LHN GROUP
SPACE OPTIMISED

COMMERCIAL
LOGISTICS
RESIDENTIAL
FACILITIES
INDUSTRIAL
CAR PARK

2018

ASEAN EXPANSION
INTERIM REPORT

LHN Limited
賢能集團有限公司*
(incorporated in the Republic of Singapore with limited liability)
Stock Codes: Singapore - 410 / Hong Kong - 1730

*For identification purpose only

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Lung Tieng
Executive Chairman
Group Managing Director

Lim Bee Choo
Executive Director
Group Deputy Managing Director

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

Yong Chee Hiong
Independent Non-executive Director

Chan Ka Leung Gary
Independent Non-executive Director

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATING COMMITTEE

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

JOINT COMPANY SECRETARIES

Leong Chee Meng, Kenneth
Ng Chit Sing (HKICS, ICSA)

REGISTERED OFFICE

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#02-18
Singapore 088702
Tel: (65) 6368 8328
Fax: (65) 6367 2163

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Kin Wing Commercial Building
24-30 Kin Wing Street
Tuen Mun, New Territories
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CONTINUING SPONSOR (SGX-ST)

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

COMPLIANCE ADVISER (SEHK)

Fortune Financial Capital Limited
35/F, Office Tower Convention Plaza
1 Harbour Road
Wan Chai
Hong Kong

HONG KONG LEGAL ADVISER

Luk & Partners
in Association with Morgan,
Lewis & Bockius
Suites 1902-09, 19th Floor
Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong

SINGAPORE PRINCIPAL SHARE REGISTRAR

Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
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183 Queen's Road East
Hong Kong

AUDITORS

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7 Straits View
Marina One East Tower
Singapore 018936

PRINCIPAL BANKERS

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12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

Hong Leong Finance Limited
16 Raffles Quay
#01-05 Hong Leong Building
Singapore 048581

Malayan Banking Berhad
2 Battery Road
#16-01 Maybank Tower
Singapore 049907

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

RHB Bank Berhad
90 Cecil Street
#01-00 RHB Bank Building
Singapore 069531

INVESTOR RELATIONS

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WEBSITE

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STOCK CODES

Singapore: 41O
Hong Kong: 1730

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

FOR THE SIX MONTHS ENDED 31 MARCH 2018

The board (the "Board") of directors (the "Directors") of LHN Limited (the "Company") hereby announces the consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 31 March 2018, together with the comparative figures for the six months ended 31 March 2017. The Group's interim results for the six months ended 31 March 2018 are unaudited, but have been reviewed by the audit committee of the Company (the "Audit Committee").

	Note	**2018 (unaudited) S$'000**	**2017 (unaudited) S$'000**
Revenue	*7*	56,204	53,584
Cost of sales	*10*	(40,755)	(40,217)
Gross profit		15,449	13,367
Other income	*8*	1,271	1,305
Other losses-net	*9*	(28)	(161)
Selling and distribution expenses	*10*	(1,001)	(562)
Administrative expenses	*10*	(13,028)	(11,052)
Finance cost	*11*	(399)	(304)
Share of results of associates and joint ventures, net of tax		648	3,877
Fair value loss on investment properties		–	(1,439)
Profit before income tax		2,912	5,031
Income tax expense	*12*	(516)	(52)
Profit for the period		2,396	4,979
Other comprehensive (loss)/income			
Item that will be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation		(81)	(1)
Item that will not be reclassified subsequently to profit or loss			
Revaluation gains on leasehold building		12	137
Share of other comprehensive income of joint venture		44	142
Other comprehensive (loss)/income		(25)	278
Total comprehensive income for the period		2,371	5,257
Profit attributable to:			
Equity holders of the Company		2,368	4,707
Non-controlling interests		28	272
Profit for the period		2,396	4,979
Total comprehensive income attributable to:			
Equity holders of the Company		2,342	4,987
Non-controlling interests		29	270
Total comprehensive income for the period		2,371	5,257
Earnings per share for profit attributable to equity holders of the Company			
Basic and diluted (cents)	*14*	0.62	1.31

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Note	31 March 2018 (unaudited) S$'000	30 September 2017 (audited) S$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	18,163	21,794
Investment properties		46,247	43,352
Available for sale financial assets		107	107
Investment in associates		40	132
Investment in joint ventures		12,028	11,344
Deferred tax assets		737	651
Long-term prepayments		464	536
		77,786	77,916
Current assets			
Inventories		11	33
Trade and other receivables	*16*	19,364	13,212
Loans to joint ventures		11,905	10,492
Prepayments		2,046	3,131
Cash and bank balances		14,389	13,262
Fixed deposits		13,230	6,270
		60,945	46,400
TOTAL ASSETS		138,731	124,316
EQUITY			
Capital and Reserves			
Share capital	*17*	63,407	51,287
Treasury shares	*17*	–	(186)
Reserves		21,850	19,508
		85,257	70,609
Non-controlling interests		362	333
TOTAL EQUITY		85,619	70,942
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		265	222
Provision for reinstatement costs		36	204
Other payables	*18*	17	18
Finance lease liabilities		3,162	3,417
Bank borrowings	*19*	16,539	16,380
		20,019	20,241
Current liabilities			
Trade and other payables	*18*	25,782	25,054
Provision for reinstatement costs		411	169
Finance lease liabilities		1,643	1,750
Bank borrowings	*19*	3,689	4,894
Current tax payable		1,568	1,266
		33,093	33,133
TOTAL LIABILITIES		53,112	53,374
TOTAL EQUITY AND LIABILITIES		138,731	124,316

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2018

Group	Share capital S$'000	Treasury shares S$'000	Retained profits S$'000	Merger reserves S$'000	Other reserves S$'000	Asset revaluation reserves S$'000	Exchange translation reserves S$'000	Total attributable to equity holders of the Company S$'000	Non-controlling interests S$'000	Total equity S$'000
Balance at 1 October 2017	51,287	(186)	47,197	(30,727)	298	3,576	(836)	70,609	333	70,942
New Shares issued pursuant to HK Listing	13,638	–	–	–	–	–	–	13,638	–	13,638
Share issue costs	(1,332)	–	–	–	–	–	–	(1,332)	–	(1,332)
Cancellation of treasury shares	(186)	186	–	–	–	–	–	–	–	–
Termination of LHN Performance Share Plan	–	–	29	–	(29)	–	–	–	–	–
Profit for the period	–	–	2,368	–	–	–	–	2,368	28	2,396
Other comprehensive income/(loss)	–	–	–	–	–	56	(82)	(26)	1	(25)
Total comprehensive income for the period	–	–	2,368	–	–	56	(82)	2,342	29	2,371
Balance at 31 March 2018 (unaudited)	63,407	–	49,594	(30,727)	269	3,632	(918)	85,257	362	85,619

Group	Share capital S$'000	Treasury shares S$'000	Retained profits S$'000	Merger reserves S$'000	Other reserves S$'000	Asset revaluation reserves S$'000	Exchange translation reserves S$'000	Total attributable to equity holders of the Company S$'000	Non-controlling interests S$'000	Total equity S$'000
Balance at 1 October 2016	51,287	(245)	46,507	(30,727)	269	3,202	(744)	69,549	(120)	69,429
Issuance of treasury shares for employee performance	–	59	–	–	29	–	–	88	–	88
Dividend paid for FY2016	–	–	(1,622)	–	–	–	–	(1,622)	–	(1,622)
Profit for the period	–	–	4,707	–	–	–	–	4,707	272	4,979
Other comprehensive income/(loss)	–	–	–	–	–	279	1	280	(2)	278
Total comprehensive income for the period	–	–	4,707	–	–	279	1	4,987	270	5,257
Balance at 31 March 2017 (unaudited)	51,287	(186)	49,592	(30,727)	298	3,481	(743)	73,002	150	73,152

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE SIX MONTHS ENDED 31 MARCH 2018

	Six months ended 31 March	
	2018 (unaudited) S$'000	2017 (unaudited) S$'000
Cash flows from operating activities:		
Profit before income tax	2,912	5,031
Share of results of associates and joint ventures	(648)	(3,877)
Adjustments for:		
Depreciation of property, plant and equipment	2,917	3,050
Gain on disposal of property, plant and equipment	(359)	(75)
Property, plant and equipment written off	1	15
Fair value loss on investment properties	–	1,439
Waiver of debt from a director of subsidiaries	(42)	(21)
Dual Listing expenses	1,842	–
Employee performance share expenses	–	88
Interest income	(201)	(148)
Interest expenses	399	304
Operating profit before working capital changes	6,821	5,806
Decrease in inventories	22	5
Increase in operating receivables	(4,970)	(611)
Increase/(decrease) in operating payables	1,264	(864)
Cash generated from operations	3,137	4,336
Interest expense paid	(393)	(295)
Income tax paid	(798)	(775)
Income tax refunded	541	721
Net cash generated from operating activities	2,487	3,987
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(1,888)	(2,107)
Addition of investment properties	–	(955)
Acquisition of a joint venture	–	(150)
Loans to joint ventures, net	(1,250)	(970)
Proceeds from disposal of property, plant and equipment	480	79
Dividend from associate	100	–
Interest received	18	26
Net cash used in investing activities	(2,540)	(4,077)
Cash flows from financing activities:		
Repayment of finance lease	(1,008)	(811)
Placements of deposits – current	–	(5)
Bank borrowings obtained	2,446	–
Bank borrowings repaid	(3,493)	(770)
Proceeds from issuance of shares	13,638	–
Share issue costs	(1,332)	–
Dual Listing expenses paid	(2,067)	–
Dividend paid	–	(1,622)
Net cash generated from/(used in) financing activities	8,184	(3,208)
Net increase/(decrease) in cash and cash equivalents	8,131	(3,298)
Cash and cash equivalents at beginning of period	14,885	19,926
Effect of currency translation on cash and cash equivalents	(46)	6
Cash and cash equivalents at end of period	22,970	16,634
Consolidated cash and cash equivalents are represented by:		
Cash and bank balances	14,389	16,634
Fixed deposits	13,230	5,711
	27,619	22,345
Less: Pledged fixed deposits	(4,649)	(5,711)
Cash and cash equivalents as per consolidated statement of cash flows	22,970	16,634

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 MARCH 2018

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 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 2018 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 2017, which have been prepared in accordance with the International Financial Reporting Standards ("**IFRSs**").

This unaudited condensed consolidated interim financial information have 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 2017.

(a) Amendments to IFRSs effective for the financial year ending 30 September 2018 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
IFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions	1 January 2018	
IFRS 9	Financial Instruments	1 January 2018	i
IFRS 15	Revenue from Contracts with Customers	1 January 2018	ii
IFRS 15 (Amendment)	Clarifications to IFRS 15	1 January 2018	
IFRS 16	Leases	1 January 2019	iii
IFRS 17	Insurance Contracts	1 January 2021	iv
IAS 40 (Amendment)	Investment Properties	1 January 2018	v

Note i:

IFRS 9 "Financial instruments" replaces the whole of IAS 39. IFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("**OCI**") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 MARCH 2018

3. ACCOUNTING POLICIES (CONT'D)

IFRS 9 also introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 contains a "three stage" approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

During the six months ended 31 March 2018, all of the Group's financial assets and financial liabilities were carried at amortised costs without significant impairment on the former. The implementation of IFRS 9 is not expected to result in any significant impact on the Group's financial position and results of operations.

Note ii:

IFRS 15 "Revenue from Contracts with Customers" – This new standard replaces the previous revenue standards: IAS 18 "Revenue" and IAS 11 "Construction Contracts", and the related Interpretations on revenue recognition. IFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that the Group should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earnings processes" to an "asset liability" approach based on transfer of control. IFRS 15 provides specific guidance on capitalisation of contract cost, license arrangements and principal versus agent considerations. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group is in the process of making an assessment on the impact of this new standard. Currently, management does not anticipate any significant impact on the Group's financial positions and results of operations upon adopting this new standard.

Note iii:

IFRS 16 "Leases" – The Group is a lessee of its various properties which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in Note 3.1.

IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the consolidated statements of financial position. Instead, all long-term leases must be recognised in the consolidated statements of financial position in the form of assets (for the rights of use) and lease liabilities (for the payment obligations), both of which would carry initially at the discounted present value of the future operating lease commitments. Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations.

The new standard will therefore result in an increase in right-to-use asset and an increase in lease liability in the consolidated statement of financial position. In the consolidated statements of profit or loss, lease will be recognised in the future as depreciation and will no longer be recorded as rental expenses. Interest expense on the lease liability will be presented separately from depreciation under finance costs. The combination of a straight-line depreciation of the right-to-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term on a lease by lease basis.

Nevertheless, it is expected that there will be no material impact on the total expenses to be recognised by us over the entire lease period and our total net profit over the lease period is not expected to be materially affected. The adoption of IFRS 16 would not affect our total cash flows in respect of the leases. We are continuing to assess the specific magnitude of the adoption of IFRS 16 to the relevant financial statement areas and will conduct a more detailed assessment on the impact as information become available closer to the planned initial date of the adoption of 1 October 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 MARCH 2018

3. ACCOUNTING POLICIES (CONT'D)

Note iv:

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of this new standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. The Group is in the process of making an assessment on the impact of this new standard and does not anticipate the implementation will result in any significant impact on the Group's financial position and results of operations.

Note v:

Under the amendments in IAS 40 Transfers of Investment Property has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The amendments are effective on 1 January 2018. However, if finalised, earlier adoption is permitted. The Group is in the process of making an assessment on the impact of this new standard. Currently, management does not anticipate any significant impact on the Group's financial positions and results of operations upon adopting this new standard.

3.1. Leases

Where the Group is lessee

(a) *Finance leases*

Leases of assets in which the Group assumes substantially the risks and rewards of ownership, including hire purchase contracts, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is taken to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on remaining balance of the liability for each period.

(b) *Operating leases*

Leases of assets in which a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as operating leases. Payment made under operating leases are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

Where an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Where the Group is lessor

Operating leases:

Assets leased out under operating leases are included in investment properties and are stated at fair value and not depreciated. Rental income (net of any incentives given to lessees) is recognised in the profit or loss on a straight-line basis over the lease term.

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 2017.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 MARCH 2018

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a market risk (including currency risk and interest risk), credit risk and liquidity risk.

The unaudited condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 30 September 2017.

There have been no changes in the risk management policies since 30 September 2017.

5.2 Fair value estimation

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

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

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

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

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as at 31 March 2018 and 30 September 2017:

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
As at 31 March 2018 (unaudited)				
Investment properties:				
Industrial and commercial properties	–	–	46,247	46,247
Property, plant and equipment:				
Industrial property	–	–	–	–
As at 30 September 2017 (audited)				
Investment properties:				
Industrial and commercial properties	–	–	43,352	43,352
Property, plant and equipment:				
Industrial property	–	–	3,290	3,290

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

During the financial period ended 31 March 2018, there has been a decrease in the proportion of the floor area of 72 Eunos Avenue 7 used for owner-occupation by the Group from 17% to 2% due to the change in usage. As a result, the Group has reclassified all the leasehold buildings of approximately S$3,290,000 to investment properties as only an insignificant portion of it is held for own-use.

Fair value measurements of investment properties, property, plant and equipment-industrial property

Investment properties, property, plant and equipment-industrial property are carried at fair values at the end of reporting period as determined by independent professional valuers. Valuations are made at each financial statement date based on the properties' highest-and-best-use using the direct market comparison method that considers sales of similar properties that have been transacted in the open market. The most significant input into this valuation approach is selling price per square metre.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 MARCH 2018

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.2 Fair value estimation (Cont'd)

Reconciliation of movements in Level 3 fair value measurement

	Investment properties S$'000	Property, plant and equipment-Industrial property S$'000	Non-current asset classified as held for sale S$'000
For the six months ended 31 March 2018 (unaudited)			
Beginning of financial period	43,352	3,290	–
Transfers from/(to) property, plant and equipment	3,290	(3,290)	–
Depreciation expenses	–	(12)	–
Gains recognised in other comprehensive income	–	12	–
Currency translation differences	(395)	–	–
End of financial period	46,247	–	–
Change in unrealised gains for assets held at the end of the financial period included in profit or loss	–	–	–
For the financial year ended 30 September 2017 (audited)			
Beginning of financial year	37,472	10,369	–
Transfers from/(to) property, plant and equipment	415	(415)	–
Transfers to non-current asset held for sale	(13,336)	(6,664)	20,000
Transfers from non-current asset held for sale	19,500	–	(19,500)
Additions – Subsequent expenditure on investment property	994	–	–
Depreciation expenses	–	(137)	–
Loss recognised in profit and loss	(1,439)	–	(500)
Gains recognised in other comprehensive income	–	137	–
Currency translation differences	(254)	–	–
End of financial year	43,352	3,290	–
Change in unrealised losses for assets held at the end of the financial year included in profit or loss	(1,439)	–	(500)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 MARCH 2018

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.2 Fair value estimation (Cont'd)

Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties, property, plant and equipment – industrial property and non-current assets classified as held for sale categorised under Level 3 of the fair value hierarchy:

Description	Fair value S$'000	Valuation technique	Unobservable inputs[a]	Range of Unobservable inputs	Relationship of unobservable inputs to fair value
As at 31 March 2018 (unaudited)					
Singapore	40,000	Direct comparison method	Transacted price of comparable properties	S$2,370 to S$3,990 per square metre	The higher the comparable value, the higher the fair value
		Discounted cash flow	Discount rate	7.5%	The higher the rate, the lower the fair value
		Discounted cash flow	Terminal yield	5.75%-6%	The higher the rate, the lower the fair value
		Capitalisation rate	Capitalisation rate	5.5%-5.75%	The higher the rate, the lower the fair value
Indonesia	6,247	Direct comparison method	Transacted price of comparable properties	S$3,800 to S$4,500 per square metre	The higher the comparable value, the higher the fair value
	46,247				
As at 30 September 2017 (audited)					
Singapore	40,000	Direct comparison method	Transacted price of comparable properties	S$2,370 to S$3,990 per square metre	The higher the comparable value, the higher the fair value
		Discounted cash flow	Discount rate	7.5%	The higher the rate, the lower the fair value
		Discounted cash flow	Terminal yield	5.75%-6%	The higher the rate, the lower the fair value
		Capitalisation rate	Capitalisation rate	5.5%-5.75%	The higher the rate, the lower the fair value
Indonesia	6,642	Direct comparison method	Transacted price of comparable properties	S$3,800 to S$4,500 per square metre	The higher the comparable value, the higher the fair value
	46,642				

(a) There were no significant inter-relationships between unobservable inputs.

6. 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.

The Group does not have a single customer whose revenue reports more than 10% of the Group's total revenue. Group taxation is managed on a group basis and is not allocated to operating segments.

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, bank borrowings and finance lease liabilities, which are directly attributable to a segment as well as items that can be allocated on a reasonable basis.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 MARCH 2018

6. SEGMENT INFORMATION (CONT'D)

Segment breakdown for the period ended 31 March 2018 are as follows:

	Industrial S$'000	Commercial S$'000	Residential S$'000	Logistics Services S$'000	Facilities Management S$'000	Others and Eliminations S$'000	Consolidated S$'000
Sales							
Total segment sales	20,995	15,228	1,379	11,623	10,988	6,990	67,203
Inter-segment sales	(689)	(565)	–	(1,618)	(1,137)	(6,990)	(10,999)
External sales	20,306	14,663	1,379	10,005	9,851	–	56,204
Segment results	**2**	**2,602**	**746**	**1,514**	**(738)**	**(1,463)**	**2,663**
Finance cost	(304)	(4)	–	(75)	(11)	(5)	(399)
	(302)	2,598	746	1,439	(749)	(1,468)	2,264
Share of results of associates and joint ventures	610	–	–	–	38	–	648
Profit before taxation	308	2,598	746	1,439	(711)	(1,468)	2,912
Taxation							(516)
Net profit after taxation							2,396
Non-controlling interests							(28)
Net profit attributable to equity holders of the Company							2,368
Segment assets	44,561	9,693	1,110	5,587	2,343	1,116	64,410
Investment in associates	–	–	–	–	40	–	40
Investment in joint ventures	11,855	–	–	–	173	–	12,028
Total segment assets							76,478
Total segment liabilities	18,829	1,139	–	4,381	684	–	25,033
Capital expenditures	620	235	–	592	1,216	109	2,772
Depreciation of property, plant and equipment	733	766	86	711	432	189	2,917

6. SEGMENT INFORMATION (CONT'D)

Segment breakdown for its comparative period ended 31 March 2017 are as follows:

	Industrial S$'000	Commercial S$'000	Residential S$'000	Logistics Services S$'000	Facilities Management S$'000	Others and Eliminations S$'000	Consolidated S$'000
Sales							
Total segment sales	22,111	12,601	5,705	14,337	9,596	1,200	65,550
Inter-segment sales	(120)	(786)	(4,896)	(3,293)	(1,671)	(1,200)	(11,966)
External sales	21,991	11,815	809	11,044	7,925	–	53,584
Segment results	**520**	**94**	**294**	**2,363**	**240**	**(614)**	**2,897**
Fair value loss on investment properties	(473)	(966)	–	–	–	–	(1,439)
Finance cost	(270)	(90)	–	(50)	(60)	166	(304)
	(223)	(962)	294	2,313	180	(448)	1,154
Share of results of associates and joint ventures	3,881	–	–	–	(4)	–	3,877
Profit before taxation	3,658	(962)	294	2,313	176	(448)	5,031
Taxation							(52)
Net profit after taxation							4,979
Non-controlling interests							(272)
Net profit attributable to equity holders of the Company							4,707

Segment breakdown for its comparative period ended 30 September 2017 are as follows:

	Industrial S$'000	Commercial S$'000	Residential S$'000	Logistics Services S$'000	Facilities Management S$'000	Others and Eliminations S$'000	Consolidated S$'000
Segment assets	44,664	10,672	1,235	5,702	1,681	1,192	65,146
Investment in associates	–	–	–	–	132	–	132
Investment in joint ventures	11,200	–	–	–	144	–	11,344
Total segment assets							76,622
Total segment liabilities	20,274	12	–	4,191	964	1,000	26,441
Capital expenditures	2,204	1,591	239	3,386	909	1,056	9,385
Depreciation of property, plant and equipment	1,434	1,981	177	1,372	866	179	6,009

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 MARCH 2018

6. SEGMENT INFORMATION (CONT'D)

Reconciliation of segments' total assets and total liabilities

	31 March 2018 S$'000	30 September 2017 S$'000
Reportable segments' assets are reconciled to total assets:		
Segment assets	76,478	76,622
Deferred tax assets	737	651
Long-term prepayment	464	536
Available for sale financial assets	107	107
Inventories	11	33
Trade and other receivables	19,364	13,212
Loans to joint ventures	11,905	10,492
Prepayment	2,046	3,131
Cash and bank balances	14,389	13,262
Fixed deposits	13,230	6,270
	138,731	124,316
Reportable segments' liabilities are reconciled to total liabilities:		
Segment liabilities	25,033	26,441
Trade and other payables	25,782	25,054
Provision for reinstatement costs	447	373
Current income tax liabilities	1,568	1,266
Deferred tax liabilities	265	222
Other payables	17	18
	53,112	53,374

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	
	2018 S$'000	2017 S$'000
Singapore	49,332	51,924
Indonesia	682	737
Thailand	1,132	507
Myanmar	457	416
Cambodia	4,472	–
Other countries	129	–
	56,204	53,584

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 MARCH 2018

6. SEGMENT INFORMATION (CONT'D)

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 2018 S$'000	30 September 2017 S$'000
Singapore	68,655	68,140
Indonesia	7,041	7,646
Thailand	148	144
Myanmar	1,109	1,235
Other countries	96	100
	77,049	77,265

7. REVENUE

	Six months ended 31 March	
	2018 S$'000	2017 S$'000
Rental and warehousing lease income	28,805	31,617
Car park services	6,467	5,385
Logistics services	10,005	10,965
Facilities services	5,916	4,580
Licence fee	3,880	622
Management services fee income	319	126
Others	812	289
	56,204	53,584

8. OTHER INCOME

	Six months ended 31 March	
	2018 S$'000	2017 S$'000
Handling charges	142	114
Gain on disposal of property, plant and equipment	359	75
Interest income	201	148
Vehicle related costs	93	64
Government grants	295	29
Wage credit scheme and special employment credit*	300	282
Waiver of debt from a director of subsidiaries	42	21
Forfeiture of tenant deposit	37	43
Foreign exchange (loss)/gain	(685)	80
Services charges	81	135
Rubbish disposal	1	–
Miscellaneous charge to tenant	80	54
Other income	325	260
	1,271	1,305

* 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 MARCH 2018

9. OTHER LOSSES – NET

	Six months ended 31 March	
	2018	**2017**
	S$'000	**S$'000**
Bad debts expenses	28	–
Impairment loss on trade receivables	–	29
Impairment loss on other receivables	–	4
Out of court settlement	–	128
	28	161

10. EXPENSE BY NATURE

	Six months ended 31 March	
	2018	**2017**
	S$'000	**S$'000**
Advertising expenses	224	170
Commission fees	612	196
Entertainment expenses	120	90
Marketing expenses	45	107
Transportation costs	878	932
Container depot management charges	1,035	1,137
Rental expenses	28,817	28,905
Upkeep and maintenance costs	3,713	4,072
Consultancy fees	112	169
Depreciation of property, plant and equipment	2,917	3,050
Write-off of property, plant and equipment	1	15
Listing expenses in relation to the Dual Listing*	1,842	–
Professional fees	413	340
Vehicle-related expenses	35	238
Employee benefit costs	11,984	10,442
Insurance fees	279	331
IT Maintenance expenses	230	239
NETS/CEPAS Transaction Charges	86	78
Printing expenses	102	49
Telephone expenses	162	157
Auditor's remuneration		
– Audit services	108	103
– Non-audit services	–	47
Other expenses	1,069	964
	54,784	51,831

* Dual Listing represents the dual primary listing of the Shares on the Main Board of the Hong Kong Stock Exchange and Catalist of the SGX-ST.

11. FINANCE COST

	Six months ended 31 March	
	2018	**2017**
	S$'000	**S$'000**
Interest expense on borrowings	373	301
Interest expense on finance leases	26	3
	399	304

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 MARCH 2018

12. INCOME TAX EXPENSE

	Six months ended 31 March	
	2018	2017
	S$'000	S$'000
Current income tax	570	(33)
Deferred income tax	(42)	85
	528	52
Over provision in respect of prior years		
– current taxation	(12)	–
– deferred taxation	–	–
	516	52

The Company is incorporated in Singapore and accordingly, is subjected to income tax rate of 17%.

The subsidiary in Myanmar is subject to income tax rate of 25%.

The Thailand and Hong Kong subsidiaries do not have chargeable income subject to tax.

There are no significant business activities in Malaysia.

13. DIVIDEND

	Six months ended 31 March	
	2018	2017
	S$'000	S$'000
Dividend recognised as distribution:		
– 2016 final dividend of 0.45 cents per share	–	1,622
	–	1,622

Subsequent to the financial year ended 30 September 2017, the Board proposed a final tax-exempt dividend of 0.2 Singapore cents (equivalent to 1.15 Hong Kong cents) per ordinary share. The proposed final dividend had been approved by the shareholders during the financial period ended 31 March 2018 and paid in April 2018.

14. 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 2018 and 2017:

	Six months ended 31 March	
	2018	2017
Net profit attributable to equity holders of the Company (S$'000)	2,368	4,707
Weighted average number of ordinary shares ('000)	381,907	360,181
Basic earnings per share (cents)	0.62	1.31

The basic and diluted earnings per share are the same as there were no potentially dilutive ordinary securities in issue as at 31 March 2018 and 31 March 2017.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 MARCH 2018

15. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 March 2018, the Group has an addition of property, plant and equipment of approximately S$2,772,000 (2017: S$8,391,000). As at 31 March 2018, the carrying amount of property, plant and equipment held under finance lease was S$5,660,000 (2017: S$5,995,000).

During the financial period ended 31 March 2018, there has been a decrease in the proportion of the floor area of 72 Eunos Avenue 7 used for owner-occupation by the Group from 17% to 2% due to the change in usage. As a result, the Group has reclassified all the leasehold buildings of approximately S$3,290,000 to investment properties as only an insignificant portion of it is held for own-use.

16. TRADE AND OTHER RECEIVABLES

	31 March 2018 S$'000	30 September 2017 S$'000
Trade receivables		
– Third parties	13,762	8,903
– Related parties	115	114
– Joint ventures	217	100
	14,094	9,117
Accrued rental income	1,117	715
GST receivables	329	364
Deposits with external parties	3,849	3,232
Unpaid deposits from customers	226	70
Other receivables	421	386
	4,825	4,052
Less:		
– Impairment loss on trade receivables	(654)	(654)
– Impairment loss on other receivables	(18)	(18)
	19,364	13,212

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

	31 March 2018 S$'000	30 September 2017 S$'000
Current	5,030	1,190
1 to 30 days	3,147	3,148
31 to 60 days	1,736	1,604
61 to 90 days	1,121	326
91 to 180 days	847	1,329
181 to 365 days	1,114	531
Over 365 days	1,099	989
	14,094	9,117

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 MARCH 2018

17. SHARE CAPITAL AND TREASURY SHARES

	No. of shares		Nominal Amount	
	Issued share capital	Treasury shares	Share capital S$'000	Treasury shares S$'000
Balance as at 1 October 2017	361,857,200	(1,411,800)	51,287	(186)
New Shares issued pursuant to HK Listing	42,000,000	–	13,638	–
Share issue costs	–	–	(1,332)	–
Cancellation of treasury shares	(1,411,800)	1,411,800	(186)	186
Balance as at 31 March 2018	402,445,400	–	63,407	–

18. TRADE AND OTHER PAYABLES

	31 March 2018 S$'000	30 September 2017 S$'000
Trade payables		
– Third parties	2,533	3,521
– Related parties	142	–
	2,675	3,521
Other payables and accruals		
– Goods and services, tax payables	465	419
– Amount owing to a director of subsidiaries	158	98
– Provision of directors' fees	42	56
– Accruals	2,932	2,211
– Accrued rental expenses	3,897	3,957
– Rental deposits received from customers	12,518	12,316
– Rental deposits received from related parties	75	73
– Rental received in advance	515	522
– Advances received from customers	1,804	1,153
– Unpaid deposits	322	222
– Withholding tax	63	43
– Sundry creditors	310	448
– Other payables	23	33
	25,799	25,072
Less:		
– Non-current portion: other payables	(17)	(18)
Total trade and other payables included in current liabilities	25,782	25,054

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

	31 March 2018 S$'000	30 September 2017 S$'000
0 to 30 days	1,739	2,447
31 to 60 days	545	610
61 to 90 days	225	284
Over 90 days	166	180
	2,675	3,521

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 MARCH 2018

19. BANK BORROWINGS

	31 March 2018 S$'000	30 September 2017 S$'000
Non-current, secured		
Bank borrowings repayable later than 1 year and no later than 2 years	2,252	1,919
Bank borrowings repayable later than 2 year and no later than 5 years	6,125	5,688
Bank borrowings repayable later than 5 years	8,162	8,773
	16,539	16,380
Current, secured		
Bank borrowings repayable no later than 1 year	3,689	4,894
Total borrowings	20,228	21,274

The bank borrowings of approximately S$20.2 million (2017: S$21.3 million) obtained by our subsidiaries are secured by (i) legal mortgage of leasehold property at 72 Eunos Avenue 7 and 100 Eunos Avenue 7; (ii) corporate guarantees provided by the Group; (iii) personal guarantees provided by a director and shareholder of a non-wholly owned subsidiary, in proportional to his shareholdings in the non-wholly owned subsidiary (the "**Subsidiary Director**"); and (iv) assignment of rental proceeds of the mortgaged properties. The Subsidiary Director is not a controlling shareholder of the Company.

20. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	31 March 2018 S$'000	30 September 2017 S$'000
Property, plant and equipment	243	440
	243	440

(b) Operating lease commitments – where the Group is a lessee

The Group leases property, plant and equipment from non-related parties under non-cancellable operating lease agreements. These leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	31 March 2018 S$'000	30 September 2017 S$'000
Not later than one year	63,627	48,832
Between one and five years	83,870	90,902
Later than five years	1,940	3,012
	149,437	142,746

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 MARCH 2018

20. COMMITMENTS (CONT'D)

(c) Operating lease commitments – where the Group is a lessor

The Group and the Company lease out investment properties to non-related parties under non-cancellable operating lease agreements. These leases are required to pay either absolute fixed annual increase to the lease payments or contingent rents computed based on their sales achieved during the lease period.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	31 March 2018 S$'000	30 September 2017 S$'000
Not later than one year	38,424	41,283
Between one and five years	28,383	34,181
Later than five years	–	–
	66,807	75,464

(d) Corporate guarantees

The Group has provided corporate guarantees in favour of financial institutions in respect of facilities granted to certain joint ventures amounting to S$31,800,000 (2017: S$30,612,000). As at 31 March 2018, the outstanding amount of guaranteed loans drawn down by joint ventures amounted to S$27,445,000 (2017: S$27,846,000).

The Group has determined that the corporate guarantees had insignificant fair values as at 31 March 2018 and 30 September 2017.

21. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the financial statements, the following is a summary of significant related party transactions which, in the opinion of the directors, are entered into the ordinary course of business between the Group and its related parties.

Name of the related party	Relationship with the Group
Lim Lung Tieng	Executive director and shareholder
Lim Bee Choo	Executive director and shareholder
Pang Joo Siang	Spouse of Lim Bee Choo, the Executive Director of the Company
Work Plus Store (AMK) Pte. Ltd.	A joint venture
Metropolitan Parking Pte. Ltd.	A joint venture
Four Star Industries Pte Ltd	A joint venture
Nopest Pte. Ltd.	An associate
Hean Nerng Group Pte. Ltd.	A controlling shareholder of the Company
Master Care Services Pte. Ltd.	A non-controlling shareholder of a subsidiary of the Group
LHN Culinary Group	Related group of companies controlled by previous director and a related person to the Executive Director of the Company *(Note 1)*
PJS Companies	Related group of companies controlled by Pang Joo Siang *(Note 2)*
9 Plus Café Pte. Ltd.	The owner is the brother-in-law of an Executive Director of the Company
RHT Law	The co-founder is an independent director of the Company
KTT Fine Wine Pte. Ltd.	A company with a shareholder who is a director of the Group

Note 1: LHN Culinary Group comprises LHN Culinary Concepts Pte. Ltd. and Alkaff Mansion Ristorante Pte. Ltd..
Note 2: PJS Companies comprises Café @ Phoenix Pte. Ltd. and DJ Culinary Concepts Pte. Ltd..

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 31 MARCH 2018

21. RELATED PARTY TRANSACTIONS (CONT'D)

	Six months ended 31 March	
	2018	**2017**
	S$'000	**S$'000**
Service income from:		
Work Plus Store (AMK) Pte. Ltd.	192	145
Metropolitan Parking Pte. Ltd.	52	95
Four Star Industries Pte Ltd	67	77
Nopest Pte. Ltd.	20	23
Master Care Services Pte. Ltd.	153	129
LHN Culinary Group	–	3
KTT Fine Wine Pte. Ltd.	4	–
PJS Companies	125	261
9 Plus Café Pte. Ltd.	78	94
Auxiliary services from:		
Nopest Pte. Ltd.	40	85
RHT Law	–	18
Work Plus Store (AMK) Pte. Ltd.	9	–
Loan to:		
Work Plus Store (AMK) Pte. Ltd.	500	–
Metropolitan Parking Pte. Ltd.	100	300
Four Star Industries Pte Ltd	650	1,100
Repayment of loan from:		
Work Plus Store (AMK) Pte. Ltd.	–	430
Other transactions with:		
Work Plus Store (AMK) Pte. Ltd.	72	–
Metropolitan Parking Pte. Ltd.	582	463
LHN Culinary Group	–	5
PJS Companies	–	1
Four Star Industries Pte Ltd	43	–
KTT Fine Wine Pte. Ltd.	2	–

Notes:

i Sales and purchases are made at prices mutually agreed by the relevant parties

ii Terms of services are mutually agreed between the relevant parties

22. SUBSEQUENT EVENTS

On 3 April 2018, LHN Residence Pte. Ltd., an indirect wholly-owned subsidiary of the Company, has incorporated a wholly-owned subsidiary, 85SOHO LHN (Cambodia) Co., Ltd., in Cambodia. 85SOHO LHN (Cambodia) Co., Ltd. has a registered capital of KHR20,000,000 (equivalent to USD5,000) and will primarily be engaged in space optimisation business in Cambodia.

On 26 April 2018, the Company announced that LHN Residence Pte. Ltd. and Spring CJW Development Pte. Ltd. (the "**Developer**") have entered into a sale and purchase agreement for the acquisition of a property in Cambodia, pursuant to which LHN Residence Pte. Ltd. agreed to purchase and the Developer agreed to sell all the condominium units (being 108 units) in Block 1A of Axis Residences in Cambodia (the "**Target Units**"), for a consideration of US$12,500,000. The Group intends to operate 85SOHO serviced residences with the Target Units.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The shares of the Company have been listed on the Main Board of the SEHK (the "**HK Listing**") on 29 December 2017. Since 29 December 2017, the shares of the Company are dually listed on the Main Board of SEHK and Catalist of the SGX-ST. Under the global offering in Hong Kong which was completed on 29 December 2017 (the "**Global Offering**"), the Company had allotted and issued 42,000,000 ordinary shares at a final offer price of HK$1.90 per share and raised HK$79.8 million (equivalent to S$13.6 million) in total gross proceeds. To date, the Group has not yet utilised the net proceeds from the HK Listing.

For the period under review, the Group recorded an increase in revenue of 4.9%, mainly contributed by the Commercial and Residential Properties and the Facilities Management Business.

During the six months ended 31 March 2018, our Group has renewed three master leases under our Industrial Properties and one master lease under our Commercial Properties.

The average occupancy rate of the Industrial and Commercial Properties was 88% and 86% respectively. The Group faced pressure on occupancy and rates for its leasing business for both the Industrial and Commercial properties under its Space Optimisation Business during this reporting period.

Our Facilities Management Business is expected to expand further this year as a result of new car park and security services contracts secured. For the six months ended 31 March 2018, the Group had obtained the lease to manage its second overseas car park at Carnarvon Plaza in Tsim Sha Tsui, Kowloon, Hong Kong. In addition, the Group also secured a car park contract in Singapore to license 10 car parks from Jurong Town Corporation.

On 29 January 2018, HLA Container Services Pte. Ltd., an indirect 60% owned subsidiary, entered into a joint venture agreement with a company which is part of a global shipping group, to regulate, among others, the conduct of the business and affairs of HLA Logistics Pte. Ltd., a joint venture company set-up by the parties of the joint venture. HLA Logistics Pte. Ltd. has commenced operations in Singapore in April 2018.

Business Outlook

The overall business sentiments in Singapore has been improving and in the recent months, the property market is getting lively with a spade of enbloc deals which the Group believes it will have a positive effect on rental prices and capital values despite the world economy still being bothered by trade and geopolitical tensions.

The Group expects industrial occupancy and rents in Singapore to continue to be under pressure due to a relatively large supply of industrial space. On the other hand, a more positive outlook is observed in the commercial space segment, where the Group expects to see office occupancy and rents improving due to higher leasing volume and decreasing supply pipeline.

To ride on the enbloc phenomenon, our joint venture property at Golden Mile Tower Complex has also set up a sales committee recently to consider a possible enbloc sale, where our joint venture company owns and operates the car park located at the premise and it is still at a very preliminary stage.

In anticipation for increased residential demand from young professionals displaced by enbloc properties and also to tap on the positive business outlook in Singapore, we have obtained approval from the Singapore Land Authority in March 2018 to convert approximately 33,000 square feet at our Raeburn Park property to set up our first co-living and co-working space in Singapore. On 29 March 2018, the Group has also signed a 15-year lease agreement with Nan An Shi Shi Jing Guang Xian Shi Ye You Xian company (**南安市石井光賢石業有限公司**) to set up the co-living and co-working space business in Quanzhou, one of the three major cities in Fujian, as part of the Group's business expansion plan in China. The leased property has a total gross floor area of approximately 7,373 square metre and the lease will officially commence upon getting approval from the relevant authority for its usage.

Subsequent to the period under review, on 26 April 2018, LHN Residence Pte. Ltd., an indirect wholly owned subsidiary of the Company, and Spring CJW Development Pte. Ltd. (the "**Developer**") have entered into a sale and purchase agreement to acquire an entire block of 108 units of condominium apartments within the Axis Residences where the Group intends to operate its 85SOHO brand of serviced residences. The Group has also entered into an exclusive property management agreement with the Developer to manage the common property and common facilities of the Axis Residences for a period of ten years with an option to renew for another five years. The property management agreement shall be effective from the date of completion of the construction of the building which is estimated to be around December 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Our Group will continue to look for new properties and opportunities to grow and expand our Space Optimisation Business in Singapore and in regions that we currently have presence in as well as into Asian countries including China.

In the Facilities Management Business segment, the Group continues to secure more external facilities management contracts providing security and cleaning services. However, due to rising wages, business costs for this business segment has increased.

The Group will continue to look for more locations for our car park business both in Singapore and Hong Kong and also intends to expand the car park management business to Cambodia.

The Group remains positive on the outlook of its Logistics Services Business as our joint venture company, HLA Logistics Pte. Ltd., has commenced its depot management operations in Singapore in April 2018 and the renovation of our second container depot in the vicinity of Bangkok, Thailand, is near completion and it is expected to commence operations in the second half of our financial year 2018. In addition, the Group will be starting its logistic trucking business in Malaysia in the second half of our financial year 2018.

Financial Review

For the period six months ended 31 March 2018 ("1H2018") vs six months ended 31 March 2017 ("1H2017")

Revenue

	1H2018 S$'000 (unaudited)	1H2017 S$'000 (unaudited)	Variance	
			S$'000	%
Industrial Properties	20,306	21,991	(1,685)	(7.7)
Commercial Properties	14,663	11,815	2,848	24.1
Residential Properties	1,379	809	570	70.5
Space Optimisation Business	36,348	34,615	1,733	5.0
Facilities Management Business	9,851	7,925	1,926	24.3
Logistics Services Business	10,005	11,044	(1,039)	(9.4)
Total	56,204	53,584	2,620	4.9

The Group's revenue increased by approximately S$2.6 million or 4.9% from approximately S$53.6 million in 1H2017 to approximately S$56.2 million in 1H2018 primarily due to an increase in revenue from the Commercial and Residential Properties from the Space Optimisation Business, as well as the Facilities Management Business. The increase was partially offset by the decrease in revenue from the Industrial Properties of the Space Optimisation Business and Logistics Services Business.

(a) Space Optimisation Business

Industrial Properties

Revenue derived from Industrial Properties decreased by approximately S$1.7 million or 7.7% from approximately S$22.0 million in 1H2017 to approximately S$20.3 million in 1H2018 mainly due to (i) the expiry of two master leases in Singapore during the financial year ended 30 September 2017 ("**FY2017**"), which were not renewed; (ii) movement of tenants due to expiry of sub-leases; and (iii) expiry and renewal of sub-leases at lower rental rates.

The average occupancy rate of Industrial Properties managed by the Group in 1H2018 was approximately 88% as compared to approximately 89% in 1H2017.

Commercial Properties

Revenue derived from Commercial Properties increased by approximately S$2.9 million or 24.1% from approximately S$11.8 million in 1H2017 to approximately S$14.7 million in 1H2018 mainly due to one-time revenue contribution of approximately S$3.8 million from the rights to use 85SOHO brand in Cambodia. This was partially offset by a net decrease in revenue of approximately S$0.9 million from (i) movement of tenants as a result of expiry of sub-leases and the renewal of two of our master leases that expired during the last quarter of FY2017 and one of our master leases during the second quarter of FY2018 in Singapore; and (ii) expiry and renewal of sub-leases at lower rental rates.

MANAGEMENT DISCUSSION AND ANALYSIS

The average occupancy rate of the Group's Commercial Properties was approximately 86% in 1H2018 as compared to 90% in 1H2017.

Residential Properties

Revenue derived from Residential Properties increased by approximately S$0.6 million or 70.5% from approximately S$0.8 million in 1H2017 to approximately S$1.4 million in 1H2018 mainly due to increase in rental income from our residential property in Myanmar and design consultancy fees.

(b) Facilities Management Business

Revenue derived from our Facilities Management Business increased by approximately S$1.9 million or 24.3% from approximately S$7.9 million in 1H2017 to approximately S$9.8 million in 1H2018 mainly due to increase in revenue from the (i) increase in the number of car parks managed; and (ii) increase in demand of security services and facilities management services.

(c) Logistics Services Business

Revenue derived from our Logistics Services Business decreased by approximately S$1.1 million or 9.4% from approximately S$11.1 million in 1H2017 to approximately S$10.0 million in 1H2018 mainly due to a lower demand of storage and repairs of leasing containers in 1H2018.

Cost of Sales

Cost of sales increased by approximately S$0.6 million or 1.3% from approximately S$40.2 million in 1H2017 to approximately S$40.8 million in 1H2018 mainly due to an increase in direct labour costs of approximately S$1.3 million as a result of increase in manpower cost under the Facilities Management Business. The increase was partially offset by a decrease in (i) rental costs of approximately S$0.3 million; (ii) container depot management charges of approximately S$0.1 million from our Logistics Services Business; and (iii) upkeep and maintenance costs of approximately S$0.3 million.

Gross Profit

In view of the above mentioned, gross profit increased by approximately S$2.0 million from approximately S$13.4 million in 1H2017 to approximately S$15.4 million in 1H2018.

Other Income

Other income remained unchanged at approximately S$1.3 million in 1H2017 and 1H2018.

Other Losses

Other losses decreased by approximately S$0.1 million or 82.6% from approximately S$0.2 million in 1H2017 to approximately S$28,000 in 1H2018.

Selling and Distribution Expenses

Selling and distribution expenses increased by approximately S$0.4 million or 78.1% from approximately S$0.6 million in 1H2017 to approximately S$1.0 million in 1H2018 mainly due to increase in agent commission of approximately S$0.4 million arising from securing tenants pursuant to the renewal of sub-leases under our Space Optimisation Business.

Administrative Expenses

Administrative expenses increased by approximately S$2.0 million or 17.9% from approximately S$11.0 million in 1H2017 to approximately S$13.0 million in 1H2018 mainly due to expenses of approximately S$1.8 million relating to dual primary listing on the Main Board of SEHK and increase in employee benefit costs of approximately S$0.3 million. These were partially offset by a decrease in miscellaneous expense of approximately S$0.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Cost

Finance cost increased by approximately S$0.1 million or 31.3% from approximately S$0.3 million in 1H2017 to approximately S$0.4 million in 1H2018 mainly due to increased interest expenses from higher bank borrowings and interest rates as compared to 1H2017.

Share of Results of Associates and Joint Ventures

Share of results of associates and joint ventures decreased by S$3.2 million or 83.3% from approximately S$3.8 million in 1H2017 to approximately S$0.6 million in 1H2018 mainly due to a non-recurring gain of approximately S$3.8 million recognised in 1H2017 on acquisition of Four Star Industries Pte. Ltd. which was a result of the excess for our proportionate share of the excess net fair value of the joint venture's identifiable assets and liabilities over the cost of investment and an increase in operating loss of approximately S$0.2 million in 1H2018 which were offset by an increase in fair value gain on investment properties of approximately S$0.8 million in 1H2018.

Fair Value Loss on Investment Properties

Fair value loss on investment properties was approximately S$1.4 million in 1H2017 (1H2018: nil).

Profit before Income Tax

As a result of the aforementioned, the Group's profit before income tax was approximately S$2.9 million in 1H2018 as compared to approximately S$5.0 million in 1H2017.

Income Tax Expense

Income tax expense increased by approximately S$0.4 million from approximately S$0.1 million in 1H2017 to approximately S$0.5 million in 1H2018. The increase in income tax expense of approximately S$0.4 million was mainly due to higher taxable income and lower Group tax relief received in 1H2018.

Profit for the Period

As a result of the above, the Group's net profit was approximately S$2.4 million in 1H2018 as compared to approximately S$5.0 million in 1H2017, representing a decrease of 51.9%. As disclosed in "Risk Factors – Our financial results for the year ending 30 September 2017 and 2018 will be affected by certain nonrecurring expenses, including the expenses in relation to the Listing" in the prospectus of the Company dated 15 December 2017, listing expenses directly attributable to the issue of the offer shares will be accounted for as a deduction from equity in the year ending 30 September 2018 and that the listing expenses will have an adverse impact on the Group's financial results for the year ending 30 September 2018. If the impact from the listing expenses of S$1.8 million is disregarded, the net profit of the Group would be approximately S$4.2 million in 1H2018 as compared to approximately S$5.0 million in 1H2017, representing a decrease of 16.0%.

Review of Statement of Financial Position

Non-current assets

Non-current assets decreased by approximately S$0.1 million from approximately S$77.9 million as at 30 September 2017 to approximately S$77.8 million as at 31 March 2018 mainly due to a decrease in property, plant and equipment ("**PPE**") of approximately S$3.6 million as a result of (i) a reclassification of PPE to investment properties of approximately S$3.3 million as a result of a change in the usage of the property at 72 Eunos Avenue 7 ("**72 Eunos**"); (ii) depreciation of approximately S$2.9 million, offset by net additions to PPE of approximately S$2.6 million mainly for car park equipment purchased for new car parks obtained and renovation costs for our Space Optimisation Business. The owner-occupation of 72 Eunos by the Group decreased from 17% to 2%.

The decrease in non-current assets was partially offset by (i) an increase in investment in joint ventures of approximately S$0.6 million due to the share of profit of joint ventures in 1H2018; and (ii) an increase in investment properties of approximately S$2.9 million due to reclassification of 72 Eunos from PPE of approximately S$3.3 million partly offset by currency exchange translation loss of approximately S$0.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Current assets

Current assets increased by approximately S$14.5 million from approximately S$46.4 million as at 30 September 2017 to approximately S$60.9 million as at 31 March 2018 mainly due to increase in (i) trade receivables of approximately S$5.0 million due to increase in revenue under the Space Optimisation Business mainly from the billing of rights to use 85SOHO brand in Cambodia of approximately S$3.8 million at the end of 1H2018 and slower collection of trade receivables under the Logistics Services Business and Facilities Management Business; (ii) other receivables of approximately S$1.1 million from accrued rental income and tender deposits paid; (iii) loans to joint ventures of approximately S$1.4 million provided to our joint venture companies, mainly Work Plus Store (AMK) Pte. Ltd. and Four Star Industries Pte Ltd, for working capital and renovation of the properties; and (iv) cash and bank balances and fixed deposits of approximately S$8.1 million largely due to the proceeds received from HK Listing of approximately S$13.6 million less Dual Listing expenses paid of approximately S$3.4 million. These were partially offset by a decrease in prepayments of approximately S$1.1 million.

Non-current liabilities

Non-current liabilities decreased by approximately S$0.2 million from approximately S$20.2 million as at 30 September 2017 to approximately S$20.0 million as at 31 March 2018 mainly due to transfer of provision for reinstatement costs of approximately S$0.2 million to current liabilities and decrease in finance lease liabilities of approximately S$0.2 million partially offset by an increase in bank borrowings of approximately S$0.2 million.

Current liabilities

Current liabilities remain unchanged at approximately S$33.1 million as at 30 September 2017 and 31 March 2018 mainly due to a decrease in finance lease liabilities of approximately S$0.1 million and bank borrowings of approximately S$1.2 million due to repayments made. These were partially offset by an increase in (i) trade and other payables of approximately S$0.7 million which largely consists of accruals and advances received from customers; (ii) provision for reinstatement costs of approximately S$0.3 million; and (iii) current tax payable of approximately S$0.3 million.

Review of Statement of Cash Flows

In 1H2018, the Group recorded net cash generated from operating activities of approximately S$2.5 million, which was a result of operating profit before changes in working capital of S$6.8 million, increase in operating receivables of approximately S$5.0 million and operating payables of approximately S$1.3 million, adjusted for net income tax paid of approximately S$0.2 million and interest expense paid of approximately S$0.4 million.

Net cash used in investing activities amounted to approximately S$2.5 million, which was mainly due to the acquisition of property, plant and equipment for car park equipment for new car parks obtained and renovation costs paid of approximately S$1.9 million and loans to joint ventures of approximately S$1.2 million. These were partially offset by the proceeds received from disposal of property, plant and equipment of approximately S$0.5 million and dividends received from associate of S$0.1 million.

Net cash generated from financing activities amounted to approximately S$8.1 million, which was due to proceeds from bank borrowings of approximately S$2.4 million and proceeds received from issuance of shares of approximately S$13.6 million under the global offering. These were partially offset by the repayment of finance lease of approximately S$1.0 million for logistics and car park equipment, repayment of bank borrowings of approximately S$3.5 million, expenses paid with respect to the Dual Listing of approximately S$2.1 million and share issuance costs of approximately S$1.3 million, that has been capitalised.

As a result of the above, cash and cash equivalents increased by approximately S$8.1 million, amounting to S$23.0 million as at 31 March 2018.

Liquidity and Financial Resources

During the six months ended 31 March 2018, the Group financed its operations primarily through a combination of cash flow generated from our operations, capital contribution, bank borrowings, finance leases and proceeds from the HK Listing.

The Group primarily obtained bank borrowings to finance its acquisition of properties and logistics equipment. The Group also had revolving loans for its short-term finance needs. The Group's borrowings as at 31 March 2018 were denominated in Singapore dollars with interest charged on these borrowings ranges from 2.18% to 6.00% per annum. As at 31 March 2018, the Group had outstanding bank borrowings of S$20.2 million. These borrowings were secured by (i) legal mortgage of the Group's leasehold properties at

MANAGEMENT DISCUSSION AND ANALYSIS

100 Eunos and 72 Eunos; (ii) corporate guarantees by the Group; (iii) personal guarantee provided by a director and shareholder of a non-wholly owned subsidiary, who is not a controlling shareholder of the Company, proportional to his shareholdings in the non-wholly owned subsidiary (the "**Subsidiary Director**"); and (iv) assignment of rental proceeds of the mortgaged properties.

As at 31 March 2018, cash and cash equivalents held by the Group were mainly cash in the banks and on hand denominated in SGD and deposits denominated in SGD that are readily convertible into cash.

Gearing Ratio

Gearing ratio is equal to total debt divided by total equity and multiplied by 100%. Total debt comprises our bank borrowings and finance lease payables. Gearing ratio as at 31 March 2018 was 29.2%, decreased from 37.3% as at 30 September 2017 primarily due to decrease in total debts and increase in total equity as at 31 March 2018.

Finance Lease Liabilities and Contingent Liabilities

The Group's finance lease liabilities primarily consisted of finance lease for its property, plant and equipment from independent third parties. The lease agreements do not have any renewal clause but provide us with options to purchase the leased assets at nominal value at the end of the lease term. The Group's finance lease liabilities as at 31 March 2018 were denominated in Singapore dollars.

As at 31 March 2018, the Group had finance lease liabilities of S$4.8 million. The obligations under the finance lease are secured by the underlying assets of plant and machinery, logistics equipment and motor vehicles, personal guarantees provided by the Subsidiary Director proportional to his shareholdings in the non-wholly owned subsidiary, and corporate guarantees 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 2018 S$'000	30 September 2017 S$'000
Property, plant and equipment	243	440

Capital Expenditure

During the six months ended 31 March 2018, the Group's capital expenditure consists of additions to property, plant and equipment and investment properties amounting to approximately S$2.8 million for car park equipment purchased for new car parks obtained and renovation costs for our Space Optimisation Business (FY2017: approximately S$9.4 million).

Contingent Liabilities

As at 31 March 2018, the Group did not have any material contingent liabilities.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

There were no material acquisition and disposal of subsidiaries, associates and joint ventures for the six months ended 31 March 2018.

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 the six months ended 31 March 2018.

Off-balance Sheet Arrangements

For the six months ended 31 March 2018, the Group did not have any off-balance sheet arrangements.

MANAGEMENT DISCUSSION AND ANALYSIS

Future Plans for Material Investment and Capital Assets

Save as disclosed in the prospectus of the Company dated 15 December 2017, the Group did not have any other plans for material investment and capital assets as at 31 March 2018.

Exposure to Fluctuations in Exchange Rates

The Group mainly operates in Singapore, Indonesia, Thailand, Myanmar and Hong Kong during the six months ended 31 March 2018. Currency exposure arises within entities of the Group when transactions are mainly denominated in foreign currencies such as Singapore dollars ("**SGD**"), United States dollars ("**USD**"), Indonesian Rupiah ("**IDR**"), Hong Kong dollars ("**HKD**") 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. The Group is planning to expand its business into other countries and regions including the People's Republic of China, Cambodia and 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 2018, there were 415 (as at 30 September 2017: 403) 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

On 26 April 2018, LHN Residence Pte. Ltd. and Spring CJW Development Pte. Ltd. have entered into a sale and purchase agreement for the acquisition of a property in Cambodia in relation to all the condominium units (being 108 units) in Block 1A of Axis Residences in Cambodia at a consideration of US$12.5 million, to expand its space optimisation business to Cambodia. Please refer to the Company's announcement dated 26 April 2018 for details.

Save as disclosed above and up to the date of this report, there was no significant event relevant to the business or financial performance of the Group that has come to the attention of the Directors after the financial period ended 31 March 2018.

Issue of Securities

The shares of the Company have been listed on the Main Board of the SEHK on 29 December 2017. Since 29 December 2017, the shares of the Company are dually listed on the Main Board of SEHK and Catalist of the SGX-ST.

Use of Proceeds from Initial Public Offering

Under the global offering in Hong Kong which was completed on 29 December 2017 (the "**Global Offering**"), 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 HK 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**").

Since the HK Listing and up to the date of this report, the Company did not utilise any of the Net Proceeds from the HK Listing. The unutilised Net Proceeds were deposited in licensed banks in Singapore and Hong Kong as at the date of this report. The Company will announce as and when the Net Proceeds are materially disbursed and disclose the same in the annual report of the Company.

Purchase, Sales or Redemption of The Company's Listed Securities and Cancellation of Treasury Shares

Since the HK Listing and up to and including 31 March 2018, 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 not to declare any interim dividend for the six months ended 31 March 2018 (2017: Nil).

OTHER INFORMATION

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares or Debentures of the Company or Its Associated Corporations

As at 31 March 2018, the interest or short position in the Shares, underlying Shares or debentures of the Company and/or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong (the "**SFO**")) that Directors and chief executive of the Company as recorded in the register required to be kept under section 352 of the SFO, or otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code are as follows:

Long positions in the Shares and underlying shares

Name of Director/ Chief Executive	Capacity/ Nature of Interest	Number of Shares held/ Interested	Approximate Percentage of Shareholding
Lim Lung Tieng[(1)(2)]	Founder of discretionary trusts, beneficiary of a trust	275,000,000	68.33%

Notes:

(1) Lim Lung Tieng is one of the founders of The LHN Capital Trust and The Land Banking Trust. Trident Trust Company (B.V.I.) Limited, in its capacity as the trustee of The Land Banking Trust, holds the entire issued share capital of LHN Capital Pte. Ltd.. LHN Capital Pte. Ltd., in its capacity as the trustee of The LHN Capital Trust, holds the entire issued share capital of HN Capital Ltd., which in turn holds 85% of the total issued share capital of Hean Nerng Group Pte. Ltd.. Hean Nerng Group Pte. Ltd. holds the entire issued share capital of Fragrance Ltd.. Fragrance Ltd. is the beneficial owner of 275,000,000 Shares. Lim Lung Tieng is deemed under the SFO to be interested in the Shares held by Trident Trust Company (B.V.I.) Limited and LHN Capital Pte. Ltd.. Trident Trust Company (B.V.I.) Limited is deemed under the SFO interested in the interests held by LHN Capital Pte. Ltd.. LHN Capital Pte. Ltd. is deemed under the SFO interested in the interests held by HN Capital Ltd.. HN Capital Ltd is deemed under the SFO interested in the interests held by Hean Nerng Group Pte. Ltd.. Hean Nerng Group Pte. Ltd. is deemed under the SFO interested in the interests held by Fragrance Ltd..

(2) Lim Lung Tieng is one of the beneficiaries of The LHN Capital Trust of which LHN Capital Pte. Ltd. is the trustee. LHN Capital Pte. Ltd., in its capacity as the trustee, holds the entire issued share capital of HN Capital Ltd., which in turn holds 85% of the total issued share capital of Hean Nerng Group Pte. Ltd.. Hean Nerng Group Pte. Ltd. holds the entire issued share capital of Fragrance Ltd.. Fragrance Ltd is the beneficial owner of 275,000,000 Shares. Lim Lung Tieng is deemed under the SFO to be interested in the Shares held by LHN Capital Pte. Ltd.. LHN Capital Pte. Ltd. is deemed under the SFO interested in the interests held by HN Capital Ltd.. HN Capital Ltd is deemed under the SFO interested in the interests held by Hean Nerng Group Pte. Ltd.. Hean Nerng Group Pte. Ltd. is deemed under the SFO interested in the interests held by Fragrance Ltd..

Save as disclosed above, as at 31 March 2018, none of the Directors or chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares and debentures of the Company and/or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Common Directors

For information of the shareholders, as at 31 March 2018, Lim Lung Tieng and Lim Bee Choo, the executive Directors of the Company, are also directors of Fragrance Ltd., Hean Nerng Group Pte. Ltd., HN Capital Ltd. and LHN Capital Pte. Ltd..

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

OTHER INFORMATION

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2018, the interests or short positions in the Shares or underlying Shares of the persons which would fall to be disclosed to the Company under the provisions of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO are as follow:

Long position in the Shares and underlying shares

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held/ Interested	Approximate Percentage of Shareholding
Fragrance Ltd.[(1)(2)]	Beneficial owner	275,000,000	68.33%
Wang Jialu[(1)(3)]	Deemed interest by virtue of interest held by spouse	275,000,000	68.33%
Hean Nerng Group Pte. Ltd.[(1)(2)]	Interest in a controlled corporation	275,000,000	68.33%
HN Capital Ltd.[(1)(2)]	Interest in a controlled corporation	275,000,000	68.33%
LHN Capital Pte. Ltd.[(1)(2)]	Trustee	275,000,000	68.33%
Trident Trust Company (B.V.I) Limited.[(1)(2)]	Trustee	275,000,000	68.33%
Lim Hean Nerng[(1)(2)]	Founder of discretionary trusts	275,000,000	68.33%
Foo Siau Foon[(1)(2)]	Founder of discretionary trusts	275,000,000	68.33%

Notes:

(1) Fragrance Ltd, which is wholly-owned by Hean Nerng Group Pte. Ltd., which in turn is owned as to 5% by Lim Lung Tieng, 10% by Lim Bee Choo and 85% by HN Capital Ltd., is the beneficial owner of 275,000,000 Shares. By virtue of the SFO, Lim Lung Tieng, Wang Jialu, Hean Nerng Group Pte. Ltd., HN Capital Ltd., LHN Capital Pte. Ltd., Trident Trust Company (B.V.I.) Limited, Lim Hean Nerng and Foo Siau Foon are deemed to be interested in all of the Shares held by Fragrance Ltd..

(2) Lim Hean Nerng, Foo Siau Foon and Lim Lung Tieng are the founders of The LHN Capital Trust and The Land Banking Trust. Trident Trust Company (B.V.I.) Limited, in its capacity as the trustee of The Land Banking Trust, holds the entire issued share capital of LHN Capital Pte. Ltd.. LHN Capital Pte. Ltd., in its capacity as the trustee of The LHN Capital Trust, holds the entire issued share capital of HN Capital Ltd., which in turn holds 85% of the total issued share capital of Hean Nerng Group Pte. Ltd.. Hean Nerng Group Pte. Ltd. holds the entire issued share capital of Fragrance Ltd. Lim Hean Nerng, Foo Siau Foon and Lim Lung Tieng are deemed under the SFO to be interested in the Shares held by Trident Trust Company (B.V.I.) Limited and LHN Capital Pte. Ltd.. Trident Trust Company (B.V.I.) Limited is deemed under the SFO interested in the interests held by LHN Capital Pte. Ltd.. LHN Capital Pte. Ltd. is deemed under the SFO interested in the interests held by HN Capital Ltd.. HN Capital Ltd. is deemed under the SFO interested in the interests held by Hean Nerng Group Pte. Ltd.. Hean Nerng Group Pte. Ltd. is deemed under the SFO interested in the interests held by Fragrance Ltd..

(3) Wang Jialu, the spouse of Lim Lung Tieng, is deemed under the SFO to be interested in the interests held by Lim Lung Tieng.

Save as disclosed above, as at 31 March 2018, the Directors are not aware of any other person who had an interest or a short position in any Shares which would be required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

Share Option Scheme

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

Life of the Scheme

Subject to the terms of the Scheme, the Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, provided always that the Scheme may continue for a further period of 10 years with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. Upon the expiry of the Scheme as aforesaid, no further Options will be offered but the provisions of the Scheme shall remain in force and effect in all other respects. All Options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Scheme.

Option granted

No option has been granted under the Scheme since the Adoption Date and up to the date of this report.

OTHER INFORMATION

Performance Share Plan

On 10 March 2015, the shareholders adopted the "LHN Performance Share Plan" (the "**PSP**"). The PSP has been assigned by the Board of Directors to be administered by a committee comprising of members of the Remuneration Committee, which as of the date of this report comprises Mr Chan Ka Leung Gary, Ms Ch'ng Li-Ling and Mr Yong Chee Hiong.

The PSP has been terminated on 17 January 2018.

Arrangements to purchase shares or debentures

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

Competition and Conflict of Interests

Except for the interests in the Group, none of the Directors, controlling shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the period under review.

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 2012 ("**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 since the HK Listing up to and including 31 March 2018 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, who is also the executive chairman of the Board. Throughout the Group's business history, Mr. Lim Lung Tieng 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. Lim Lung Tieng 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 quarterly and 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 since the HK Listing and up to 31 March 2018 (both days inclusive).

OTHER INFORMATION

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 Stock Exchange of Hong Kong.

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 report has not been audited by the auditor of the Company, but the Audit Committee has reviewed the unaudited consolidated results of the Group for the financial period ended 31 March 2018 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 report.

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

Hong Kong, 14 May 2018

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