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**LHN
GROUP**
SPACE OPTIMISED
LHN LIMITED
賢能集團有限公司*

(Incorporated in the Republic of Singapore with limited liability)

(Hong Kong stock code : 1730)
(Singapore stock code : 410)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 MARCH 2021**

FINANCIAL HIGHLIGHTS

	For the six months ended 31 March		Change
	2021	2020	
	S\$'000	S\$'000	%
Revenue	64,478	51,619	24.9
Gross Profit	35,183	21,916	60.5
Profit for the period and attributable to owners of the Company	14,809	3,176	366.3
Basic earnings per share (Singapore cents)	3.68	0.79	365.8

* For identification purpose only

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of LHN Limited (the “Company”) hereby announces the interim condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 March 2021, together with the comparative figures for the six months ended 31 March 2020. The Group’s interim results for the six months ended 31 March 2021 are unaudited, but have been reviewed by the audit committee of the Company (the “Audit Committee”).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 MARCH 2021

	Note	2021 (unaudited) S\$'000	2020 (unaudited) S\$'000
Revenue	6	64,478	51,619
Cost of sales	9	(29,295)	(29,703)
Gross profit		35,183	21,916
Other income	7	5,963	2,757
Other operating expenses			
- Impairment loss on trade, other and lease receivables		(1,050)	(197)
- Others	8	(1,062)	(444)
Selling and distribution expenses	9	(843)	(751)
Administrative expenses	9	(15,612)	(13,185)
Finance cost	10	(2,508)	(2,576)
Share of results of associates and joint ventures, net of tax		925	579
Fair value losses on investment properties		(2,720)	(4,317)
Profit before income tax		18,276	3,782
Income tax expense	11	(3,012)	(315)
Profit for the period		15,264	3,467
Other comprehensive (loss)/income			
<u>Item that will not be reclassified subsequently to profit or loss</u>			
Currency translation differences arising from consolidation		(6)	(26)
Financial assets, at FVOCI			
- Fair value gain – equity investment		-	13
Share of other comprehensive income of joint venture		5	4
Other comprehensive loss		(1)	(9)
Total comprehensive income for the period		15,263	3,458
Profit attributable to:			
Equity holders of the Company		14,809	3,176
Non-controlling interests		455	291
Profit for the period		15,264	3,467
Total comprehensive income attributable to:			
Equity holders of the Company		14,814	3,184
Non-controlling interests		449	274
Total comprehensive income for the period		15,263	3,458
Earnings per share for profit attributable to equity holders of the Company			
Basic and diluted (cents)	13	3.68	0.79

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

		31 March 2021 (unaudited) S\$'000	30 September 2020 (audited) S\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		42,460	40,363
Right-of-use assets		44,387	35,184
Investment properties		140,230	115,578
Intangible assets		6	40
Investment in associates		250	178
Investment in joint ventures		17,816	17,186
Deferred tax assets		149	77
Long-term prepayments		142	116
Lease receivables		21,585	26,149
		<u>267,025</u>	<u>234,871</u>
Current assets			
Inventories		91	75
Trade and other receivables	14	36,306	43,366
Grant receivables		494	1,058
Loans to joint ventures and associates		6,598	4,959
Prepayments		1,778	1,823
Lease receivables		18,596	17,104
Cash and bank balances		36,348	38,446
Fixed deposits		1,379	2,046
		<u>101,590</u>	<u>108,877</u>
TOTAL ASSETS		<u>368,615</u>	<u>343,748</u>
EQUITY			
Capital and Reserves			
Share capital	15	63,407	63,407
Reserves		69,045	58,234
		<u>132,452</u>	<u>121,641</u>
Non-controlling interests		2,388	1,939
TOTAL EQUITY		<u>134,840</u>	<u>123,580</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		3,568	3,573
Other payables	16	21	21
Provisions		781	212
Bank borrowings		68,767	55,997
Lease liabilities		72,276	66,182
		<u>145,413</u>	<u>125,985</u>
Current liabilities			
Trade and other payables	16	33,363	43,701
Deferred grant income		885	927
Provisions		287	1,106
Bank borrowings		10,263	10,725
Lease liabilities		37,960	33,193
Current income tax liabilities		5,604	4,531
		<u>88,362</u>	<u>94,183</u>
TOTAL LIABILITIES		<u>233,775</u>	<u>220,168</u>
TOTAL EQUITY AND LIABILITIES		<u>368,615</u>	<u>343,748</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 31 MARCH 2021**

	2021 (unaudited) S\$'000	2020 (unaudited) S\$'000
Cash flows from operating activities:		
Profit before income tax	18,276	3,782
Share of results of associates and joint ventures, net of tax	(925)	(579)
Adjustments for:		
Amortisation of intangible assets	34	34
Depreciation of property, plant and equipment	3,175	4,246
Depreciation of Right-of-use assets	7,102	5,964
(Gain)/loss on disposal of property, plant and equipment	(26)	39
Property, plant and equipment written off	13	39
Fair value losses on investment properties	2,720	4,317
Gain from net investment in subleases	(1,880)	(433)
Gain from termination of lease	(2)	-
Lease modification losses	698	-
Impairment loss on trade, other and lease receivables	1,050	197
Provision for losses from onerous contract	-	270
Finance income	(714)	(759)
Finance cost	2,508	2,576
Operating profit before working capital changes	32,029	19,693
Changes in working capital:		
- Inventories	(16)	(44)
- Trade and other receivables	5,091	(388)
- Trade and other payables	(10,246)	(1,683)
Cash generated from operations	26,858	17,578
Interest expenses paid	(28)	-
Income tax paid	(2,072)	(414)
Income tax refunded	62	825
Net cash generated from operating activities	24,820	17,989
Cash flows from investing activities:		
Additions to property, plant and equipment	(5,596)	(19,602)
Additions to investment properties	(17,238)	(21)
Purchase of financial assets, at FVOCI	(115)	-
Additions to other asset	-	(128)
Cash outflow on acquisition of joint venture	-	(500)
Proceeds from disposal of property, plant and equipment	81	253
Disposal of financial assets, at FVOCI	-	330
Loans to joint ventures and associates, net	(1,591)	(3,525)
Receipts from lease receivables	9,931	7,472
Interest received from lease receivables	609	658
Cash outflow on incorporation of associate	(80)	-
Dividend from associate	309	264
Interest received	50	213
Net cash used in investing activities	(13,640)	(14,586)
Cash flows from financing activities:		
Decrease in fixed deposits - pledged	-	4,710
Proceeds from bank borrowings	18,377	17,761
Repayment of bank borrowings	(5,998)	(3,729)
Repayment of lease liabilities	(19,850)	(16,858)
Refund of capital to non-controlling shareholder	-	(1)
Interest expenses paid	(2,451)	(2,612)
Dividend paid	(4,003)	(2,043)
Dividend paid to non-controlling shareholder	-	(120)
Net cash used in financing activities	(13,925)	(2,892)
 Net (decrease)/increase in cash and cash equivalents	 (2,745)	 511
Cash and cash equivalents at beginning of period	39,127	21,300
Effect of currency translation on cash and cash equivalents	(20)	(23)
Cash and cash equivalents at end of period	36,362	21,788

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 31 MARCH 2021**

	2021	2020
	(unaudited)	(unaudited)
	S\$'000	S\$'000
Consolidated cash and cash equivalents are represented by:		
Cash and bank balances	36,348	18,140
Fixed deposits	1,379	4,991
	37,727	23,131
Less: Pledged fixed deposits	(1,365)	(1,343)
Cash and cash equivalents as per consolidated statement of cash flows	36,362	21,788

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL

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 its registered office is at 10 Raeburn Park #02-18, Singapore 088702.

The Company has its primary listing on 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.

This unaudited condensed consolidated interim financial information is presented in Singapore Dollars (“**SGD**” or “**S\$**”) and all values are rounded to the nearest thousand (“**S\$’000**”), unless otherwise stated.

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 31 March 2021 has been prepared in accordance with IAS 34, “Interim financial reporting”. The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 September 2020, which have been prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”).

This unaudited condensed consolidated interim financial information has been prepared under the historical cost convention, as modified by the revaluation of investment properties and leasehold buildings, which are carried at fair value.

3. ACCOUNTING POLICIES

The Group has adopted the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 30 September 2020.

- (a) Amendments to IFRSs effective for the financial year ending 30 September 2021 do not have a material impact on the Group.
- (b) The following new standards and amendments to standards have been published but are not yet effective for the current financial year and which the Group has not early adopted:

		Effective for accounting periods beginning on or after	Note
IAS 16 (amendments)	Property, Plant and Equipment (Proceeds before intended use)	1 January 2022	i

Note i:

The amendment to IAS 16 Property, Plant and Equipment (PPE) prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is ‘testing whether the asset is functioning properly’ when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity’s ordinary activities.

4. ESTIMATES

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

In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 September 2020.

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.

For the six months ended 31 March 2021, revenue attributable to the Group's largest customer accounted for approximately 34.0% of the Group's total revenue and aggregate revenue attributable to the five largest customers of the Group accounted for approximately 40.5% of the Group's total 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 comprehensive income.

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

Segment assets and liabilities

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

Segment breakdown for the six months ended 31 March 2021 are as follows:

	Industrial	Commercial	Residential	Logistics Services	Facilities Management	Corporate and Eliminations	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Sales							
Total segment sales	9,872	4,375	6,590	14,788	36,837	11,975	84,437
Inter-segment sales	(1,112)	(300)	(72)	(1,285)	(5,215)	(11,975)	(19,959)
External sales	8,760	4,075	6,518	13,503	31,622	-	64,478
Segment results	4,540	1,665	385	1,985	11,914	2,090	22,579
Fair value gains/(losses) on investment properties	1,068	(2,287)	(1,501)	-	-	-	(2,720)
Finance cost	(864)	(413)	(730)	(331)	(150)	(20)	(2,508)
	4,744	(1,035)	(1,846)	1,654	11,764	2,070	17,351
Share of results of associates and joint ventures	591	-	(1)	381	(46)	-	925
Profit before taxation	5,335	(1,035)	(1,847)	2,035	11,718	2,070	18,276
Taxation							(3,012)
Net profit after taxation							15,264
Non-controlling interests							(455)
Net profit attributable to equity holders of the Company							14,809
Segment assets	117,244	43,063	100,078	32,652	27,667	1,420	322,124
Investment in associates	-	-	-	220	30	-	250
Investment in joint ventures	14,577	-	-	-	3,239	-	17,816
Total segment assets							340,190
Total segment liabilities	75,857	29,849	64,540	24,933	24,707	4,717	224,603
Capital expenditures	107	9,908	13,329	1,444	1,718	99	26,605
Depreciation of property, plant and equipment	389	308	1,221	743	335	179	3,175
Depreciation of right-of-use assets	192	223	1,406	997	4,284	-	7,102

Segment breakdown for the six months ended 31 March 2020 are as follows:

	Industrial	Commercial	Residential	Logistics Services	Facilities Management	Corporate and Eliminations	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Sales							
Total segment sales	17,050	9,311	5,099	14,242	10,464	6,773	62,939
Inter-segment sales	(1,760)	(498)	(41)	(1,498)	(750)	(6,773)	(11,320)
External sales	15,290	8,813	5,058	12,744	9,714	-	51,619
Segment results	3,796	1,487	1,862	1,671	924	356	10,096
Fair value losses on investment properties	(2,744)	(1,198)	(375)	-	-	-	(4,317)
Finance cost	(1,076)	(358)	(653)	(256)	(215)	(18)	(2,576)
	(24)	(69)	834	1,415	709	338	3,203
Share of results of associates and joint ventures	358	-	-	230	(9)	-	579
Profit before taxation	334	(69)	834	1,645	700	338	3,782
Taxation							(315)
Net profit after taxation							3,467
Non-controlling interests							(291)
Net profit attributable to equity holders of the Company							3,176

Segment breakdown for its comparative period ended 30 September 2020 are as follows:

Segment assets	93,360	42,701	98,033	31,813	11,666	1,229	278,802
Investment in associates	-	-	-	148	30	-	178
Investment in joint ventures	13,981	-	-	-	3,205	-	17,186
Total segment assets							296,166
Total segment liabilities	76,126	41,493	48,871	24,503	14,509	6,562	212,064
Capital expenditures	830	1,966	9,463	14,778	418	238	27,693
Depreciation of property, plant and equipment	1,471	1,044	2,230	1,383	544	446	7,118
Depreciation of right-of-use assets	596	402	2,784	1,895	8,075	-	13,752

Reconciliation of segments' total assets and total liabilities

	31 March 2021 S\$'000	30 September 2020 S\$'000
Reportable segments' assets are reconciled to total assets:		
Segment assets	322,124	296,166
Deferred tax assets	149	77
Long-term prepayment	142	116
Intangible assets	6	40
Financial assets, at FVOCI	-	-
Inventories	91	75
Loans to joint ventures	6,598	4,959
Prepayment	1,778	1,823
Cash and bank balances	36,348	38,446
Fixed deposits	1,379	2,046
	<u>368,615</u>	<u>343,748</u>
Reportable segments' liabilities are reconciled to total liabilities:		
Segment liabilities	224,603	212,064
Current income tax liabilities	5,604	4,531
Deferred tax liabilities	3,568	3,573
	<u>233,775</u>	<u>220,168</u>

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 derived:

	Revenue from external customers six months ended 31 March	
	2021 S\$'000	2020 S\$'000
Singapore	58,813	46,376
Thailand	1,969	1,958
Hong Kong	1,028	1,297
Myanmar	522	881
Indonesia	186	438
Cambodia	972	1
Other countries	988	668
	<u>64,478</u>	<u>51,619</u>

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

	Non-current assets as at	
	31 March 2021 S\$'000	30 September 2020 S\$'000
Singapore	229,925	196,681
Thailand	2,671	2,840
Hong Kong	482	623
Myanmar	4,228	4,608
Indonesia	7,410	6,118
Cambodia	15,540	17,779
Other countries	6,620	6,145
	<u>266,876</u>	<u>234,794</u>

6. Revenue

	Six months ended 31 March	
	2021	2020
	S\$'000	S\$'000
Rental and warehousing lease income from leased properties	8,946	20,595
Rental and warehousing lease income from owned properties	3,285	2,072
Services fees income	3,893	3,243
Car park services	7,817	8,458
Dormitory management services	42	-
Logistics services		
- Trucking services	6,042	6,032
- Storage services	1,310	1,108
- Container repair services	1,345	1,489
- Logistics management	4,806	4,115
Facilities services	26,188	3,822
Licence fee	-	8
Management services fee income	747	557
Others	57	120
	<u>64,478</u>	<u>51,619</u>

7. Other income

	Six months ended 31 March	
	2021	2020
	S\$'000	S\$'000
Handling charges	177	158
Gain on disposal of property, plant and equipment	26	-
Interest income	714	759
Gain from net investment in subleases	1,880	433
Gain from termination of lease	2	-
Vehicle related income	62	181
Government grants	79	4
Wage credit scheme and special employment credit *	183	101
Job support scheme **	714	-
Forfeiture of tenant deposit	91	448
Services charges	94	121
Miscellaneous charge to tenant	67	70
Rental rebates, net ***	1,277	-
Other income	597	482
	<u>5,963</u>	<u>2,757</u>

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

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

*** 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. Other operating expenses

	Six months ended 31 March	
	2021	2020
	S\$'000	S\$'000
Provision for onerous contract	-	270
Lease modification loss	698	-
Foreign exchange loss	364	174
	<u>1,062</u>	<u>444</u>

9. Expense by nature

	Six months ended 31 March	
	2021	2020
	S\$'000	S\$'000
Advertising expenses	120	224
Commission fees	559	419
Entertainment expenses	146	95
Marketing expenses	18	13
Transportation costs	710	920
Container depot management charges	1,362	1,198
Rental expenses	3,095	11,943
Upkeep and maintenance costs	9,630	5,475
Consultancy fees	67	7
Dormitory management expenses	302	-
Depreciation of property, plant and equipment	3,175	4,246
Depreciation of right-of-use assets	7,102	5,964
Amortisation of intangible assets	34	34
Loss on disposal of property, plant and equipment	-	39
Write-off of property, plant and equipment	13	39
Professional fees	594	525
Vehicle-related expenses	39	38
Employee benefit costs	15,643	9,860
Insurance fees	397	308
IT Maintenance expenses	296	244
Printing expenses	130	142
Property management fees	167	217
Telephone expenses	151	161
Auditor's remuneration		
- Audit services – current	157	142
- Audit services – under provision in prior year	104	-
- Non-audit services	166	67
Other expenses	1,573	1,319
	<u>45,750</u>	<u>43,639</u>

10. Finance cost – net

	Six months ended 31 March	
	2021	2020
	S\$'000	S\$'000
Interest expense on borrowings	979	938
Interest expense on lease liabilities from hire purchase arrangement	86	93
Interest expense on lease liabilities from lease arrangement	1,443	1,673
	<u>2,508</u>	<u>2,704</u>
Less: Amount capitalised	-	(128)
Finance cost - net	<u>2,508</u>	<u>2,576</u>

11. Income Tax Expense

	Six months ended 31 March 2021 S\$'000	2020 S\$'000
Current income tax	2,938	764
Deferred income tax	8	(432)
	2,946	332
Under/(over) provision in respect of prior years		
- current taxation	66	(17)
	3,012	315

12. Dividend

The Board has resolved to declare an interim dividend of S\$0.0075 (equivalent to HK\$0.0439) per share for the six months ended 31 March 2021 (2020: S\$0.0025 per share).

During the six months ended 31 March 2021, the shareholders had approved the 2020 final dividend of S\$0.01 per share. The dividend recognised as distribution of approximately S\$4,003,000 was paid in February 2021.

13. 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 period ended 31 March 2021 and 2020:

	Six months ended 31 March 2021	2020
Net profit attributable to equity holders of the Company (S\$'000)	14,809	3,176
Weighted average number of ordinary shares ('000)	402,445	402,445
Basic earnings per share (Singapore cents)	3.68	0.70

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

14. Trade and other receivables

	31 March 2021 S\$'000	30 September 2020 S\$'000
Trade receivables		
- Third parties	25,143	35,857
- Related parties	134	28
- Associates	179	168
- Joint ventures	223	4
	25,679	36,057
Accrued rental income	323	252
Goods and service tax receivables	1,246	663
Deposits with external parties	10,274	8,232
Other receivables	1,310	844
	12,830	9,739
Less:		
- Impairment loss on trade receivables	(2,523)	(2,679)
- Impairment loss on other receivables	(3)	(3)
	36,306	43,366

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

	31 March 2021 S\$'000	30 September 2020 S\$'000
0 to 30 days	22,267	32,542
31 to 60 days	568	773
61 to 90 days	243	70
91 to 180 days	545	1,136
181 to 365 days	863	414
Over 365 days	1,193	1,122
	25,679	36,057

15. Share capital

	No. of shares Issued share capital	Nominal Amount Share capital S\$'000
Balance as at 1 October 2020 and 31 March 2021	402,445,400	63,407

16. Trade and other payables

	31 March 2021 S\$'000	30 September 2020 S\$'000
Trade payables		
- Third parties	5,285	14,146
- Related parties	91	-
- Associates	-	3
- Joint ventures	194	1
	<u>5,570</u>	<u>14,150</u>
Contract liabilities		
- Rental received in advance	345	394
- Advances received from customers	2,166	1,766
	<u>2,511</u>	<u>2,160</u>
Other payables and accruals		
- Goods and services tax payables	1,772	1,304
- Provision of directors' fees	48	54
- Accruals	8,541	9,927
- Accrued rental expenses	208	129
- Rental deposits received from customers	11,136	10,850
- Rental deposits received from related parties	38	48
- Withholding tax	66	61
- Sundry creditors	3,473	5,018
- Other payables	21	21
	<u>33,384</u>	<u>43,722</u>
Less:		
- Non-current portion: other payables	(21)	(21)
Total trade and other payables included in current liabilities	<u>33,363</u>	<u>43,701</u>

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

	31 March 2021 S\$'000	30 September 2020 S\$'000
0 to 30 days	2,403	7,420
31 to 60 days	1,133	2,975
61 to 90 days	348	1,162
Over 90 days	1,686	2,593
	<u>5,570</u>	<u>14,150</u>

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

17. Subsequent events

On 12 April 2021, the Group entered into an option to purchase four strata-titled units #05-01, #05-02, #06-01 and #06-02 at 75 Beach Road, Singapore 189689, for a consideration of S\$8.4 million, with the intention to operate them as a co-work co-live space. On the same day, the Group entered into another option to purchase four strata-titled units #03-01, #03-02, #04-01 and #04-02 at 75 Beach Road, Singapore 189689, for a consideration of S\$8.4 million, with the intention to convert them into the Group's headquarters.

On 28 April 2021, the Group entered into an option to purchase a property at 115 Geylang Road, Singapore 389218, for a consideration of S\$13.5 million, with the intention to operate the property as a co-living space.

Management Discussion and Analysis

Business Review

For the six months ended 31 March 2021 ("1H2021"), the Group recorded an increase in revenue of 24.9% as compared to the six months ended 31 March 2020 ("1H2020"), mainly due to increase in revenue from the Facilities Management Business partially offset by the decrease in revenue from the Industrial Properties and Commercial Properties under the Space Optimisation Business.

During 1H2021, for the Space Optimisation Business, the Group had renewed three master leases under the Industrial Properties, one master lease under the Residential Properties and completed the acquisition of a freehold property at 320 Balestier Road, Singapore, in December 2020. The property is expected to undergo renovations in the second half of 2021 and will be operated as a co-living space.

The Group is pleased to announce that its mixed-use development supporting commercial spaces, co-living residential apartments and recreational facilities at 1557 Keppel Road has recently completed renovations and will be fully operational in the third quarter of the financial year ending 30 September 2021 ("FY2021"). In addition, operations has commenced at 5 Toa Payoh, Singapore, a joint venture property, in 1H2021 which offers storage of cars, spare parts, vehicle inspection (without servicing and repair activities) and ancillary office.

Our Facilities Management Business, which primarily provides integrated facilities management services and carpark management services, continues to expand further arising from the joint venture acquisition of Bukit Timah Shopping Centre carpark which was completed in December 2020 and the commencement of operations of 33 new carparks in January 2021 awarded by JTC Corporation.

Our Logistics Services Business which provides transportation services and container depot services continues to perform well in 1H2021.

Business Outlook

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

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

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

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

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

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

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

Financial Review

For 1H2021 vs 1H2020

Revenue

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

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

(a) Space Optimisation Business

Industrial Properties

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

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

Commercial Properties

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

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

Residential Properties

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

(b) Facilities Management Business

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

(c) Logistics Services Business

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

Cost of Sales

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

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

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

Gross Profit

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

Other Income

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

Other Operating Expenses

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

Selling and Distribution Expenses

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

Administrative Expenses

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

Finance Cost

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

Share of Results of Associates and Joint Ventures

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

Fair Value Losses on Investment Properties

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

Profit before Income Tax

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

Income Tax Expense

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

Profit for the Period

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

Review of Statements of Financial Position

Non-current assets

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

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

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

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

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

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

Current assets

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

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

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

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

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

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

Non-current liabilities

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

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

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

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

Current liabilities

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

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

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

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

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

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

Review of Statement of Cash Flows

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

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

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

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

Liquidity and Financial Resources

During 1H2021, the Group financed its operations primarily through a combination of cash flow generated from our operations, bank borrowings and hire purchase.

The Group primarily obtained bank borrowings to finance its acquisition of properties and logistics equipment. The Group's borrowings as at 31 March 2021 were denominated in Singapore dollars, United States dollars and Renminbi with interest charged on these borrowings ranging from 1.48% to 5.70% per annum. As at 31 March 2021, the Group had outstanding bank borrowings of S\$79.0 million. These borrowings were secured by (i) legal mortgage of the Group's leasehold properties at 72 Eunos Avenue 7, 100 Eunos Avenue 7, 71 Lorong 23 Geylang, 7 Gul Avenue, 320 Balestier Road in Singapore and Axis Residences in Cambodia; (ii) corporate guarantees 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.

As at 31 March 2021, cash and cash equivalents held by the Group were mainly cash in the banks and on hand denominated in SGD, HKD, USD, IDR, RMB, THB and deposits denominated in SGD that are readily convertible into cash.

Gearing Ratio

Gearing ratio is equal to interest-bearing debt divided by total capital and multiplied by 100%. Total capital is calculated as interest-bearing debt plus total equity. Gearing ratio as at 31 March 2021 was 58.4%, a slight increase from 57.3% as at 30 September 2020.

Lease Liabilities

As at 31 March 2021, the Group had lease liabilities of S\$110.2 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 the Subsidiaries Directors and corporate guarantees provided by the Group.

Capital Commitment

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

	31 March 2021 S\$'000	30 September 2020 S\$'000
Property, plant and equipment	2,194	4,948
	<u>2,194</u>	<u>4,948</u>

Capital Expenditure

During 1H2021, the Group's capital expenditure consists of additions to property, plant and equipment and investment properties amounting to approximately S\$26.6 million mainly for the renovation costs for our Space Optimisation Business, purchase of carpark equipment and purchase of 320 Balestier Road property (FY2020: approximately S\$27.7 million).

Contingent Liabilities

As at 31 March 2021, the Group did not have any material contingent liabilities.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Save as disclosed in this announcement, there was no material acquisition and disposal of subsidiaries, associates and joint ventures for 1H2021.

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 1H2021.

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 1H2021.

Off-balance Sheet Arrangements

For 1H2021, 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 31 March 2021, which is required to be disclosed under the HK Listing Rules.

Future Plans for Material Investment and Capital Assets

Save as disclosed in the prospectus of the Company dated 15 December 2017 and this announcement, the Group did not have any other plans for material investment and capital assets as at 31 March 2021.

Exposure to Fluctuations in Exchange Rates

The Group mainly operates in Singapore, Indonesia, Thailand, Myanmar, Malaysia, Hong Kong and Cambodia during 1H2021. Currency exposure arises within entities of the Group when transactions are mainly denominated in foreign currencies such as United States dollars ("USD"), Indonesian Rupiah ("IDR"), Hong Kong dollars ("HK\$") and Thai Baht ("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 1H2021, the Group recorded an exchange loss of S\$364,000.

The Group is planning to expand its business into other countries and regions including Vietnam which may be subject to foreign exchange rate risk arising from future commercial transactions and assets and liabilities to be recognised. The Group has not carried out any hedging activities against foreign exchange fluctuations.

Employees and Remuneration Policies

As at 31 March 2021, there were 544 (as at 30 September 2020: 633) employees in the Group. The remuneration to its employees includes salaries and allowances, which is determined based on their performance, experience and prevailing industry practices. The compensation policies and packages are reviewed on a regular basis.

Significant Event after the Reporting Period

Saved as disclosed in this announcement, there was no significant event relevant to the business or financial performance of the Group that has come to the attention of the Directors after 1H2021.

Issue of Securities and Share Capital

During 1H2021, there has been no change to the shares in issued and capital structure of the Company.

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

During 1H2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Proposed Interim Dividend

The Board has resolved to declare an interim dividend of S\$0.0075 (equivalent to HK\$0.0439) per ordinary share for 1H2021 which will be paid on Friday, 18 June 2021, to the Shareholders whose names shall appear on the register of members of the Company on Thursday, 27 May 2021 (Close of business).

Corporate Governance

The Company has adopted the code provisions of the corporate governance code in Appendix 14 (the “**HK CG Code**”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 1H2021 except for code provision A.2.1 under the HK CG Code. Under code provision A.2.1 of the HK CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Group does not have the role of chief executive officer but has the role of managing Director, which is responsible for the day-to-day management of business and currently performed by Mr. Lim Lung Tieng (“**Mr. Kelvin Lim**”), who is also the executive chairman of the Board. Throughout the Group’s business history, Mr. Kelvin Lim has held the key leadership position of the Group since 1998 and has been deeply involved in the formulation of corporate strategies and management of business and operations of the Group. Taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, the Directors (including the independent non-executive Directors) consider that Mr. Kelvin Lim is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and our Shareholders as a whole.

Model Code of Securities Transactions by Directors

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

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

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

The Company confirms that specific enquiry has been made to all the Directors and the Relevant Employees and all have confirmed that they have complied with the Model Code during 1H2021.

Audit Committee

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

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

The financial information in this announcement has not been audited by the auditor of the Company, but the Audit Committee has reviewed the unaudited consolidated results of the Group for 1H2021 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the HK Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

Public Float

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

Closure of Register of Members

For determining the entitlement to the Interim Dividend

For Shareholders in Singapore

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

For Shareholders in Hong Kong

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

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

Publication of Financial Information

The interim results announcement for 1H2021 is published on the website of SEHK (www.hkexnews.hk), SGX-ST (www.sgx.com) and the website of the Company (www.lhngroup.com). The interim report of the Company for the six months ended 31 March 2021 containing, among others, the interim financial information of the Group will be despatched to shareholders of the Company and published on the above websites in due course.

By Order of the Board of Directors of
LHN Limited

Lim Lung Tieng
Executive Chairman and Group Managing Director

Singapore, 12 May 2021

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