

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 FULL YEAR ENDED 30 SEPTEMBER 2020

	Group		
	Full Year Ended 30 September		Change
	2020 (unaudited) S\$'000	2019 (audited) S\$'000	
Revenue	134,213	111,094	20.8
Cost of sales	(70,570)	(83,680)	(15.7)
Gross profit	63,643	27,414	>100
Other income	17,103	5,012	>100
Other operating expenses			
- Impairment loss on trade, other and lease receivables	(2,353)	(239)	>100
- Others	(830)	(1,448)	(42.7)
Selling and distribution expenses	(1,433)	(1,820)	(21.3)
Administrative expenses	(30,429)	(23,668)	28.6
Finance cost	(5,127)	(1,332)	>100
Share of results of associates and joint ventures, net of tax	555	4,527	(87.7)
Fair value (loss)/gain on investment properties	(11,809)	480	NM
Profit before income tax	29,320	8,926	>100
Income tax expenses	(4,633)	(203)	>100
Profit for the year	24,687	8,723	>100
Other comprehensive (loss)/income			
<u>Item that will not be reclassified subsequently to profit or loss</u>			
Currency translation differences arising from consolidation	(11)	52	NM
Financial assets, at FVOCI			
- Fair value loss – equity investment	(687)	-	NM
Share of other comprehensive income of joint venture	(653)	31	NM
Other comprehensive income	(1,351)	83	NM
Total comprehensive income for the year	23,336	8,806	>100
Profit attributable to:			
Equity holders of the Company	24,144	8,186	>100
Non-controlling interests	543	537	1.1
Profit for the year	24,687	8,723	>100
Total comprehensive income attributable to:			
Equity holders of the Company	22,813	8,243	>100
Non-controlling interests	523	563	(7.1)
Total comprehensive income for the year	23,336	8,806	>100
<i>NM – Not Meaningful</i>			

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

	Group	
	Full Year Ended 30 September	
	2020 (unaudited) S\$'000	2019 (audited) S\$'000
Depreciation of right-of-use assets	12,234	-
Depreciation of property, plant and equipment	8,636	6,605
Amortisation of intangible assets	68	68
Interest income on bank deposits and loans	(282)	(289)
Interest income on lease receivables	(1,312)	-
Finance costs		
- on borrowings	1,711	1,151
- on finance leases from hire purchase arrangement	-	181
- on lease liabilities from hire purchase arrangement	186	-
- on lease liabilities from lease arrangement	3,230	-
Impairment loss on trade, other and lease receivables	2,353	239
Provision for losses from onerous contract	270	1,430
Foreign exchange loss/(gain), net	560	(660)
Loss/(gain) on disposal of property, plant and equipment, net	41	(83)
Property, plant and equipment written off	115	14
Gains from net investment in subleases	(6,884)	-
Gains from termination of lease	(2)	-
Job support scheme	(1,811)	-
Rental rebates, net	(2,945)	-
Fair value loss/(gain)		
- on investment properties	2,224	(480)
- on investment properties (right-of-use)	9,585	-

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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 30 September 2020 (unaudited)	As At 30 September 2019 (audited)	As At 30 September 2020 (unaudited)	As At 30 September 2019 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	47,183	37,435	-	-
Investment properties	115,578	67,309	-	-
Right-of-use assets	28,364	-	-	-
Intangible assets	40	108	-	-
Financial assets, at FVOCI	-	492	-	-
Investment in subsidiaries	-	-	32,727	32,727
Investment in associates	178	306	-	-
Investment in joint ventures	17,186	17,215	-	-
Deferred tax assets	77	341	-	-
Long-term prepayments	116	322	5	9
Lease receivables	26,149	-	-	-
Other asset	-	12,709	-	-
	234,871	136,237	32,732	32,736
Current assets				
Inventories	75	3	-	-
Trade and other receivables	43,366	17,581	32,037	30,076
Grant receivables	1,058	-	16	-
Loans to joint ventures	4,959	2,432	-	-
Prepayments	1,823	3,338	46	53
Lease receivables	17,104	-	-	-
Cash and bank balances	38,446	18,218	6,682	1,745
Fixed deposits	2,046	9,135	-	2,515
	108,877	50,707	38,781	34,389
TOTAL ASSETS	343,748	186,944	71,513	67,125
EQUITY				
Capital and Reserves				
Share capital	63,407	63,407	63,407	63,407
Reserves	58,234	31,936	5,473	2,953
	121,641	95,343	68,880	66,360
Non-controlling interests	1,939	1,537	-	-
TOTAL EQUITY	123,580	96,880	68,880	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 30 September 2020 (unaudited)	As At 30 September 2019 (audited)	As At 30 September 2020 (unaudited)	As At 30 September 2019 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	3,573	533	-	-
Other payables	21	34	-	-
Provisions	212	1,091	-	-
Finance lease liabilities	-	3,476	-	-
Bank borrowings	55,997	41,134	-	-
Lease liabilities	66,182	-	-	-
	125,985	46,268	-	-
Current liabilities				
Trade and other payables	43,701	32,701	2,419	665
Deferred grant income	927	-	20	-
Provisions	1,106	1,466	-	-
Finance lease liabilities	-	2,157	-	-
Bank borrowings	10,725	7,009	-	-
Lease liabilities	33,193	-	-	-
Current income tax liabilities	4,531	463	194	100
	94,183	43,796	2,633	765
TOTAL LIABILITIES	220,168	90,064	2,633	765
TOTAL EQUITY AND LIABILITIES	343,748	186,944	71,513	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 30 September 2020 (unaudited) S\$'000	As At 30 September 2019 (audited) S\$'000
Amount repayable in one year or less (secured and guaranteed)		
- Bank borrowings	10,725	7,009
- Finance lease liabilities	-	2,157
- Lease liabilities	33,193	-
	43,918	9,166
Amount repayable after one year (secured and guaranteed)		
- Bank borrowings	55,997	41,134
- Finance lease liabilities	-	3,476
- Lease liabilities	66,182	-
	122,179	44,610
Total borrowings	166,097	53,776

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

Details of any collaterals:

- (a) Bank borrowings of approximately S\$66.7 million as at 30 September 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**"), 7 Gul Avenue and Axis Residences in Cambodia; (ii) corporate guarantees provided by the Group; (iii) assignment of rental proceeds of the mortgaged properties; and (iv) personal guarantees provided by directors and shareholders of certain non-wholly owned subsidiaries of the Company, who are not controlling shareholders of the Company (the "**Subsidiaries Directors**"), where applicable.
- (b) Certain lease liabilities of the Group are secured by the underlying assets of certain plant and machinery, logistics equipment and motor vehicles, personal guarantees provided by the Subsidiaries Directors and corporate guarantees provided by the Group.

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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 Second Half and Full Year Ended 30 September 2020

	Group	
	Full Year Ended 30 September	
	2020 (unaudited)	2019 (audited)
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit before income tax	29,320	8,926
Share of results of associates and joint ventures, net of tax	(555)	(4,527)
Adjustments for:		
Amortisation of intangible assets	68	68
Depreciation of property, plant and equipment	8,636	6,605
Deprecation of right-of-use assets	12,234	-
Loss/(gain) on disposal of property, plant and equipment	41	(83)
Property, plant and equipment written off	115	14
Fair value loss/(gain) on investment properties	11,809	(480)
Gain from net investment in subleases	(6,884)	-
Gain from termination of lease	(2)	-
Impairment loss on trade, other and lease receivables	2,353	239
Provision for losses from onerous contract	270	1,430
Finance income	(1,594)	(289)
Finance cost	5,127	1,332
Operating profit before working capital changes	60,938	13,235
Changes in working capital:		
- Inventories	(72)	43
- Trade and other receivables	(27,617)	(30)
- Trade and other payables	15,203	4,519
Cash generated from operations	48,452	17,767
Interest expense paid	(12)	(3)
Income tax paid	(669)	(1,534)
Income tax refunded	789	906
Net cash generated from operating activities	48,560	17,136
Cash flows from investing activities:		
Additions to property, plant and equipment	(22,494)	(19,585)
Purchase of investment properties	(3,934)	(20,336)
Purchase of financial assets, at FVOCI	(410)	(354)
Additions to other asset	-	(9,108)
Cash outflow on acquisition of joint venture	(580)	-
Proceeds from disposals of property, plant and equipment	282	96
Disposal of financial assets, at FVOCI	330	-
Receipts from lease receivables	16,649	-
Interest received from lease receivables	1,312	-
(Loans to)/Repayment from joint ventures, net	(2,919)	9,945
Cash outflow on incorporation of associate	(30)	-
Return of capital from associate	-	38
Dividend from associate	669	441
Interest received	607	459
Net cash used in investing activities	(10,518)	(38,404)
Cash flows from financing activities:		
Repayment of finance lease	-	(2,112)
Decrease/(increase) in fixed deposit - pledged	4,688	(1,372)
Proceeds from bank borrowings	28,755	42,376
Repayment of bank borrowings	(9,631)	(15,643)
Repayment of lease liabilities	(35,568)	-
Refund of capital to non-controlling shareholder	(1)	-
Capital contribution from non-controlling shareholders	-	2
Interest expense paid	(5,226)	(1,410)
Dividends paid	(3,069)	-
Dividends paid to non-controlling shareholder	(120)	-
Net cash (used in)/generated from financing activities	(20,172)	21,841

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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 Second Half and Full Year Ended 30 September 2020
(Cont'd)**

	Group	
	Full Year Ended 30 September	
	2020 (unaudited)	2019 (audited)
	S\$'000	S\$'000
Net increase in cash and cash equivalents	17,870	573
Cash and cash equivalents at beginning of the year	21,300	20,667
Exchange (losses)/gains on cash and cash equivalents	(43)	60
Cash and cash equivalents at end of the year	39,127	21,300
Consolidated cash and cash equivalents are represented by:		
Cash and bank balances	38,446	18,218
Fixed deposits	2,046	9,135
	40,492	27,353
Less: Pledged fixed deposits	(1,365)	(6,053)
Cash and cash equivalents as per consolidated statement of cash flows	39,127	21,300

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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	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		(3,069)						(3,069)	(120)	(3,189)
Refund of capital to non-controlling shareholder	-	-	-	-	-	-	-	-	(1)	(1)
Transfer to retained profits	-	269	-	(269)	-	-	-	-	-	-
Transfer upon disposal of equity investment	-	13	-	-	(13)	-	-	-	-	-
Profit for the year	-	24,144	-	-	-	-	-	24,144	543	24,687
Other comprehensive income	-	-	-	-	(1,337)	(3)	9	(1,331)	(20)	(1,351)
Total comprehensive income for the year	-	24,144	-	-	(1,337)	(3)	9	22,813	523	23,336
Balance at 30 September 2020	63,407	87,498	(30,727)	-	(1,350)	3,708	(895)	121,641	1,939	123,580

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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 (audited)	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
Capital contribution from non-controlling shareholder	-	-	-	-	-	-	-	2	2
Profit for the year	-	8,186	-	-	-	-	8,186	537	8,723
Other comprehensive income	-	-	-	-	31	26	57	26	83
Total comprehensive income for the year	-	8,186	-	-	31	26	8,243	563	8,806
Balance at 30 September 2019	63,407	59,587	(30,727)	269	3,711	(904)	95,343	1,537	96,880

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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	Retained profits	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 October 2018	63,407	887	64,294
Total comprehensive income for the year	-	2,066	2,066
Balance at 30 September 2019	63,407	2,953	66,360
Balance at 1 October 2019	63,407	2,953	66,360
Dividend paid	-	(3,069)	(3,069)
Total comprehensive income for the year	-	5,589	5,589
Balance at 30 September 2020	63,407	5,473	68,880

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

The Company did not have any outstanding options, treasury shares, convertibles or subsidiary holdings as at 30 September 2020 and 30 September 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 30 September 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 during and as at the end of the current financial year 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 during and as at the end of the current financial year 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.

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 financial year ended 30 September 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.

Early adoption of Covid-19-Related Rent Concessions (Amendments to IFRS 16)

The Group has early adopted Covid-19-Related Rent Concessions (Amendments to IFRS 16) from 28 May 2020. The Group has elected to apply the practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Under the practical expedient, the Group can elect to account for such rent concessions in the same way as they would if they were not lease modifications, which the Group has applied to all rent concessions that meet the conditions of the amendment. The amount recognised in profit or loss for the financial year to reflect changes in lease payments that arise from rent concessions.

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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

Income Statement	(unaudited) (IAS 17 basis) Full year ended 30 September 2020	Effects of adoption of IFRS 16	(IFRS 16 basis) Full year ended 30 September 2020
The Group	S\$'000	S\$'000	S\$'000
Revenue	152,088	(17,875)	134,213
Cost of sales	(93,565)	22,995	(70,570)
Gross profit	58,523	5,120	63,643
Other income	8,904	8,199	17,103
Other operating expenses			
- Impairment loss on trade, other and lease receivables	(1,261)	(1,092)	(2,353)
- Others	(830)	-	(830)
Selling and distribution expenses	(1,433)	-	(1,433)
Administrative expenses	(31,470)	1,041	(30,429)
Finance cost	(1,897)	(3,230)	(5,127)
Share of results of associates and joint ventures, net of tax	555	-	555
Fair value loss on investment properties	(2,224)	(9,585)	(11,809)
Profit before income tax	28,867	453	29,320

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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	
	Full Year Ended 30 September	
	2020 (unaudited)	2019 (audited)
<u>Earnings per ordinary share</u>		
(i) Based on weighted average number of ordinary shares in issue (Singapore Cents)	6.00	2.03
(ii) On a fully diluted basis (Singapore Cents)	6.00	2.03
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 securities in issue as at 30 September 2020 and 30 September 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 30 September 2020 (unaudited)	As at 30 September 2019 (audited)	As at 30 September 2020 (unaudited)	As at 30 September 2019 (audited)
Net asset attributable to Shareholders (S\$ '000)	121,641	95,343	68,880	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)	30.23	23.69	17.12	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 the Group's Financial Results

For the year ended 30 September 2020 ("FY2020") vs year ended 30 September 2019 ("FY2019")

Revenue

	FY2020 S\$'000 (unaudited)	FY2019 S\$'000 (audited)	Variance	
			S\$'000	%
Industrial Properties	26,886	39,239	(12,353)	(31.5)
Commercial Properties	15,606	21,232	(5,626)	(26.5)
Residential Properties	26,985	5,319	21,666	407.3
Space Optimisation Business	69,477	65,790	3,687	5.6
Facilities Management Business	39,551	20,367	19,184	94.2
Logistics Services Business	25,185	24,937	248	1.0
Total	134,213	111,094	23,119	20.8

The Group's revenue increased by approximately S\$23.1 million or 20.8% from approximately S\$111.1 million in FY2019 to approximately S\$134.2 million in FY2020 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\$12.4 million or 31.5% from approximately S\$39.2 million in FY2019 to approximately S\$26.9 million in FY2020 mainly due to (i) derecognition of revenue of approximately S\$11.4 million from subleases classified as finance lease due to the adoption of IFRS 16. The net gain, being the difference between the right-of-use asset and the net investment in sublease, was recognised to retained earnings on 1 October 2019 for existing subleases and other income in FY2020 for new subleases; and (ii) decrease in revenue from subleases of approximately S\$2.1 million was a result of four master leases which ended between the second to fourth quarters of FY2020.

The decrease in revenue was partially offset by the contribution of rental income from one new property acquired and tenanted in the second quarter of FY2019.

The average occupancy rate of the Group's Industrial Properties decreased by 2.1 percentage points to approximately 85.8% in FY2020 as compared to 87.9% in FY2019.

Commercial Properties

Revenue derived from Commercial Properties decreased by approximately S\$5.6 million or 26.5% from approximately S\$21.2 million in FY2019 to approximately S\$15.6 million in FY2020 mainly due to (i) the movement of tenants due to expiry of subleases; (ii) renewal of subleases at lower rates; (iii) decrease in revenue from 1557 Keppel Road as the site was progressively undergoing renovations since the Group's successful retender for the site in December 2019; and (iv) derecognition of revenue of approximately S\$2.0 million from subleases classified as finance lease due to the adoption of IFRS 16. The net gain, being the difference between the right-of-use asset derecognised and the net investment in sublease, was recognised to retained earnings on 1 October 2019 for existing subleases and other income in FY2020 for new subleases.

The average occupancy rate of the Group's Commercial Properties decreased by 12.2 percentage points to approximately 78.6% in FY2020 as compared to 90.8% in FY2019.

Residential Properties

Revenue derived from Residential Properties increased by approximately S\$21.7 million or 407.3% from approximately S\$5.3 million in FY2019 to approximately S\$27.0 million in FY2020 mainly due to increase in (i) non-recurring revenue of approximately S\$16.1 million from the new dormitory business for services provided in the second half of FY2020; and (ii) revenue of approximately S\$6.4 million mainly from the co-living residence at 31 Boon Lay Drive Singapore, the new serviced residence project in Myanmar and our new student hostel at 1A Lutheran Road Singapore which started to generate revenue from the second quarter of FY2019, the fourth quarter of FY2019 and the second quarter of FY2020 respectively.

The increase was partially offset by a reduction of approximately S\$0.8 million in revenue contribution from the property at 150 Cantonment as no revenue was recognised in FY2020 due to the sublease being classified as a finance lease upon adoption of IFRS 16. A net gain, being the difference between the right-of-use asset derecognised and the net investment in sublease, was recognised entirely to retained earnings on 1 October 2019. Assuming prior to adoption of IFRS 16, the revenue contribution at 150 Cantonment would have been approximately S\$4.2 million in FY2020.

(b) Facilities Management Business

Revenue derived from our Facilities Management Business increased by approximately S\$19.2 million or 94.2% from approximately S\$20.4 million in FY2019 to approximately S\$39.6 million in FY2020 mainly due to increase in revenue of approximately S\$22.8 million from the increase in facilities management services provided for the new dormitory business which started to generate revenue from the third quarter of FY2020 and such contracts are expected to be over a short-term period between six to twelve months.

This was partially offset by the absence of revenue of approximately S\$3.6 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.

(c) Logistics Services Business

Revenue derived from our Logistics Services Business increased slightly by approximately S\$0.2 million or 1.0% from approximately S\$24.9 million in FY2019 to approximately S\$25.1 million in FY2020 mainly due to increase in transportation services provided from the trucking business.

Cost of Sales

Cost of sales decreased by approximately S\$13.1 million or 15.7% from approximately S\$83.7 million in FY2019 to approximately S\$70.6 million in FY2020.

The decrease was mainly due to decrease in rental costs of approximately S\$37.8 million due to the adoption of IFRS 16 which resulted in the (i) recognition of depreciation of right-of-use assets which will remain in cost of sales; (ii) recognition of fair value loss on investment properties (right-of-use); and (iii) one-off 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\$12.1 million; (ii) dormitory management expenses of approximately S\$7.9 million; and (iii) upkeep and maintenance costs of approximately S\$4.7 million mainly from the Facilities Management Business in line with the increase in revenue.

Gross Profit

In view of the above mentioned, gross profit increased by approximately S\$36.2 million from approximately S\$27.4 million in FY2019 to approximately S\$63.6 million in FY2020.

Other Income

Other income increased by approximately S\$12.1 million or 241.2% from approximately S\$5.0 million in FY2019 to approximately S\$17.1 million in FY2020 mainly due to the increase in (i) gains from subleases of approximately S\$6.9 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; (ii) interest income of approximately S\$1.3 million mainly arising from the interest charged on lease receivables upon the adoption of IFRS 16; (iii) job support scheme of approximately S\$1.8 million; (iv) net rental rebates received of approximately S\$2.9 million mainly for the carpark business division; and (v) miscellaneous income such as forfeiture of tenants' deposit due to early termination of leases of approximately S\$1.2 million.

These were partially offset by the (i) absence of foreign exchange gain of approximately S\$0.6 million recognised in FY2019; and (ii) non-recurring gain on disposal of our security services business of approximately S\$1.4 million which was completed and recognised in May 2019.

Other Operating Expenses

Other operating expenses increased by approximately S\$1.5 million or 88.7% from approximately S\$1.7 million in FY2019 to approximately S\$3.2 million in FY2020 mainly due to (i) foreign exchange losses of approximately S\$0.6 million in FY2020; and (ii) increase in impairment losses on receivables of approximately S\$2.1 million under the Space Optimisation Business comprising approximately S\$1.0 million from trade receivables and S\$1.1 million from lease receivables due to uncertainty on the recoverability. These were partially offset by the decrease in provision of losses from onerous contracts of approximately S\$1.2 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 as a result of the expiry of a master lease in relation to such contracts in FY2020.

Selling and Distribution Expenses

Selling and distribution expenses decreased by approximately S\$0.4 million or 21.3% from approximately S\$1.8 million in FY2019 to approximately S\$1.4 million in FY2020 mainly due to decrease in real estate agent commission expenses of approximately S\$0.4 million under the Space Optimisation Business.

Administrative Expenses

Administrative expenses increased by approximately S\$6.8 million or 28.6% from approximately S\$23.7 million in FY2019 to approximately S\$30.4 million in FY2020 mainly due to increase in (i) depreciation of property, plant and equipment of approximately S\$1.4 million mainly arising from the Residential Properties; (ii) staff costs of approximately S\$5.2 million which is in line with the increase in revenue from the Residential Properties and Facilities Management Business; and (iii) miscellaneous expenses of approximately S\$0.2 million.

Finance Cost

Finance cost increased by approximately S\$3.8 million or 284.9% from approximately S\$1.3 million in FY2019 to approximately S\$5.1 million in FY2020 mainly due to (i) increased interest expenses of approximately S\$0.6 million due to the increase in bank borrowings; and (ii) interest expenses on lease liabilities of approximately S\$3.2 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\$4.0 million or 87.7% from approximately S\$4.5 million in FY2019 to approximately S\$0.5 million in FY2020 mainly due to a net fair value gain on investment properties of approximately S\$3.1 million in FY2019 as compared to a net fair value loss on investment properties of approximately S\$1.3 million in FY2020. This was partially offset by the increase of approximately S\$0.4 million in share of operating profits from approximately S\$1.4 million in FY2019 to approximately S\$1.8 million in FY2020.

Fair Value (Loss)/Gain on Investment Properties

Fair value gain on investment properties was approximately S\$0.5 million in FY2019 as compared to fair value loss on investment properties of approximately S\$11.8 million in FY2020. The fair value loss on investment properties in FY2020 arose mainly from (i) net valuation loss of approximately S\$2.2 million comprising fair value loss of S\$3.5 million from our industrial properties in Singapore offset by a fair value gain of S\$1.3 million from our residential property in Cambodia; and (ii) our investment properties (right-of-use) of approximately S\$9.6 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\$20.4 million or 228.5% from approximately S\$8.9 million in FY2019 to approximately S\$29.3 million in FY2020.

Income Tax Expense

Income tax expenses increased by approximately S\$4.4 million from approximately S\$0.2 million in FY2019 to approximately S\$4.6 million in FY2020 mainly due to higher taxable profit.

Profit for the Year

As a result of the above, the Group's net profit increased by approximately S\$16.0 million or 183.0% from approximately S\$8.7 million in FY2019 to approximately S\$24.7 million in FY2020.

Review of Statement of Financial Position

Non-current assets

Non-current assets increased by approximately S\$98.6 million from approximately S\$136.2 million as at 30 September 2019 to approximately S\$234.8 million as at 30 September 2020 mainly due the factors as set out below:

Property, plant and equipment ("PPE") increased by approximately S\$9.7 million due to additions amounting to approximately S\$23.7 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, Singapore under the Logistics Services Business. This was partially offset by (i) depreciation of PPE of approximately S\$8.6 million; (ii) the net derecognition of PPE of approximately S\$4.8 million to retained earnings on 1 October 2019 upon the adoption of IFRS 16; and (iii) PPE written off and disposal of approximately S\$0.4 million.

Investment properties increased by approximately S\$48.3 million mainly due to (i) additions of investment properties (right-of-use) of approximately S\$50.6 million upon the adoption of IFRS 16, partially offset by fair value loss of approximately S\$9.6 million, derecognition of investment properties (right-of-use) to net investment in subleases of approximately S\$6.6 million; (ii) transfer from other asset of approximately S\$16.7 million upon the completion of construction of Axis Residences property. These were partially offset by (i) fair value loss of approximately S\$2.2 million; and (ii) foreign currency translation loss of approximately S\$0.6 million.

Right-of-use assets of approximately S\$28.3 million was recognised due to adoption of IFRS 16.

Lease receivables of approximately S\$26.1 million was recognised due to the recognition of receivables from subleases upon adoption of IFRS 16.

The increase in non-current assets was partially offset by an amount of approximately S\$13.8 million comprising (i) a decrease in financial assets, at fair value through other comprehensive income ("FVOCI") of approximately S\$0.5 million mainly from the disposal of one financial asset, at FVOCI of approximately S\$0.3 million and fair value loss of another of S\$0.7 million through other comprehensive income. These were offset by additional investment of S\$0.5 million in a company principally engaged in the provision of storage solutions; (ii) a decrease in other asset of approximately S\$12.7 million which was transferred to investment property as abovementioned; (iii) a decrease in investment in associates of approximately S\$0.1 million; (iv) a decrease in deferred tax assets of approximately S\$0.3 million; and (v) a decrease in prepayment of approximately S\$0.2 million.

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Current assets

Current assets increased by approximately S\$58.2 million from approximately S\$50.7 million as at 30 September 2019 to approximately S\$108.9 million as at 30 September 2020 mainly due to the factors as set out below.

Trade and other receivables increased by approximately S\$25.8 million mainly due to (i) increase in trade receivables of approximately S\$25.4 million mainly from our new dormitory business; (ii) increase in other receivables of approximately S\$1.0 million which was largely due to the deposit paid for the purchase of property at 320 Balestier Road, Singapore; and (iii) increase in allowance for impairment of trade receivables of approximately S\$0.6 million.

Grant receivables of approximately S\$1.1 million relating to job support scheme to be received from the Singapore Government.

Loans to joint ventures increased by approximately S\$2.5 million mainly for the partial payment of acquisition of industrial properties in Singapore under Work Plus Store (Kallang Bahru) Pte. Ltd. and Motorway Automotive Pte. Ltd. of approximately S\$4.6 million. This was partially offset by the repayment of loan from our other joint venture companies of approximately S\$2.1 million.

Lease receivables of approximately S\$17.1 million was recognised due to the recognition of receivables from subleases upon adoption of IFRS 16.

Prepayments decreased by approximately S\$1.5 million mainly due to amortisation of rental expense in FY2020.

Cash and bank balances and fixed deposits increased by approximately S\$13.1 million.

Non-current liabilities

Non-current liabilities increased by approximately S\$79.7 million from approximately S\$46.3 million as at 30 September 2019 to approximately S\$126.0 million as at 30 September 2020 mainly due to the factors as set out below.

Bank borrowings increased by approximately S\$14.9 million mainly for the (i) purchase of property at 7 Gul Avenue under our Logistics Services Business; (ii) payment for our property in Cambodia; and (iii) renovation costs for our residential property in Singapore.

Lease liabilities of approximately S\$66.2 million was recorded due to the adoption of IFRS 16 which includes the recognition of liabilities payable to landlords for lease arrangements of approximately S\$63.6 million and one-off reclassification from finance lease liabilities of approximately S\$3.5 million less repayment of approximately S\$0.9 million during FY2020.

Deferred tax liabilities increased by approximately S\$3.0 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\$0.9 million mainly due to the one-off reclassification of provision for onerous contract under the Industrial Properties to right-of-use assets due to adoption of IFRS 16 of approximately S\$0.4 million and reclassification of provision of reinstatement cost from non-current liabilities to current liabilities of approximately S\$0.5 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\$50.4 million from approximately S\$43.8 million as at 30 September 2019 to approximately S\$94.2 million as at 30 September 2020 mainly due to the factors as set out below.

Trade and other payables increased by approximately S\$11.0 million largely due to increase in (i) trade payables of approximately S\$10.2 million relating to the dormitory business and slower payment to suppliers; and (ii) other payables of approximately S\$0.8 million mainly arising from rental rebates payable to tenants.

Deferred grant income of approximately S\$0.9 million relates to grant income to be recognised from job support scheme.

Bank borrowings increased by approximately S\$3.7 million mainly for the (i) purchase of property at 7 Gul Avenue under our Logistics Services Business; (ii) payment for our property in Cambodia; and (iii) renovation costs for our residential property in Singapore.

Lease liabilities of approximately S\$33.2 million was recorded due to the adoption of IFRS 16 which includes the recognition of liabilities payable to landlords for lease arrangements of approximately S\$31.2 million and one-off reclassification from finance lease liabilities of approximately S\$2.2 million less repayment of approximately S\$0.2 million during FY2020.

Current tax payable increased by approximately S\$4.1 million mainly due to income tax provision for FY2020.

The increase in current liabilities was partially offset by a decrease in (i) finance lease liabilities of approximately S\$2.2 million which has been reclassified to lease liabilities due to the adoption of IFRS 16; and (ii) provisions of approximately S\$0.4 million mainly due to the decrease in provision for onerous contract under the Industrial Properties of approximately S\$1.0 million, partially offset by the reclassification of provision of reinstatement cost from non-current liabilities to current liabilities of approximately S\$0.5 million.

Review of Statement of Cash Flows

In FY2020, the Group recorded net cash generated from operating activities of approximately S\$48.6 million, which was a result of operating profit before changes in working capital of approximately S\$60.9 million, increase in trade and other receivables of approximately S\$27.6 million and increase in trade and other payables of approximately S\$15.2 million, adjusted for net income tax refunded of approximately S\$0.1 million.

Net cash used in investing activities amounted to approximately S\$10.5 million, which was mainly due to (i) additions to PPE of approximately S\$22.5 million for renovation costs paid for our new student hostel project at 1A Lutheran Road in Singapore and residential 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\$2.9 million mainly for the acquisition of industrial properties and working capital; (iii) cash paid on acquisition of joint ventures of approximately S\$0.6 million; (iv) additions to investment property of approximately S\$3.9 million; and (v) additions to financial assets, at FVOCI of approximately S\$0.4 million. These were partially offset by (i) receipts from lease receivables of approximately S\$16.6 million; (ii) interest received from lease receivables of approximately S\$1.3 million; (iii) dividend received from associate of approximately S\$0.6 million; (iv) proceeds received from disposal of PPE of approximately S\$0.3 million; (v) proceeds received from disposal of financial assets, at FVOCI of approximately S\$0.3 million; and (vi) interest received of approximately S\$0.6 million.

Net cash used in financing activities amounted to approximately S\$20.2 million, which were due to (i) repayment of lease liabilities of approximately S\$35.6 million; (ii) repayment of bank borrowings of approximately S\$9.6 million; (iii) interest expense paid of approximately S\$5.2 million; and (iv) dividend paid of approximately S\$3.1 million. These were partially offset by (i) proceeds from bank borrowings of approximately S\$28.7 million for the acquisition of property at 7 Gul Avenue and renovation loans for our Space Optimisation Business; and (ii) decrease in pledged fixed deposits of approximately S\$4.7 million due to the release of charges by bankers.

As a result of the above, cash and cash equivalents increased by approximately S\$17.9 million, amounting to approximately S\$39.1 million as at 30 September 2020.

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

The Group's actual results for FY2020 is in line with the profit alert announced by the Group on 5 November 2020. The variance was mainly due to fair value adjustments on investment properties which were subject to finalisation of valuation as at the date of the profit alert announcement.

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.

Singapore's economic performance improved in the third quarter this year as more business activities gradually resumed under the phased re-opening of the economy following the Circuit Breaker period. As announced in the press release dated 23 November 2020 issued by the Ministry of Trade and Industry Singapore¹, the Singapore economy contracted by 5.8% on a year-on-year basis in the third quarter of 2020, moderating from the 13.3% contraction in the second quarter of 2020. In addition, as indicated in the MAS Monetary Policy Statement - October 2020 dated 14 October 2020², beyond the immediate rebound, gross domestic product (GDP) growth momentum is likely to be modest against a sluggish external backdrop and the pace of expansion is expected to moderate in the quarters ahead.

Under the JTC Market Report for the industrial property market (3Q2020)³, the occupancy rate of the overall industrial property market rose slightly by 0.2 percentage points on a quarter-on-quarter basis and 0.3 percentage points on a year-on-year basis. The rise was driven by an increase in demand for storage amid a delay in new completions. However, the price and the rental index fell by 2.2% and 0.9% respectively as compared to the previous quarter; and 3.9% and 1.6% respectively as compared to a year ago.

Taking into consideration the challenges affecting the overall operating environment as a result of the Covid-19 pandemic worldwide and fresh hopes of a gradual economic recovery in the coming year due to the news of Covid vaccines reaching new milestones, the Group hopes to capitalise on the new norm and expects to continue to focus on its efforts to acquire new and retain existing customers in order to (i) maintain a stable occupancy rate across all its entire property portfolio; (ii) maintain a healthy utilisation rate of its logistics vehicle fleet and container depot facilities; and (iii) continue the provision of its integrated facilities management services in Singapore and the ASEAN region where the Group has business presence in while cautiously exploring new opportunities to expand its current business offerings.

Under the Space Optimisation Business, the Group is expecting to complete the asset enhancement works of its mixed-use master leased property at 1557 Keppel Road in December 2020, its joint venture industrial properties at 5 Toa Payoh in December 2020, and 202 Kallang Bahru in April 2021, thereby adding more Work+Store self-storage facilities into the Group's industrial property portfolio. These properties are expected to commence operations and contribute to the Group's income stream in the new financial year.

Following the Group's acceptance of the offer to purchase a freehold property at 320 Balestier Road, Singapore as announced on 16 September 2020, the Group also looks forward to the completion of the acquisition of the property as this will further expand its co-living space offerings for its residential properties under the Space Optimisation Business.

As announced recently, the Company's indirect wholly-owned subsidiary, Coliwoo Holdings Pte. Ltd., had established a joint venture, Coliwoo East Pte. Ltd., with its joint venture partner Amber42 Pte. Ltd., with the intention to acquire a property at 40 and 42 Amber Road, Singapore, for a purchase price of S\$27 million. Please refer to the announcement dated 26 November 2020 for details.

For the Group's overseas projects under the Space Optimisation Business, the Axis Residences property in Cambodia has commenced operations to accept residents into its 85SOHO serviced residences while the renovation of our 85SOHO business apartment cum hotel in our leased property in Nanan City, Quanzhou, Fujian Province, the People's Republic of China is almost complete and expecting to commence operations in the upcoming months.

Regarding the Group's 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 for our customers.

¹ https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2020/Economic-Survey-of-Singapore-Third-Quarter-2020/PR_3Q20.pdf

² <https://www.mas.gov.sg/news/monetary-policy-statements/2020/mas-monetary-policy-statement-14oct20>

³ https://www.sgpc.gov.sg/media_releases/jtc/press_release/P-20201022-1

The Group has further expanded its Facilities Management Business under its carpark management business. It was recently awarded a three-year car park operations and management for 33 JTC carparks with option to extend yearly up to three years and is expecting to commence operations in January 2021. Please refer to the announcement dated 27 November 2020 for more details. The Group has also entered into a joint venture to acquire a carpark property at Bukit Timah Shopping Centre located at 170 Upper Bukit Timah Road, Singapore and is expecting the acquisition to be completed in December 2020. These transactions will bring the total number of carparks under its management to 74.

In addition, the Group will continue to look for more locations for its car park management business in both Singapore and Hong Kong.

According to the Singapore Economic Development Board monthly manufacturing performance for September 2020, the manufacturing output of chemicals increased 0.4% year-on-year in September 2020⁴. The Group's trucking business is expected to remain stable in FY2021, attributable to the Group's competitive pricing, on-time delivery and good relationships with our customers. The Group also has plans to grow its transportation fleet in Singapore and Malaysia to better support its customers who require cross border trucking.

As announced by the Maritime and Port Authority of Singapore, container throughput in the first half of this year has remained robust compared with the same period last year, slightly dipping to 17.8 million twenty-foot equivalent units ("TEUs") against 18 million TEUs in the first half of last year⁵. In Thailand, exports are expected to slowly recover in the remaining months this year and are expected to contract by less than projected for the remainder of this year⁶. Nevertheless, the Group's container depot business is expected to remain cautious in view of the business uncertainties brought about by the Covid-19 pandemic. In anticipation for a gradual recovery in container traffic in the ASEAN region in the coming year, the Group will continue to cautiously expand its container depot network throughout Asia. The Group is currently preparing to commence operations for its newest container depot in Yangon, Myanmar in December 2020.

The Company will make further announcement(s) as and when there are material development(s) to the proposed acquisition of the property at 320 Balestier Road, 40 and 42 Amber Road, carpark at Bukit Timah Shopping Centre and the effects of the introduction of the Re-Align Framework Bill⁷, released by the Singapore's Ministry of Law, on the Group's Space Optimisation Business.

⁴ https://www.edb.gov.sg/content/dam/edb/website/news-and-resources/resources/Monthly-Manufacturing-Performance-Sep%202020_Final.pdf

⁵ <https://www.straitstimes.com/singapore/port-resilient-as-container-throughput-remains-robust>

⁶ <https://www.bangkokpost.com/business/2006111/brighter-export-outlook-for-the-rest-of-the-year>

⁷ <https://www.mlaw.gov.sg/news/press-releases/2020-11-02-re-align-framework>

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11. Dividend

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

Name of Dividend	Proposed Final
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S\$0.01 per ordinary share
Tax rate	Exempt (1-tier)

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

Name of Dividend	Proposed Final
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount	S\$0.005 per ordinary share
Tax rate	Exempt (1-tier)

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

Subject to shareholders' approval at the upcoming annual general meeting, the proposed final dividend will be paid on 22 February 2021.

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

For Shareholders in Singapore

The Share Transfer Books and Register of Members of the Company will be closed at **5:00 p.m. on Monday, 8 February 2021** for the purpose of determining shareholders' entitlements to the proposed final dividend. Duly completed registrable transfers in respect of the Shares received by the Company's Singapore principal share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 up to **5:00 p.m. on Monday, 8 February 2021** will be registered to determine shareholders' entitlements to the proposed final dividend.

For Shareholders in Hong Kong

The branch register of members of the Company in Hong Kong will be closed between **Tuesday, 9 February 2021 and Wednesday, 10 February 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 proposed final dividend, all share transfers in Hong Kong, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than **4:30 p.m. on Monday, 8 February 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 Monday, 1 February 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.

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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.

Save as disclosed, there were no other interested person transactions of S\$100,000 and above.

Name of Interested Persons and Transactions	Aggregate value of all interested person transactions during the period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	Full Year ended 30 September 2020 S\$'000	Full Year ended 30 September 2020 S\$'000
<u>Payments received by our Group</u>		
PJS Companies* - Property leases or sub-leases	-	55
	-	55
<u>Payments paid by our Group</u>		
PJS Companies* - Purchase of food and beverage products and services	-	72
	-	72
Total	-	127

* PJS Companies include Cafe @ Phoenix Pte. Ltd., DJ Culinary Concepts Pte. Ltd. and Spruce Myanmar Limited, are each wholly owned by Pang Joo Siang, the sole director of each company, who is the spouse of the Company's Executive Director and Group Deputy Managing Director, Jess Lim.

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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 up 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	755	-
	Total	44,396	44,396	-

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.

Approximately HK\$1.8 million (equivalent to S\$0.3 million) allocated for the set-up of our first operation in the PRC had been utilised as the partial payment for the renovation costs of the leased property.

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 has fully utilised all of the Net Proceeds as at the date of this announcement.

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. Segmented revenue and results for operating segments (of the group) in the form presented in the issuers most recently audited manual financial statements, with comparative information for the immediately preceding year.

(a) Business segments

	Industrial		Commercial		Residential		Logistics		Facilities Management		Corporate and Eliminations		Consolidated	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
REVENUE														
Total sales	29,890	41,842	16,534	22,298	27,107	5,319	27,956	27,498	47,168	22,165	22,277	12,871	170,932	131,993
Inter-segment sales	(3,004)	(2,603)	(928)	(1,066)	(122)	-	(2,771)	(2,561)	(7,617)	(1,798)	(22,277)	(12,871)	(36,719)	(20,899)
External sales	26,886	39,239	15,606	21,232	26,985	5,319	25,185	24,937	39,551	20,367	-	-	134,213	111,094
RESULTS														
Segment results	6,455	(2,208)	8,168	1,564	8,478	(1,879)	4,050	4,701	11,934	2,525	6,616	548	45,701	5,251
Fair value (loss)/gain on investment properties	(7,898)	473	(4,243)	7	332	-	-	-	-	-	-	-	(11,809)	480
Finance cost	(2,009)	(808)	(749)	(43)	(1,360)	(205)	(596)	(171)	(384)	(36)	(29)	(69)	(5,127)	(1,332)
	(3,452)	(2,543)	3,176	1,528	7,450	(2,084)	3,454	4,530	11,550	2,489	6,587	479	28,765	4,399
Share of results of associates and joint ventures	1,532	601	-	-	-	-	511	508	(1,488)	3,418	-	-	555	4,527
Profit before taxation	(1,920)	(1,942)	3,176	1,528	7,450	(2,084)	3,965	5,038	10,062	5,907	6,587	479	29,320	8,926
Income tax expense													(4,633)	(203)
Non-controlling interests													(543)	(537)
Net profit attributable to equity holders of the Company													24,144	8,186

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(b) Geographical segment

	30 September 2020		30 September 2019	
	Revenue S\$'000	Non-current Assets * S\$'000	Revenue S\$'000	Non-current Assets * S\$'000
Singapore	124,337	196,681	103,221	106,663
Hong Kong	2,405	623	1,026	76
Indonesia	709	6,118	1,209	6,787
Thailand	3,621	2,840	4,039	1,330
Cambodia	2	17,779	-	12,771
Myanmar	1,642	4,608	815	5,268
Other countries	1,497	6,145	784	3,001
Consolidated total	134,213	234,794	111,094	135,896

* Non-current assets excludes deferred tax assets.

16. In the review of the performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to Paragraph 8 above for details.

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

	FY2020 S\$'000	FY2019 S\$'000	Increase/(Decrease) %
(a) Sales reported for first half year	51,619	53,599	(3.7)
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	3,176	2,815	12.8
(c) Sales reported for second half year	82,594	57,495	43.7
(d) Operating profit after tax before deducting non-controlling interest reported for second half year	20,968	5,371	290.4

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	FY2020 S\$'000	FY2019 S\$'000
Ordinary shares (tax exempt 1- tier)		
- Interim	1,026	-
- Final (Proposed)	4,024	2,043
Total Annual Dividend	5,050	2,043

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

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Detail of changes in duties and position held, if any, during the year
Ong Siang Lim Jeremy	41	Brother-in-law of Kelvin Lim and Jess Lim	Senior manager car park management, responsible to oversee the car park management services / 2016	N.A.

20. **Closure of Register of Members**

The annual general meeting of the Company (the “AGM”) will be held on 29 January 2021 (Friday). The notice of the AGM will be published on the website of SEHK (www.hkexnews.hk), SGX-ST (www.sgx.com) and the website of the Company (www.lhngroup.com), and will also be sent to the Shareholders, together with the Company’s annual report, in due course.

For determining the entitlement to attend and vote at the AGM

For Shareholders in Singapore

The Share Transfer Books and Register of Members of the Company will be closed at **5:00 p.m. on Tuesday, 26 January 2021** for the purpose of determining shareholders’ entitlements to attend the AGM. Duly completed registrable transfers in respect of the Shares received by the Company’s Singapore principal share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 up to **5:00 p.m. on Monday, 25 January 2021** will be registered to determine shareholders’ entitlements to attend the AGM.

For Shareholders in Hong Kong

The branch register of members of the Company in Hong Kong will be closed from **Tuesday, 26 January 2021 to Friday, 29 January 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 attend and vote at the AGM, all share transfers in Hong Kong, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than **4:30 p.m. on Monday, 25 January 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 Monday, 18 January 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.

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

During FY2020 and up to the date of this announcement, the Group had incorporated the following subsidiaries and joint ventures:

S/N	Company Name	Relationship with the Group	Date of announcement
1.	Work Plus Store (Kallang Bahru) Pte. Ltd.	Joint venture	19 November 2019, 10 December 2019, 7 January 2020 and 4 February 2020, and the circular dated 24 January 2020
2.	Motorway Automotive Pte. Ltd.	Joint venture	3 June 2020
3.	Coliwoo Balestier Pte. Ltd.	Subsidiary	16 September 2020
4.	Metropolitan Parking (BTSC) Pte. Ltd.	Associate	23 September 2020
5.	Coliwoo East Pte. Ltd.	Joint venture	26 November 2020

In addition, the Group had also incorporated the following subsidiaries, joint ventures and associates which are currently dormant:

S/N	Company Name	Place of Incorporation	Issued and Paid-up Capital	Principal Activities	Interest Held by the Group
1.	Coliwoo (BR) Pte. Ltd.	Singapore	S\$2.00	Other holding companies	100%
2.	85 SOHO Apartel Limited	British Virgin Islands	US\$2,450 *	Other holding companies	100%
3.	S K A I-85 SOHO Co., Ltd.	Cambodia	US\$5,000 *	Operating of serviced apartments	49%
4.	HLA Transportation (Thailand) Ltd	Thailand	THB4,000,000	Container depot management	26%
5.	WPS (TPY) Pte. Ltd.	Singapore	S\$1.00	General warehousing	100%
6.	LHN Mobility Pte. Ltd.	Singapore	S\$1.00	Other holding companies	100%
7.	Getgo Technologies Pte. Ltd.	Singapore	S\$30,000.00	Web portals	30%
8.	Work Plus Store (Toa Payoh) Pte. Ltd.	Singapore	S\$1.00	General warehousing	40%
9.	Coliwoo Holdings Pte. Ltd.	Singapore	S\$1.00	Other holding companies	100%
10.	Coliwoo Keppel Pte. Ltd.	Singapore	S\$1.00	Operating of serviced apartments	100%
11.	LHN SB 1 Pte. Ltd.	Singapore	S\$1.00	Operating of serviced apartments	100%

* Struck-off in progress. As at the date of this announcement, saved for the unpaid share capital of 85 SOHO Apartel Limited and S K A I-85 SOHO Co., Ltd., the Group has fully paid the share capital for the rest of the companies in the table.

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

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

By Order of the Board
LHN Limited
Lim Lung Tieng
Executive Chairman and Group Managing Director
27 November 2020