enter a recession this year, with GDP growth projected at -4% to -1%¹.

Based on advance estimates as announced in the press release dated 26 March 2020 issued by the Ministry of Trade and Industry Singapore², the Singapore economy contracted by 2.2% on a year-on-year basis in the first quarter of 2020, reversing the 1.0% growth in the preceding quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy shrank by 10.6%, a sharp pullback from the 0.6% growth in the previous quarter.

¹ <https://www.mas.gov.sg/-/media/MAS/EPG/MR/2020/Apr/MRApr20.pdf>

² <https://www.singstat.gov.sg/-/media/files/news/advdp1q2020.pdf>

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As announced on 29 April 2020, the Group is assessing the potential impact of the circuit breaker measures announced by the Singapore Government on 3 April 2020³ and 21 April 2020⁴ and the Covid-19 (Temporary Measures) Act 2020 which was passed on 7 April 2020. For further details, please refer to the Company's announcement dated 29 April 2020.

In view of the abovementioned, the Group expects that rental collections under its Space Optimisation Business are likely to be affected, in particular, for rental collections for subleases of the Group's commercial and industrial properties.

For our overseas projects under the Space Optimisation Business, the spread of COVID-19 around the world has also resulted in the delay of the renovation of our leased property in Nanan City, Quanzhou, Fujian Province, the People's Republic of China and the construction of our Axis Residences property in Cambodia. However, the Group expects both projects to be operational by the end of our financial year ending 30 September 2020.

As announced on 4 February 2020, Work Plus Store (Kallang Bahru) Pte. Ltd., a joint venture company of the Group, has completed the acquisition of a property at 202 Kallang Bahru in Singapore and is expected to commence renovations on or after 1 June 2020 due to the circuit breaker measures and subject to any further directive(s) from the Singapore Government.

With respect to the Facilities Management Business, the Group continues to seek more external facilities management contracts by providing integrated facilities management services covering repair, maintenance and cleaning of buildings and offices, pest control and fumigation.

For the carpark business in Singapore, the Group expects a potential decrease in parking activity in view of the circuit breaker measures and safe distancing measures implemented by the Singapore Government since March 2020.

With respect to the Logistics Services Business, the Group remains cautious as a decrease in logistics services and a delay in collection of receivables may be possible in the coming periods given the decline in global economic activity.

Looking ahead, the Group will monitor the situation carefully and will make further announcement(s) as and when there are material development(s) to the abovementioned matters.

11. Dividend

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

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

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

None.

(c) The date the dividend is payable.

The interim dividend will be paid on 19 June 2020.

³ <https://www.moh.gov.sg/news-highlights/details/circuit-breaker-to-minimise-further-spread-of-covid-19>

⁴ <https://www.moh.gov.sg/news-highlights/details/strong-national-push-to-stem-spread-of-covid-19>

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(d) Books closure date.

For Shareholders in Singapore

The Share Transfer Books and Register of Members of the Company will be closed at **5:00 p.m. on Wednesday, 27 May 2020** for the purpose of determining shareholders' entitlements to the interim dividend. Duly completed registrable transfers in respect of the Shares received by the Company's Singapore principal share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 up to **5:00 p.m. on Wednesday, 27 May 2020** will be registered to determine shareholders' entitlements to the interim dividend.

For Shareholders in Hong Kong

The branch register of members of the Company in Hong Kong will be closed from **Thursday, 28 May 2020 to Friday, 29 May 2020** (both days inclusive), during which period no transfer of Shares of the Company will be registered in Hong Kong. In order to determine shareholders' entitlements to the interim dividend, all share transfers in Hong Kong, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than **4:30 p.m. on Wednesday, 27 May 2020**.

For the purpose of determination of shareholders registered under the Singapore principal register of members and the Hong Kong branch register of members of the Company, all necessary documents, remittances accompanied by the relevant share certificates in respect of removal of Shares between the two (2) register of members, must be submitted no later than **5:00 p.m. and 4:30 p.m. on Friday, 15 May 2020** to the Company's Singapore principal share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (for Singapore shareholders) and the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for Hong Kong shareholders), respectively.

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

Not applicable.

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

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

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

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14. Utilisation of Proceeds from the Listing in Hong Kong

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

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

S/N	Purpose of Net Proceeds	Amount Allocated HK\$'000	Amount Utilised HK\$'000	Balance HK\$'000
1	Expansion of our space optimisation business by acquiring a new property in Singapore	26,815	26,815	-
2	Acquiring a property in Singapore for our logistics services management business	10,611	10,611	-
3	Set out our first operation in the PRC	1,776	-	1,776
4	General working capital	4,439	4,439	-
5	Acquiring transportation equipment for our logistics services business	755	562	193
	Total	44,396	42,427	1,969

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

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

Approximately HK\$10.6 million (equivalent to S\$1.8 million) allocated for the acquisition of property of a property in Singapore for our logistics services management business had been utilised as the partial payment for 7 Gul Avenue property acquisition, as announced by the Company on 27 December 2019.

The above utilisations are in accordance with the intended use of the Net Proceeds and percentage allocated, as stated in the Company's prospectus for the global offering dated 15 December 2017. The Company expects to utilise the remaining balance of the Net Proceeds of approximately HK\$2.0 million (equivalent to S\$0.3 million) by the end of calendar year 2020.

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

15. Disclosures on Acquisition and Realisation of Shares pursuant to Catalist Rule 706A

The Company's indirect wholly-owned subsidiary, WPS KB Pte. Ltd., had established a joint venture, Work Plus Store (Kallang Bahru) Pte. Ltd., with its joint venture partner W&S Flexi Pte. Ltd., with the intention to acquire an industrial property located at 202 Kallang Bahru Singapore 339339 in November 2019. The consideration of S\$17 million plus GST has been paid in full to the seller and the acquisition of this property has been completed on 4 February 2020. This property is intended to be used for self-storage with automated retrieval cum logistics activities and ancillary office. Please refer to the announcements of the Company dated 19 November 2019, 10 December 2019, 7 January 2020 and 4 February 2020, and the circular dated 24 January 2020 for details.

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16. Negative Confirmation of Interim Financial Results pursuant to Rule 705(5) of the Catalist Listing Manual

The Board of Directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for the second quarter and six months ended 31 March 2020 to be false or misleading in any material aspect.

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

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

By Order of the Board of Directors of
LHN Limited
Lim Lung Tieng
Executive Chairman and Group Managing Director
13 May 2020