

LHN GROUP

SPACE OPTIMISED

COMMERCIAL
RESIDENTIAL
INDUSTRIAL
FACILITIES
CAR PARK
ENERGY

LHN LIMITED - 賢能集團有限公司*
STOCK CODE: Singapore - 410 / Hong Kong - 1730
(incorporated in the Republic of Singapore with limited liability)
(*For identification purpose only)



INTERIM
REPORT
2024

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Lung Tieng

Executive Chairman
Executive Director
Group Managing Director

Lim Bee Choo

Executive Director
Group Deputy Managing Director

Ch'ng Li-Ling

Lead Independent Non-executive Director

Yong Chee Hiong

Independent Non-executive Director

Chan Ka Leung Gary

Independent Non-executive Director

AUDIT COMMITTEE

Chan Ka Leung Gary (Chairman)

Ch'ng Li-Ling

Yong Chee Hiong

REMUNERATION COMMITTEE

Ch'ng Li-Ling (Chairwoman)

Yong Chee Hiong

Chan Ka Leung Gary

NOMINATING COMMITTEE

Yong Chee Hiong (Chairman)

Ch'ng Li-Ling

Chan Ka Leung Gary

Lim Lung Tieng

COMPANY SECRETARY

Chong Eng Wee

REGISTERED OFFICE

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HONG KONG LEGAL ADVISER

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SINGAPORE PRINCIPAL SHARE REGISTRAR

**Boardroom Corporate & Advisory Services
Pte. Ltd.**
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HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
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Hong Kong

AUDITORS

PricewaterhouseCoopers LLP

Registered Public Interest Entity
Auditor in Hong Kong
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Singapore 018936

Partner-in-charge: **Lee Zhen Jian**
(since financial year 2022)

PRINCIPAL BANKERS

DBS Bank Ltd.

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Limited**

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Singapore 049513

United Overseas Bank Limited

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INVESTOR RELATIONS

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WEBSITE

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STOCK CODES

Singapore: 410
Hong Kong: 1730

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

FOR THE SIX MONTHS ENDED 31 MARCH 2024

The board (the “Board”) of directors (the “Directors”) of LHN Limited (the “Company”) hereby announces the interim condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 March 2024, together with the comparative figures for the six months ended 31 March 2023. The Group’s interim results for the six months ended 31 March 2024 are unaudited, but have been reviewed by the audit committee of the Company (the “Audit Committee”).

	Note	2024 (unaudited) S\$'000	2023## (unaudited) S\$'000
Continuing operations			
Revenue	7	54,547	42,883
Cost of sales	9	(19,756)	(17,299)
Gross profit		34,791	25,584
Other gains/(losses) – net and other income	8	2,595	15,947
Other operating expenses		(57)	(246)
– Impairment loss on trade, other and finance lease receivables		(57)	(246)
Selling and distribution expenses	9	(1,199)	(1,924)
Administrative expenses	9	(14,043)	(14,196)
Finance cost – net	10	(5,636)	(4,278)
Share of results of associates and joint ventures, net of tax		3,767	814
Fair value loss on investment properties, net		(4,965)	(3,852)
Profit before taxation		15,253	17,849
Taxation	11	(1,995)	(2,298)
Profit from continuing operations		13,258	15,551
Discontinued operations			
Profit from discontinued operations		–	2,756
Profit for the period		13,258	18,307
Other comprehensive income/(loss)			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Currency translation differences arising from consolidation		36	(76)
<u>Items that will not be reclassified subsequently to profit or loss</u>			
Revaluation gains on leasehold properties, net		68	617
Share of other comprehensive income/(loss) of joint venture		153	(113)
Other comprehensive income		257	428
Total comprehensive income for the period		13,515	18,735
Profit attributable to:			
Equity holders of the Company		12,973	16,937
Non-controlling interests		285	1,370
Profit for the period		13,258	18,307
Profit attributable to equity holders of the Company relates to:			
Profit from continuing operations		12,973	15,184
Profit from discontinued operations		–	1,753
		12,973	16,937
Total comprehensive income attributable to:			
Equity holders of the Company		13,230	17,346
Non-controlling interests		285	1,389
Total comprehensive income for the period		13,515	18,735
Earnings per share for profit from continuing and discontinued operations attributable to equity holders of the Company			
Basic (cents)			
– From continuing operations	14	3.17	3.71
– From discontinued operations	14	–	0.43
		3.17	4.14
Diluted (cents)			
– From continuing operations	14	3.14	3.71
– From discontinued operations	14	–	0.43
		3.14	4.14

Comparative information has been re-presented due to a discontinued operation (Note 12)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Note	31 March 2024 (unaudited) S\$'000	30 September 2023 (audited) S\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	33,629	34,874
Right-of-use assets		15,191	13,693
Investment properties		341,630	303,761
Investment in associates and joint ventures		31,121	27,601
Other financial assets		280	280
Deferred tax assets		57	57
Other receivables	17	10,773	15,528
Prepayments		391	291
Finance lease receivables	16	9,993	19,703
Fixed deposits with banks		500	500
		<u>443,565</u>	<u>416,288</u>
Current assets			
Development properties		35,356	28,950
Inventories		13	13
Trade and other receivables	17	12,775	12,858
Loans to associates and joint ventures		13,107	12,567
Prepayments		2,708	1,728
Finance lease receivables	16	20,149	19,292
Fixed deposits with banks		22,407	20,822
Cash and bank balances		45,562	41,555
		<u>152,077</u>	<u>137,785</u>
TOTAL ASSETS		<u>595,642</u>	<u>554,073</u>
EQUITY			
Capital and Reserves			
Share capital	18	65,496	65,496
Reserves		159,840	150,698
		<u>225,336</u>	<u>216,194</u>
Non-controlling interests		2,536	1,855
TOTAL EQUITY		<u>227,872</u>	<u>218,049</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		6,014	6,750
Other payables	19	5,833	2,461
Provisions		698	668
Bank borrowings	20	190,017	149,453
Lease liabilities	21	66,174	79,812
		<u>268,736</u>	<u>239,144</u>
Current liabilities			
Trade and other payables	19	35,421	42,208
Provisions		145	730
Bank borrowings	20	23,639	18,846
Lease liabilities	21	35,656	32,144
Current income tax liabilities		4,173	2,952
		<u>99,034</u>	<u>96,880</u>
TOTAL LIABILITIES		<u>367,770</u>	<u>336,024</u>
TOTAL EQUITY AND LIABILITIES		<u>595,642</u>	<u>554,073</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2024

Group	Share capital S\$'000	Retained profits S\$'000	Merger reserve S\$'000	Capital reserve S\$'000	Fair value reserve S\$'000	Asset revaluation reserve S\$'000	Exchange translation reserve S\$'000	Total attributable to equity holders of the Company		Non-controlling interests S\$'000	Total equity S\$'000
								S\$'000	S\$'000		
Balance at 1 October 2023	65,496	179,479	(30,727)	-	(1,350)	4,207	(911)	216,194	1,855	218,049	
Dividend paid	-	(4,088)	-	-	-	-	-	(4,088)	-	(4,088)	
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	396	396	
Profit for the period	-	12,973	-	-	-	-	-	12,973	285	13,258	
Other comprehensive income	-	-	-	221	-	221	36	257	-	257	
Total comprehensive income for the period	-	12,973	-	221	-	221	36	13,230	285	13,515	
Balance at 31 March 2024 (unaudited)	65,496	188,364	(30,727)	-	(1,350)	4,428	(875)	225,336	2,536	227,872	
Group											
Balance at 1 October 2022	65,496	147,237	(30,727)	2,179	(1,350)	4,030	(961)	185,904	6,274	192,178	
Dividend paid	-	(4,043)	-	-	-	-	-	(4,043)	(360)	(4,403)	
Profit for the period	-	16,937	-	-	-	-	-	16,937	1,370	18,307	
Other comprehensive income/(loss)	-	-	-	-	-	504	(95)	409	19	428	
Total comprehensive income for the period	-	16,937	-	-	-	504	(95)	17,346	1,389	18,735	
Balance at 31 March 2023 (unaudited)	65,496	160,131	(30,727)	2,179	(1,350)	4,534	(1,056)	199,207	7,303	206,510	

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE SIX MONTHS ENDED 31 MARCH 2024

	Six months ended 31 March	
	2024	2023
	(unaudited)	(unaudited)
	S\$'000	S\$'000
Cash flows from operating activities:		
Total profit	13,258	18,307
Adjustments for:		
Taxation	1,995	2,029
Share of results of associates and joint ventures, net of tax	(3,767)	(1,404)
Depreciation of property, plant and equipment	3,167	3,396
Depreciation of right-of-use assets	5,940	6,402
Gain on disposal of property, plant and equipment	(32)	(247)
Gain on disposal of right-of-use assets	–	(82)
Write-off and impairment loss of property, plant and equipment	–	272
Fair value loss on investment properties	4,965	3,852
Gain on disposal of associate	–	(7,753)
Gain from net investment in subleases	(384)	(6,653)
Loss from termination of lease	–	53
Lease modification losses/(gains) – net	18	(60)
Impairment loss on trade, other and finance lease receivables	57	203
Finance income	(1,185)	(818)
Finance cost	5,636	4,424
Operating cash flows before working capital changes	29,668	21,921
Changes in working capital:		
– Development properties	(6,264)	–
– Inventories	–	(37)
– Trade and other receivables	(1,567)	7,015
– Trade and other payables	(5,724)	945
Cash generated from operations	16,113	29,844
Interest expenses paid	(166)	(8)
Income tax paid	(2,125)	(2,515)
Income tax refunded	800	429
Net cash generated from operating activities	14,622	27,750
Cash flows from investing activities:		
Additions to property, plant and equipment	(1,988)	(8,502)
Additions to investment properties	(33,894)	(40,878)
Deposits paid for acquisition of investment properties	(4,000)	(6,395)
Loans to associates and joint ventures, net	(375)	(331)
Proceeds from disposal of property, plant and equipment	62	367
Proceeds from disposal of right-of-use assets	–	85
Proceeds from disposal of associate	–	7,926
Proceeds from disposal of joint venture	–	438
Receipts from finance lease receivables	9,806	10,607
Interest received from finance lease receivables	524	595
Dividend from associate and joint ventures	400	865
Interest received	473	132
Interest expenses paid	–	(193)
Net cash used in investing activities	(28,992)	(35,284)
Cash flows from financing activities:		
Increase in restricted bank deposits and pledged fixed deposits	(2,569)	(645)
Proceeds from bank borrowings	62,915	44,817
Repayment of bank borrowings	(17,575)	(12,193)
Repayment of lease liabilities	(19,017)	(20,276)
Loan from shareholders of non-wholly owned subsidiaries	2,740	600
Capital contribution from non-controlling interests	396	–
Interest expenses paid	(5,368)	(4,308)
Dividends paid to equity holders of the Company	(4,088)	(4,043)
Dividends paid to non-controlling interests	–	(360)
Net cash generated from financing activities	17,434	3,592
Net increase/(decrease) in cash and cash equivalents	3,064	(3,942)
Cash and cash equivalents at beginning of period	58,580	37,834
Exchange losses on cash and cash equivalents	(41)	(201)
Cash and cash equivalents at end of period	61,603	33,691
Consolidated cash and bank deposits are represented by:		
Cash and bank balances	45,562	36,233
Fixed deposits that mature within one year	22,407	1,580
	67,969	37,813
Less: Restricted bank deposits and pledged fixed deposits	(6,366)	(4,122)
Cash and cash equivalents as per consolidated statement of cash flows	61,603	33,691

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 the Company’s registered office is at 75 Beach Road #04-01, Singapore 189689.

The Company has its primary listings on the Mainboard of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) since 13 December 2023 and on the Main Board of The Stock Exchange of Hong Kong Limited (“**SEHK**”) since 29 December 2017. The Company was formerly listed on the Catalist of the SGX-ST on 13 April 2015 and has completed the transfer of its listing from Catalist to the Mainboard of the SGX-ST on 13 December 2023.

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in (i) space optimisation; (ii) property development; (iii) facilities management services; and (iv) energy business. Following the disposal of the Group’s entire shareholding interests in LHN Logistics Limited (which formerly had a primary listing on Catalist of the SGX-ST since 29 April 2022) and its group of companies (the “**Logistics Group**”) on 28 August 2023, the logistics services business segment will no longer be part of the Group’s business with effect from the financial year ending 30 September 2024.

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

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial statements for the six months ended 31 March 2024 has been prepared in accordance with IAS 34, “Interim financial reporting”. The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 September 2023, which have been prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”) issued by International Accounting Standards Board (the “**IASB**”) and Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) issued by Accounting Standards Council Singapore.

This unaudited condensed consolidated interim financial statements has been prepared under the historical cost convention, as modified by the revaluation of investment properties and leasehold properties (classified under Property, plant and equipment), which are carried at fair value and revaluation of investments held at fair value through other comprehensive income or profit or loss.

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 2023.

- (a) Amendments to IFRSs effective for the financial year ending 30 September 2024 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
Amendments to IAS 1	Presentation of Financial Statements and IFRS Practice Statement 2 (Disclosure of Accounting Policies)	1 October 2024
Amendments to IAS 1	Presentation of Financial Statements on classification of Liabilities as Current or Non-current	1 October 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 October 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. ACCOUNTING POLICIES (CONT'D)

3.1. Leases

Where the Group is lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meet the definition of an investment property) are presented within "Right-of-use assets".

Right-of-use asset which meets the definition of an investment property is presented within "Investment properties".

(ii) Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. ACCOUNTING POLICIES (CONT'D)

3.1. Leases (Cont'd)

Where the Group is lessee (Cont'd)

(iii) Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(iv) Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group recognises those lease payments in profit or loss in the periods that triggered those lease payments.

Where the Group is lessor

The Group subleases its leased premises under operating leases. The Group also leases its investment properties under operating leases.

(i) Lessor – Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

(ii) Lessor – Subleases

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset. The Group will assess a sublease to be a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the right-of-use asset (e.g. the lease term is for the major part of the economic life of the right-of-use asset, even if title is not transferred).

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

When the sublease is assessed as an operating lease, the Group recognise lease income from sublease in profit or loss within "Revenue". The right-of-use asset relating to the head lease is not derecognised.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. USE OF JUDGEMENT AND ESTIMATES

The preparation of interim financial statements 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 statements, 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 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest risk), credit risk, liquidity risk, capital risk and fair value estimation

The 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 2023.

There have been no changes in the risk management policies since 30 September 2023.

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 2024 and 30 September 2023:

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
As at 31 March 2024 (unaudited)				
<u>Investment properties (owned):</u>				
Industrial, commercial and residential properties	–	–	244,280	244,280
<u>Investment properties (right-of-use):</u>				
Industrial, commercial and residential properties	–	–	97,350	97,350
	–	–	341,630	341,630
<u>Property, plant and equipment:</u>				
Leasehold properties	–	–	18,714	18,714
As at 30 September 2023 (audited)				
<u>Investment properties (owned):</u>				
Industrial, commercial and residential properties	–	–	201,377	201,377
<u>Investment properties (right-of-use):</u>				
Industrial, commercial and residential properties	–	–	102,384	102,384
	–	–	303,761	303,761
<u>Property, plant and equipment:</u>				
Leasehold properties	–	–	18,963	18,963

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.2 Fair value estimation (Cont'd)

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

Fair value measurements of investment properties and leasehold properties

Investment properties and leasehold properties are carried at fair values at the end of reporting period. Valuations are made at each financial statement date based on the properties' highest-and-best-use using the direct market comparison method, discounted cash flow method, income capitalisation method and residual value method in determining the fair market values.

Reconciliation of movements in Level 3 fair value measurement

	Investment properties S\$'000
For the six months ended 31 March 2024 (unaudited)	
Beginning of financial period	303,761
Additions – investment properties	41,130
Additions – capitalised expenditure	2,901
Derecognition of assets of right-of-use properties	(787)
Net loss from fair value adjustment	(4,965)
Currency translation	(410)
End of financial period	<u>341,630</u>
For the financial year ended 30 September 2023 (audited)	
Beginning of financial year	233,267
Additions – investment properties	109,292
Additions – capitalised expenditure	10,506
Disposals	(4,500)
Reclassification to development properties ¹	(26,000)
Derecognition of assets of right-of-use properties	(11,529)
Lease modification adjustments	(125)
Net loss from fair value adjustment	(5,971)
Currency translation	(1,179)
End of financial year	<u>303,761</u>

1 During the financial year 2023, the investment property at 55 Tuas South Avenue 1 was reclassified at fair value to development property after the necessary approvals have been obtained for the change in use, as it is the Group's intention to redevelop the property for sale.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.2 Fair value estimation (Cont'd)

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

Valuation techniques and inputs used in Level 3 fair value measurements

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

<u>Description</u>	<u>Fair value S\$'000</u>	<u>Valuation technique</u>	<u>Unobservable inputs^(a)</u>	<u>Range of Unobservable inputs</u>	<u>Relationship of unobservable inputs to fair value</u>
As at 31 March 2024 (unaudited)					
Singapore (Owned investment properties)	222,654	Direct comparison method	Transacted price of comparable properties	S\$1,900 to S\$37,500 per square metre	The higher the comparable value, the higher the fair value
		Discounted cash flow method	Discount rate	7.25%-7.5%	The higher the rate, the lower the fair value
		Discounted cash flow method	Terminal yield	5.25%-6%	The higher the rate, the lower the fair value
		Income capitalisation method	Capitalisation rate	3.0%-5.75%	The higher the rate, the lower the fair value
		Residual value method	Gross development value	S\$22,100 per square metre	The higher the amount, the higher the fair value
Singapore (Right-of-use leased properties)	97,350	Income capitalisation method	Capitalisation rate	10.5%	The higher the rate, the lower the fair value
Indonesia (Owned investment properties)	5,536	Direct comparison method	Transacted price of comparable properties	S\$3,200 to S\$4,200 per square metre	The higher the comparable value, the higher the fair value
Cambodia (Owned investment properties)	16,090	Direct comparison method	Transacted price of comparable properties	S\$1,600 to S\$3,300 per square metre	The higher the comparable value, the higher the fair value
		Income capitalisation method	Capitalisation rate	3.0%-6.0%	The higher the rate, the lower the fair value
	<u>341,630</u>				
Singapore (Leasehold properties)	18,714	Direct comparison method	Transacted price of comparable properties	S\$1,900 to S\$25,800 per square metre	The higher the comparable value, the higher the fair value
	<u>18,714</u>				

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT (CONT'D)

5.2 Fair value estimation (Cont'd)

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

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

Description	Fair value S\$'000	Valuation technique	Unobservable inputs ^(a)	Range of Unobservable inputs	Relationship of unobservable inputs to fair value
As at 30 September 2023 (audited)					
Singapore (Owned investment properties)	179,143	Direct comparison method	Transacted price of comparable properties	S\$1,900 to S\$37,600 per square metre	The higher the comparable value, the higher the fair value
		Discounted cash flow method	Discount rate	7.25%-7.5%	The higher the rate, the lower the fair value
		Discounted cash flow method	Terminal yield	5.25%-6%	The higher the rate, the lower the fair value
		Income capitalisation method	Capitalisation rate	3.0%-5.75%	The higher the rate, the lower the fair value
		Residual value method	Gross development value	S\$16,300 per square metre	The higher the amount, the higher the fair value
		Residual value method	Cost to complete	S\$585 per square metre	The higher the amount, the lower the fair value
Singapore (Right-of-use leased properties)	102,384	Income capitalisation method	Capitalisation rate	10.5%	The higher the rate, the lower the fair value
Indonesia (Owned investment properties)	5,720	Direct comparison method	Transacted price of comparable properties	S\$3,300 to S\$4,300 per square metre	The higher the comparable value, the higher the fair value
Cambodia (Owned investment properties)	16,514	Direct comparison method	Transacted price of comparable properties	S\$1,600 to S\$4,300 per square metre	The higher the comparable value, the higher the fair value
		Income capitalisation method	Capitalisation rate	4.0%-5.0%	The higher the rate, the lower the fair value
	<u>303,761</u>				
Singapore (Leasehold properties)	18,963	Direct comparison method	Transacted price of comparable properties	S\$1,900 to S\$25,800 per square metre	The higher the comparable value, the higher the fair value
	<u>18,963</u>				

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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. Property development group
5. Facilities management group
6. Energy Group

Industrial, Commercial and Residential groups form the space optimisation business.

The Group does not have a single customer whose revenue reports more than 5% 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 profit or loss.

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

Segment assets and liabilities

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. SEGMENT INFORMATION (CONT'D)

Segment breakdown for the six months ended 31 March 2024 are as follows:

	Industrial S\$'000	Commercial S\$'000	Residential S\$'000	Property development S\$'000	Facilities Management S\$'000	Energy S\$'000	Corporate and Eliminations S\$'000	Consolidated S\$'000
Sales								
Total segment sales	12,741	3,195	22,892	–	18,689	1,904	7,660	67,081
Inter-segment sales	(1,85)	(401)	(2,306)	–	(1,446)	(1,079)	(7,117)	(12,534)
External sales	12,556	2,794	20,586	–	17,243	825	543	54,547
Segment operating results	8,218	549	12,028¹	(7)	2,025	362	(1,088)	22,087
Fair value loss on investment properties	(3,880)	(39)	(1,046) ²	–	–	–	–	(4,965)
Finance cost	(1,638)	(363)	(3,215) ³	–	(252)	(23)	(145)	(5,636)
Share of results of associates and joint ventures	2,700	147	7,767 ⁴	(7)	1,773	339	(1,233)	11,486
– Operating results	1,743	–	(380)	–	(2)	(43)	–	1,318
– Fair value (loss)/gain on investment properties	(28)	–	2,470	–	7	–	–	2,449
Total share of results of associates and joint ventures	1,715	–	2,090	–	5	(43)	–	3,767
Profit before taxation	4,415	147	9,857	(7)	1,778	296	(1,233)	15,253
Taxation	–	–	–	–	–	–	–	(1,995)
Profit for the period from discontinued operations (Note 12)	–	–	–	–	–	–	–	–
Profit for the period	–	–	–	–	–	–	–	–
Included in segments operating results:								
Depreciation of property, plant and equipment	443	375	1,275	–	539	105	430	3,167
Depreciation of right-of-use assets	–	1	69	–	5,831	15	24	5,940
Operating and capital assets	131,141	20,607	262,676	35,733	26,755	4,573	14,510	495,995
Investment in associates and joint ventures	22,443	–	7,392	–	1,105	181	–	31,121
Total segment assets	96,979	21,148	174,983	25,151	21,665	2,063	15,594	357,583
Total segment liabilities	55	5	42,880	–	206	491	929	44,566

1 Includes loss of S\$396,000 in segment results from 85 SOHO (Overseas).

2 Includes fair value loss of S\$215,000 from 85 SOHO (Overseas).

3 Includes finance cost of S\$226,000 from 85 SOHO (Overseas).

4 Includes loss before tax of S\$837,000 from 85 SOHO (Overseas).

5 Excludes initial additions to right-of-use investment properties with corresponding lease liability.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. SEGMENT INFORMATION (CONT'D)

Segment breakdown for the six months ended 31 March 2023 are as follows:

	Industrial ^{##} S\$'000	Commercial ^{##} S\$'000	Residential ^{##} S\$'000	Facilities Management ^{##} S\$'000	Energy ^{##} S\$'000	Corporate and Eliminations ^{##} S\$'000	Consolidated ^{##} S\$'000
Sales							
Total segment sales	13,062	3,094	12,203	16,033	1,478	9,006	54,876
Inter-segment sales	(117)	(158)	(1,286)	(850)	(1,211)	(8,371)	(11,993)
External sales	12,945	2,936	10,917	15,183	267	635	42,883
Segment operating results	11,912	1,464	4,012 ¹	10,578	177	(2,978)	25,165
Fair value (loss)/gain on investment properties	(4,027)	(410)	585 ²	—	—	—	(3,852)
Finance cost	(1,689)	(214)	(2,106) ³	(182)	(12)	(75)	(4,278)
Share of results of associates and joint ventures	6,196	840	2,491 ⁴	10,396	165	(3,053)	17,035
– Operating results	2,259	—	274	(34)	—	—	2,499
– Fair value (loss)/gain on investment properties	(992)	—	(700)	7	—	—	(1,685)
Total share of results of associates and joint ventures	1,267	—	(426)	(27)	—	—	814
Profit before taxation	7,463	840	2,065	10,369	165	(3,053)	17,849
Taxation	—	—	—	—	—	—	(2,298)
Profit for the period from discontinued operations (Note 12)	—	—	—	—	—	—	2,756
Profit for the period	—	—	—	—	—	—	18,307
Included in segments operating results:							
Depreciation of property, plant and equipment	413	424	1,372	546	84	211	3,050
Depreciation of right-of-use assets	85	1	50	5,250	15	24	5,425
Impairment loss on property, plant and equipment	—	—	179	—	—	—	179

Segment breakdown for its comparative period ended 30 September 2023 are as follows:

	Industrial S\$'000	Commercial S\$'000	Residential S\$'000	Property development S\$'000	Facilities Management S\$'000	Energy S\$'000	Corporate and Eliminations S\$'000	Consolidated S\$'000
Operating and capital assets	140,397	26,002	224,611	29,914	22,917	4,472	15,225	463,538
Investment in associates and joint ventures	20,974	—	5,303	—	1,100	224	—	27,601
Total segment assets	161,371	26,002	230,014	29,914	24,017	4,696	15,225	491,139
Total segment liabilities	106,467	19,741	144,004	19,904	18,193	1,277	16,736	326,322
Capital expenditures ⁵	366	662	49,383	—	1,228	644	672	52,955

1 Includes loss of S\$431,000 in segment results from 85 SOHO (Overseas).

2 Includes fair value gain of S\$609,000 from 85 SOHO (Overseas).

3 Includes finance cost of S\$375,000 from 85 SOHO (Overseas).

4 Includes loss before tax of S\$197,000 from 85 SOHO (Overseas).

5 Excludes initial additions to right-of-use investment properties with corresponding lease liability.

Comparative information has been re-presented due to a discontinued operation (Note 12)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. SEGMENT INFORMATION (CONT'D)

Reconciliation of segments' total assets and total liabilities

	31 March 2024 S\$'000	30 September 2023 S\$'000
Reportable segments' assets are reconciled to total assets:		
Segment assets	527,116	491,139
Deferred tax assets	57	57
Non-current fixed deposits with banks	500	500
Current fixed deposits with banks	22,407	20,822
Cash and bank balances	45,562	41,555
	<u>595,642</u>	<u>554,073</u>
Reportable segments' liabilities are reconciled to total liabilities:		
Segment liabilities	357,583	326,322
Current income tax liabilities	4,173	2,952
Deferred tax liabilities	6,014	6,750
	<u>367,770</u>	<u>336,024</u>

Geographical segment

The following table shows the distribution of the Group's revenue from external customers based on the location where goods are sold, services are provided or properties are located:

	Revenue from external customers six months ended 31 March	
	2024 S\$'000	2023## S\$'000
Singapore	52,228	40,971
Hong Kong	1,500	1,255
Myanmar	291	292
Indonesia	250	213
Cambodia	278	152
	<u>54,547</u>	<u>42,883</u>

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

	Non-current assets as at	
	31 March 2024 S\$'000	30 September 2023 S\$'000
Singapore	419,628	391,388
Hong Kong	29	1
Myanmar	872	962
Indonesia	5,542	5,740
Cambodia	16,205	16,596
People's Republic of China	1,497	1,544
	<u>443,773</u>	<u>416,231</u>

Comparative information has been re-presented due to a discontinued operation (Note 12)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. REVENUE

	Six months ended 31 March	
	2024 S\$'000	2023## S\$'000
Rental and warehousing lease income from		
– Leased properties	23,321	15,393
– Owned properties	5,366	4,357
Car park services	13,271	11,942
Facilities services	9,917	9,012
Energy and related services	581	132
Management services fee income	1,382	1,426
Others	709	621
	<u>54,547</u>	<u>42,883</u>

8. OTHER GAINS/(LOSSES) – NET AND OTHER INCOME

	Six months ended 31 March	
	2024 S\$'000	2023## S\$'000
Other gains/(losses) – net		
Gain on disposal of property, plant and equipment	32	70
Write-off and impairment loss of property, plant and equipment	–	(272)
Gain on disposal of associate	–	7,753
Gain from net investment in subleases	384	6,653
Loss from termination of lease	–	(53)
Lease modification (losses)/gains – net	(18)	60
Foreign exchange losses – net	(780)	(1,807)
	<u>(382)</u>	<u>12,404</u>
Other income		
Administrative services charges	439	449
Interest income	1,185	791
Government grants	96	132
Progressive wage credit scheme and special employment credit ¹	233	311
Job support scheme ²	–	275
Job growth incentive ³	–	173
Forfeiture of tenant deposit	171	221
Rental rebates, net ⁴	363	881
Other income	490	310
	<u>2,977</u>	<u>3,543</u>
	<u>2,595</u>	<u>15,947</u>

1 Progressive 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.

2 Job support scheme (“JSS”) are introduced by Singapore Government to help employers to retain their local employees during the period of economic uncertainty as a result of global pandemic outbreak of COVID-19.

3 Job growth incentive (“JGI”) are introduced by Singapore Government to support employers to expand their local hiring.

4 Rental rebates are introduced by Governments, mainly to help tenants with their rental payments during the global pandemic outbreak of COVID-19.

Comparative information has been re-presented due to a discontinued operation (Note 12)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. EXPENSE BY NATURE

	Six months ended 31 March	
	2024	2023##
	S\$'000	S\$'000
Advertising and marketing expenses	324	283
Commission fees	649	1,360
Entertainment expenses	156	203
Rental expenses	3,650	2,611
Upkeep and maintenance costs	3,862	3,515
Depreciation of property, plant and equipment	3,167	3,050
Depreciation of right-of-use assets	5,940	5,425
Professional fees	721	806
Employee benefit costs	12,888	12,610
Insurance fees	324	287
IT Maintenance expenses	458	439
Printing expenses	174	105
Property management fees	341	240
Telephone expenses	167	153
Auditor's remuneration		
– Audit services	264	218
– Non-audit services	9	121
Other expenses	1,904	1,993
	<u>34,998</u>	<u>33,419</u>

10. FINANCE COST – NET

	Six months ended 31 March	
	2024	2023##
	S\$'000	S\$'000
Interest expense on borrowings	4,157	2,913
Interest expense on lease liabilities from hire purchase arrangements	7	9
Interest expense on lease liabilities from lease arrangements	1,592	1,558
Interest expense on others	87	41
	<u>5,843</u>	<u>4,521</u>
Less: Amount capitalised	(207)	(243)
Finance cost – net	<u>5,636</u>	<u>4,278</u>

Comparative information has been re-presented due to a discontinued operation (Note 12)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. TAXATION

	Six months ended 31 March	
	2024 S\$'000	2023## S\$'000
Current income tax	2,715	1,425
Deferred income tax	(563)	408
	<u>2,152</u>	<u>1,833</u>
(Over)/Under provision in respect of prior years		
– current taxation	(81)	(15)
– deferred taxation	(76)	480
	<u>1,995</u>	<u>2,298</u>

12. DISCONTINUED OPERATIONS

On 28 August 2023, the Group completed the disposal of its entire 84.05% shareholding interests in its non-wholly owned subsidiary, LHN Logistics Limited and its group of companies, and its entire results was presented separately on the consolidated statement of profit or loss as “Discontinued operations” for the six months ended 31 March 2023. The disposal group was previously presented under the “Logistics services business” reportable segment of the Group.

(a) The results of the discontinued operations of the disposal group are as follows:

	1 October 2022 to 31 March 2023 S\$'000
Revenue	12,734
Cost of sales	<u>(7,913)</u>
Gross profit	4,821
Other gains/(losses) – net and other income	673
Expenses*	(3,597)
Share of results of associate, net of tax	<u>590</u>
Operating profit before tax from discontinued operations	2,487
Taxation	<u>269</u>
Profit for the period from discontinued operations	<u>2,756</u>

* Included in the expenses is an amount of S\$534,000 relating to employee costs of Logistics Group reclassified from profit from continuing operations to operating profit from before tax from discontinued operations.

(b) The impact of the discontinued operations on the cash flows of the Group was as follows:

	1 October 2022 to 31 March 2023 S\$'000
Net cash generated from operating activities	3,362
Net cash used in investing activities	(4,396)
Net cash used in financing activities	<u>(1,942)</u>
Total cash outflows	<u>(2,976)</u>

Comparative information has been re-presented due to a discontinued operation (Note 12)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. DIVIDEND

	Six months ended 31 March	
	2024 S\$'000	2023 S\$'000
Ordinary dividends:		
– Final dividend paid in respect of the previous financial year of 1.0 Singapore cent (2023: 1.0 Singapore cent) per share	4,088	4,043
	<u>4,088</u>	<u>4,043</u>

The Board has resolved to recommend an interim dividend of S\$0.01 (equivalent to HK\$0.0577) per share for the six months ended 31 March 2024 (2023: S\$0.01). These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 September 2024.

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 periods:

	Six months ended 31 March					
	Continuing operations		Discontinued operations		Total	
	2024	2023	2024	2023	2024	2023
Net profit attributable to equity holders of the Company (S\$'000) ^{##}	12,973	15,184	–	1,753	12,973	16,937
Weighted average number of ordinary shares ('000)						
– In issue	408,945	408,945	408,945	408,945	408,945	408,945
– Adjustment for potential ordinary shares under scrip dividend scheme	4,543	–	4,543	–	4,543	–
– Diluted	<u>413,488</u>	<u>408,945</u>	<u>413,488</u>	<u>408,945</u>	<u>413,488</u>	<u>408,945</u>
Earnings per share (Singapore cents) ^{##}						
– Basic	3.17	3.71	–	0.43	3.17	4.14
– Diluted	3.14	3.71	–	0.43	3.14	4.14

The diluted earnings per share are determined as above by adjusting the potentially dilutive scrip dividend (Note 18) as at 31 March 2024. The basic and diluted earnings per share are the same as there were no potentially dilutive ordinary securities in issue as at 31 March 2023.

15. PROPERTY, PLANT AND EQUIPMENT

The Group had additions of approximately S\$2,095,000 (2023: S\$12,103,000, which include S\$8,647,000 from Logistics Group (Note 12)) for the six months ended 31 March 2024.

^{##} Comparative information has been re-presented due to a discontinued operation (Note 12)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. FINANCE LEASE RECEIVABLES

	31 March 2024 S\$'000	30 September 2023 S\$'000
Not later than 1 year	20,766	20,167
Between 1 and 2 years	8,661	16,230
Between 2 and 3 years	1,002	2,859
Between 3 and 4 years	498	999
Between 4 and 5 years	–	–
Later than 5 years	–	–
Total undiscounted lease payments	30,927	40,255
Less: Unearned finance income	(785)	(1,260)
	<u>30,142</u>	<u>38,995</u>
Presented as:		
Current	20,149	19,292
Non-current	9,993	19,703
	<u>30,142</u>	<u>38,995</u>

17. TRADE AND OTHER RECEIVABLES

	31 March 2024 S\$'000	30 September 2023 S\$'000
Trade receivables:		
– Third parties	4,065	4,743
– Associates and Joint ventures	502	456
	<u>4,567</u>	<u>5,199</u>
Accrued rental income	485	444
Other receivables:		
– Goods and service tax receivables	719	1,090
– Deposits with external parties	6,644	4,613
– Tax recoverable	27	227
– Other receivables	908	1,911
	<u>8,298</u>	<u>7,841</u>
Less:		
– Impairment loss on trade receivables	(573)	(623)
– Impairment loss on other receivables	(2)	(3)
Trade and other receivables included in current assets	<u>12,775</u>	<u>12,858</u>
Deposits paid for acquisition of investment properties and plant and equipment	10,773	15,528
Other receivables included in non-current assets	<u>10,773</u>	<u>15,528</u>

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

	31 March 2024 S\$'000	30 September 2023 S\$'000
0 to 30 days	2,348	3,319
31 to 60 days	1,174	267
61 to 90 days	132	252
91 to 180 days	119	661
181 to 365 days	250	181
Over 365 days	544	519
	<u>4,567</u>	<u>5,199</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

18. SHARE CAPITAL

	Six months ended 31 March 2024		Year ended 30 September 2023	
	No. of shares Issued	Nominal Amount S\$'000	No. of shares Issued	Nominal Amount S\$'000
Beginning and end of financial period/year	408,945,400	65,496	408,945,400	65,496

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

The Company has given the shareholders the option of receiving cash and/or scrip shares for the special dividend declared for the financial year ended 30 September 2023. As at 31 March 2024, the maximum potential number of scrip shares to be allotted and issued under the scrip dividend scheme in relation to the special dividend declared for the financial year ended 30 September 2023 is 13,410,167 scrip shares.

19. TRADE AND OTHER PAYABLES

	31 March 2024 S\$'000	30 September 2023 S\$'000
Trade payables		
– Third parties	1,831	4,781
– Associates and Joint ventures	291	470
	2,122	5,251
Contract liabilities		
– Advances received from customers	4,061	4,496
Other payables and accruals		
– Goods and services tax payables	1,248	1,434
– Loan from shareholders of non-wholly owned subsidiaries	6,940	4,113
– Provision of directors' fees	58	71
– Accruals	9,473	13,100
– Rental deposits received from tenants	10,094	12,331
– Rental deposits received from related parties	49	49
– Rental received in advance	593	134
– Sundry creditors	783	1,229
	29,238	32,461
Total trade and other payables included in current liabilities	35,421	42,208
Other payables		
– Rental deposits received from tenants	4,996	2,441
– Other payables	837	20
Other payables included in non-current liabilities	5,833	2,461

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

	31 March 2024 S\$'000	30 September 2023 S\$'000
0 to 30 days	1,372	2,697
31 to 60 days	397	2,133
61 to 90 days	20	53
Over 90 days	333	368
	2,122	5,251

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

20. BANK BORROWINGS

	31 March 2024 S\$'000	30 September 2023 S\$'000
Non-current		
Bank borrowings repayable later than 1 year and no later than 2 years	35,866	13,784
Bank borrowings repayable later than 2 years and no later than 5 years	46,766	38,713
Bank borrowings repayable later than 5 years	107,385	96,956
	<u>190,017</u>	<u>149,453</u>
Current		
Bank borrowings repayable no later than 1 year	23,639	18,846
Total borrowings	<u>213,656</u>	<u>168,299</u>

The bank borrowings of approximately S\$207.8 million as at 31 March 2024 (30 September 2023 – S\$167.9 million) obtained by our subsidiaries are secured by (i) legal mortgage of certain investment properties, leasehold properties and development properties in Singapore and Cambodia; (ii) corporate guarantees provided by the Group; (iii) assignment of rental proceeds of the mortgaged properties; and (iv) personal guarantees provided by non-controlling interest shareholders of certain non-wholly owned subsidiaries of the Company, where applicable.

21. LEASE LIABILITIES

	31 March 2024 S\$'000	30 September 2023 S\$'000
No later than 1 year	35,656	32,144
Later than 1 year and no later than 2 years	21,950	26,534
Later than 2 years and no later than 5 years	39,303	43,682
Later than 5 years	4,921	9,596
Total lease liabilities	<u>101,830</u>	<u>111,956</u>

Included in the lease liabilities are:

	31 March 2024 S\$'000	30 September 2023 S\$'000
Current		
Lease liabilities from hire purchase arrangements	163	144
Lease liabilities from right-of-use lease arrangements	35,493	32,000
	<u>35,656</u>	<u>32,144</u>
Non-current		
Lease liabilities from hire purchase arrangements	153	258
Lease liabilities from right-of-use lease arrangements	66,021	79,554
	<u>66,174</u>	<u>79,812</u>
Total lease liabilities	<u>101,830</u>	<u>111,956</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

22. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised in the financial statements, excluding those relating to investments in associated companies and investment in joint ventures are as follows:

	31 March 2024 S\$'000	30 September 2023 S\$'000
Investment properties (excluding deposits paid)	76,883	109,310
Development property	9,261	13,560
Property, plant and equipment	91	783
	<u>86,235</u>	<u>123,653</u>

(b) Lease commitments – where the Group is a lessee

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

These lease payments have been recognised as ROU assets and lease liabilities on the consolidated statement of financial position, except for short-term and low value leases which amounted to S\$3,440,000 and S\$210,000 (31 March 2023: S\$2,599,000 and S\$214,000) respectively.

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

The Group leases out investment properties under non-cancellable operating lease agreements. The lessees are required to pay either absolute fixed annual increase to the lease payments or contingent rents computed based on their sales achieved during the lease period. When considered necessary to reduce the credit risk, the Group may obtain bank guarantees equivalent to few months of the lease payments.

The Group is exposed to changes in the residual value of properties at the end of current lease agreements. The residual value risk born by the Group is mitigated by active management of its property portfolio with the objective of optimising tenant mix in order to:

- achieve the longest weighted average lease term possible;
- minimise vacancy rates across all properties; and
- minimise the turnover of tenants with high quality credit ratings.

Lease agreements may also include a clause requiring the tenant to reinstate the leased space to its original state when the lease expires and the tenant decides not to renew the lease agreement. This contributes to the maintenance of the property and allows for the space to be re-let quickly once a tenant has departed.

The undiscounted lease payments from the operating leases from leased properties and owned investment properties to be received after 31 March 2024 and 30 September 2023 is disclosed as follows:

	31 March 2024 S\$'000	30 September 2023 S\$'000
Operating leases from leased properties		
Not later than 1 year	25,259	23,749
Between 1 and 2 years	9,992	8,370
Between 2 and 3 years	3,465	6,905
	<u>38,716</u>	<u>39,024</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

22. COMMITMENTS (CONT'D)

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

	31 March 2024 S\$'000	30 September 2023 S\$'000
Operating leases from owned investment properties		
Not later than 1 year	5,151	3,801
Between 1 and 2 years	1,143	644
Between 2 and 3 years	805	26
	<u>7,099</u>	<u>4,471</u>

(d) Corporate guarantees

The Group has provided corporate guarantees in favour of financial institutions in respect of facilities granted to certain associate and joint ventures amounting to S\$61,400,000 (31 March 2023: S\$85,600,000). As at 31 March 2024, the outstanding amount of guaranteed loans drawn down by associate and joint ventures amounted to S\$51,100,000 (31 March 2023: S\$64,700,000).

The Group has determined that the corporate guarantees had insignificant fair values as at 31 March 2024 and 30 September 2023.

23. 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
Work Plus Store (AMK) Pte. Ltd.	A joint venture
Metropolitan Parking Pte. Ltd.	A joint venture
Four Star Industries Pte Ltd	A joint venture
Work Plus Store (Kallang Bahru) Pte. Ltd.	A joint venture
Motorway Automotive Pte. Ltd.	A joint venture
Coliwoo East Pte. Ltd. (now known as Amber 4042 Hotel Pte. Ltd.)	A joint venture
471 Balestier Pte. Ltd.	A joint venture
AMB Hotel Pte. Ltd.	A joint venture (from 7 November 2023) A subsidiary of the joint venture company of the Group (up to 7 November 2023)
Metropolitan Parking (BTSC) Pte. Ltd.	An associate
HLA Logistics Pte. Ltd.	An associate (up to 28 August 2023)
The Bus Hotel Pte. Ltd.	An associate
Master Care Services Pte. Ltd.	A non-controlling shareholder of a subsidiary of the Group
Lim Hock San	A non-controlling shareholder of a subsidiary of the Group
Way Assets Pte. Ltd.	A non-controlling shareholder of a subsidiary of the Group
Globalpoint Far East Pte. Ltd.	A non-controlling shareholder of a subsidiary of the Group

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

23. RELATED PARTY TRANSACTIONS (CONT'D)

	Six months ended 31 March	
	2024 S\$'000	2023 S\$'000
Rental and service income received/receivable from:		
Work Plus Store (AMK) Pte. Ltd.	435	397
Metropolitan Parking Pte. Ltd.	73	54
Four Star Industries Pte Ltd	370	461
Work Plus Store (Kallang Bahru) Pte. Ltd.	321	436
Motorway Automotive Pte. Ltd.	–	87
Coliwoo East Pte. Ltd.	–	104
471 Balestier Pte. Ltd.	50	95
Metropolitan Parking (BTSC) Pte. Ltd.	38	40
AMB Hotel Pte. Ltd.	70	4
The Bus Hotel Pte. Ltd.	70	–
HLA Logistics Pte. Ltd.	–	918
Lease income received/receivable from:		
Master Care Services Pte. Ltd.	173	168
Auxiliary services expense paid/payable from:		
Four Star Industries Pte Ltd	183	510
Work Plus Store (Kallang Bahru) Pte. Ltd.	43	18
Globalpoint Far East Pte. Ltd.	5,189	–
Loan to:		
Work Plus Store (AMK) Pte. Ltd.	–	600
Metropolitan Parking Pte. Ltd.	470	620
Coliwoo East Pte. Ltd.	–	125
471 Balestier Pte. Ltd.	380	–
Metropolitan Parking (BTSC) Pte. Ltd.	40	120
AMB Hotel Pte. Ltd.	130	–
The Bus Hotel Pte. Ltd.	305	60
Repayment of loan from:		
Work Plus Store (AMK) Pte. Ltd.	450	–
Work Plus Store (Kallang Bahru) Pte. Ltd.	500	–
Motorway Automotive Pte. Ltd.	–	1,268
Loan from:		
Lim Hock San	285	300
Way Assets Pte. Ltd.	285	300
Globalpoint Far East Pte. Ltd.	2,170	–
Other transactions with:		
Work Plus Store (AMK) Pte. Ltd.	167	179
Metropolitan Parking Pte. Ltd.	800	588
Work Plus Store (Kallang Bahru) Pte. Ltd.	124	128
Motorway Automotive Pte. Ltd.	–	62
Metropolitan Parking (BTSC) Pte. Ltd.	395	376

Notes:

- i Sales and purchases are made at prices mutually agreed by the relevant parties
- ii Terms of services are mutually agreed between the relevant parties
- iii Other transactions mainly pertain to interest income, collection and payment on behalf.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

24. RECONCILIATION FROM POST-IFRS 16 BASIS TO PRE-IFRS 16 BASIS

The reconciliation of 1) Profit before tax from continuing operations 2) Profit after tax from discontinued operations from Post-IFRS 16 basis to Pre-IFRS 16 basis for informational purpose are as follows.

Profit or loss	Six Months Ended 31 March 2024			Six Months Ended 31 March 2023##		
	Post-IFRS 16	Effects of IFRS 16	Pre-IFRS 16	Post-IFRS 16	Effects of IFRS 16	Pre-IFRS 16
The Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	54,547	10,230	64,777	42,883	11,270	54,153
Cost of sales	(19,756)	(17,159)	(36,915)	(17,299)	(15,679)	(32,978)
Gross profit	34,791	(6,929)	27,862	25,584	(4,409)	21,175
Other gains/(losses) – net and other income	2,595	(890)	1,705	15,947	(7,255)	8,692
Other operating expenses						
– (Impairment loss)/reversal on trade, other and finance lease receivables	(57)	63	6	(246)	304	58
Selling and distribution expenses	(1,199)	–	(1,199)	(1,924)	–	(1,924)
Administrative expenses	(14,043)	(32)	(14,075)	(14,196)	(1,765)	(15,961)
Finance cost	(5,636)	1,591	(4,045)	(4,278)	1,558	(2,720)
Share of results of associates and joint ventures, net of tax	3,767	32	3,799	814	(20)	794
Fair value (losses)/gains on investment properties	(4,965)	6,005	1,040	(3,852)	5,977	2,125
Profit before tax from continuing operations	15,253	(160)	15,093	17,849	(5,610)	12,239
Profit after tax from discontinued operations	–	–	–	2,756	94	2,850

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

Revenue	Six Months Ended 31 March 2024			Six Months Ended 31 March 2023##		
	Post-IFRS 16	Effects of IFRS 16	Pre-IFRS 16	Post-IFRS 16	Effects of IFRS 16	Pre-IFRS 16
The Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Industrial	12,556	3,510	16,066	12,945	4,267	17,212
Commercial	2,794	3,730	6,524	2,936	4,017	6,953
Residential						
– Co-living (Singapore)	20,017	2,990	23,007	10,473	2,986	13,459
– 85 SOHO (Overseas)	569	–	569	444	–	444
	20,586	2,990	23,576	10,917	2,986	13,903
Space Optimisation	35,936	10,230	46,166	26,798	11,270	38,068
Facilities Management	17,243	–	17,243	15,183	–	15,183
Energy	825	–	825	267	–	267
Corporate	543	–	543	635	–	635
	54,547	10,230	64,777	42,883	11,270	54,153

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

24. RECONCILIATION FROM POST-IFRS 16 BASIS TO PRE-IFRS 16 BASIS (CONT'D)

Profit before taxation	Six Months Ended 31 March 2024			Six Months Ended 31 March 2023 ^{##}		
	Post-IFRS 16	Effects of IFRS 16	Pre-IFRS 16	Post-IFRS 16	Effects of IFRS 16	Pre-IFRS 16
The Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Industrial	4,415	(320)	4,095	7,463	(3,724)	3,739
Commercial	147	621	768	840	(203)	637
Residential						
– Co-living (Singapore)	10,694	(625)	10,069	2,262	(1,493)	769
– 85 SOHO (Overseas)	(837)	12	(825)	(197)	13	(184)
	9,857	(613)	9,244	2,065	(1,480)	585
Space Optimisation	14,419	(312)	14,107	10,368	(5,407)	4,961
Property Development	(7)	–	(7)	–	–	–
Facilities Management	1,778	153	1,931	10,369	(204)	10,165
Energy	296	–	296	165	–	165
Corporate	(1,233)	(1)	(1,234)	(3,053)	1	(3,052)
Logistics Group (Discontinued operations)	–	–	–	2,487	94	2,581
Profit before tax from both continuing and discontinued operations	15,253	(160)	15,093	20,336	(5,516)	14,820

^{##} Comparative information has been re-presented due to a discontinued operation (Note 12)

25. SUBSEQUENT EVENTS

On 2 April 2024, the Company successfully raised S\$10 million in gross proceeds from the issuance and listing of Series 001 unsecured commercial paper (the “**Series 001 CP**”) on the ADDX Exchange. The Series 001 CP interest rate is 6% per annum with a maturity period of five months.

On 9 April 2024, the Group entered into a joint venture agreement with another joint venture partner, Macritchie Developments Pte. Ltd., to form a 50:50 joint venture company, Jadeite Properties Pte. Ltd. (the “**JV Company**”). On 8 May 2024, the JV Company exercised the option to purchase a property at 50 Armenian Street, Wilmer Place Singapore 179938, for a consideration of S\$26.5 million (excluding GST).

On 22 April 2024, the Group entered into a sale and purchase agreement to sell 20,000 shares in its subsidiary, Coliwoo (TK) Pte. Ltd. (the “**Target Company**”), to Macritchie Developments Pte. Ltd. (the “**Purchaser**”) for a consideration of S\$20,000 (the “**Transaction**”). Upon completion of the Transaction, the Target Company became 80% owned by the Group and 20% by the Purchaser, and the Target Company will remain as a subsidiary of the Group. On 9 May 2024, the Target Company completed the acquisition of the GSM building at 141 Middle Road, Singapore.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During 1H2024, the Space Optimisation Business successfully renewed the master leases for its commercial properties at Phoenix Park and 200 Pandan Gardens, industrial property at 34 Boon Leat Terrace and residential property at Keramat Road.

The Group's residential properties, driven primarily by Coliwoo's co-living business, achieved yet another period of robust performance in 1H2024, with 2,534 keys under management as at March 2024.

Under the Coliwoo co-living brand, the Group successfully acquired properties at 99 Rangoon Road and 288 River Valley Road. Notably, in February 2024, the Group obtained Outline Planning Permission from the Urban Redevelopment Authority ("URA") to change the use of the third to sixth levels of the GSM building at 141 Middle Road, Singapore from "commercial" to "serviced apartment".

Number of Keys by Projects

As at	Co-living – Singapore Projects		85 SOHO – Overseas Projects		Total
	Master Lease	Owned/Joint Venture	Master Lease	Owned/Joint Venture	
March 2024	1,789	362	275	108	2,534

Lastly, the Group entered into a lodging facility contract with MOH Holdings Pte Ltd to design, retrofit and operate two designated lodging facilities for healthcare professionals at 100 Ulu Pandan Road and 60 Boundary Close. Both lodging facilities are scheduled to start operations in the second half of 2024 and will provide accommodation for approximately 700 healthcare professionals.

As at March 2024, the occupancy rates across certain properties (excluding joint venture properties and properties that are under progressive handover) under the Space Optimisation Business are as follows:

Industrial Properties	
– Work+Store space:	94.9%
– Industrial space:	98.3%
Commercial Properties	
– Commercial space:	96.3%
Residential Properties	
– Co-living space (Singapore):	91.8%

The Facilities Management Business primarily provides integrated facilities management services and car park management services. This business segment continues to perform well in 1H2024. Under its cleaning and related services ("ICFM") business, 60 new contracts were secured while 81 existing contracts were successfully renewed. ICFM expanded its client base to 103, increasing from 83 clients as at 30 September 2023. For the car park management business, the Group managed 78 car parks in Singapore with over 24,000 lots, and 3 car parks with over 1,000 lots in Hong Kong as at 31 March 2024.

The Energy Business has achieved better revenue performance in 1H2024 year-on-year. The business focuses on providing renewable energy services, including electricity retailing, electric vehicle ("EV") charging stations and solar power system installation, primarily for industrial clients. By the end of 1H2024, the Group had secured nine solar energy contracts with a combined capacity of approximately 2.0 megawatts of renewable energy. At the end of 1H2024, the Group's total solar energy capacity was 5.9 megawatts. The number of EV charger points managed by the Group and its joint venture totals 17.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Outlook

In 2024, Singapore's residential rental market is anticipated to moderate amidst stable economic growth and a rise in housing supply. Despite the influx of over 28,000 new units over the past two years¹, intensifying competition and flattening rental prices, the Group's **Space Optimisation Business** has demonstrated resilience, maintaining high occupancy rates above 90% for its co-living assets. This success is attributed to the strategic positioning of its properties and a focus on high-demand centrally-located, flexible and sustainable living options, which continue to attract tenants even as the broader market softens. While higher interest rates and cooling measures may deter property purchases, these factors are likely to boost rental demand, further benefiting the Group.

Against this backdrop, Coliwoo's co-living properties are forecasted to drive the Group's residential segment forward, supported by a pipeline of new projects, recent tender win and acquisition plan.

The upcoming launch of a row of properties at River Valley Road is expected to contribute to the Group's revenue in the second half of the financial year ending 30 September 2024. In addition, following the completion of the acquisition of the GSM building on 9 May 2024 and securing the Outline Planning Permission from the URA for the conversion of its third to sixth levels into residential space, the Group plans to transform these levels into serviced apartments with an estimated 187 keys.

In April 2024, the Group was awarded the tender for state property at 260 Upper Bukit Timah Road, with a plan to rejuvenate the existing compound into a vibrant mixed-use development. It also formed a joint venture with business partners to acquire and transform Wilmer Place at 50 Armenian Street into a modern co-living space.

Expected to be launched in the next financial year ending 30 September 2025, the residential section of the GSM building, co-living shophouse apartments at 48 and 50 Arab Street and co-living serviced apartments at 260 Upper Bukit Timah Road are poised to enable the Group to meet its goal of adding 800 keys annually to Coliwoo's portfolio.

For the **Property Development Business**, the construction works for the Group's nine-storey industrial development property at 55 Tuas South is currently underway. The property has a saleable area of 112,000 sqft and the Temporary Occupation Permit for the property is expected to be issued in the fourth quarter of the financial year ending 30 September 2024.

The car park business under the **Facilities Management Business** will continue to build up its market share with the intelligent use of cutting-edge technology and a fully equipped operations team. This business will see the commencement of car park management services contract to manage 11 ESR-LOGOS REIT Properties' car parks (over 700 lots) from April 2024; and with National Healthcare Group Polyclinics to manage 4 car parks (over 200 lots) from May 2024.

The facilities management sector in Singapore is experiencing rapid evolution due to the integration of technologies, which enhance operational efficiency and sustainability. As Singapore aims to achieve its goal of having 80% green buildings by 2030, LHN's **Energy Business** is well-positioned to meet growing demand for sustainable workspaces through innovative solutions that comply with new green building standards.

Overall, the Group expects the contributions from its Coliwoo properties to continue driving growth into the next financial year.

¹ <https://www.todayonline.com/commentary/commentary-home-rents-are-set-moderate-2024-what-does-mean-tenants-and-landlords-2327946>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the period ended 31 March 2024 ("1H2024") vs period ended 31 March 2023 ("1H2023")

Revenue

	1H2024 S\$'000 (unaudited)	1H2023## S\$'000 (unaudited)	Variance	
			S\$'000	%
Industrial Properties	12,556	12,945	(389)	(3.0)
Commercial Properties	2,794	2,936	(142)	(4.8)
Residential Properties				
– Co-living (Singapore)	20,017	10,473	9,544	91.1
– 85 SOHO (Overseas)	569	444	125	28.2
	20,586	10,917	9,669	88.6
Space Optimisation Business	35,936	26,798	9,138	34.1
Facilities Management Business	17,243	15,183	2,060	13.6
Energy Business	825	267	558	>100
Corporate	543	635	(92)	(14.5)
Total	54,547	42,883	11,664	27.2

Comparative information has been re-presented due to a discontinued operation (Note 12)

The Group's revenue increased by approximately S\$11.7 million or 27.2% from approximately S\$42.8 million in 1H2023 to approximately S\$54.5 million in 1H2024 primarily due to increase in revenue from the Space Optimisation Business and the Facilities Management Business.

(a) Space Optimisation Business

Industrial Properties

Revenue derived from Industrial Properties decreased by approximately S\$0.4 million or 3.0% from approximately S\$13.0 million in 1H2023 to approximately S\$12.6 million in 1H2024 mainly due to expiry of three master leases during the financial year ended 30 September 2023 ("FY2023"). This was partially offset by higher rental rates from the renewal of sub-leases in 1H2024.

Commercial Properties

Revenue derived from Commercial Properties decreased slightly by approximately S\$0.1 million or 4.8% from approximately S\$2.9 million in 1H2023 to approximately S\$2.8 million in 1H2024 mainly due to expiry of three master leases during FY2023. This was partially offset by revenue contribution from new subleases classified as operating leases.

Residential Properties

Revenue derived from Residential Properties increased by approximately S\$9.6 million or 88.6% from approximately S\$10.9 million in 1H2023 to approximately S\$20.6 million in 1H2024 mainly due to the (i) increase in revenue of approximately S\$9.5 million from our co-living business in Singapore; and (ii) a slight increase in revenue of approximately S\$0.1 million from our overseas properties.

The increase in revenue from our co-living business in Singapore arose mainly from (i) new co-living spaces at 298 River Valley Road, 99 Rangoon Road and 404 Pasir Panjang Road which started generating revenue between the fourth quarter of FY2023 and first quarter of the financial year ending 30 September 2024; (ii) full period revenue contribution from co-living spaces at 2 Mount Elizabeth Link and Lavender Collection in 1H2024; and (iii) higher rental rates from our other co-living spaces.

MANAGEMENT DISCUSSION AND ANALYSIS

(b) Facilities Management Business

Revenue derived from our Facilities Management Business increased by approximately S\$2.0 million or 13.6% from approximately S\$15.2 million in 1H2023 to approximately S\$17.2 million in 1H2024 mainly due to increase in facilities management services and revenue from the car park business due to increase in number of car parks secured in Singapore mainly in the fourth quarter of FY2023.

(c) Energy Business

Revenue derived from our Energy Business increased by approximately S\$0.5 million or 209.0% from approximately S\$0.3 million in 1H2023 to approximately S\$0.8 million mainly due to increase in revenue from the solar energy business.

(d) Corporate

Revenue derived from our Corporate decreased slightly by approximately S\$0.1 million or 14.5% from approximately S\$0.6 million in 1H2023 to approximately S\$0.5 million in 1H2024 mainly from management fees charged to our joint ventures.

Cost of Sales

Cost of sales increased by approximately S\$2.5 million or 14.2% from approximately S\$17.3 million in 1H2023 to approximately S\$19.8 million in 1H2024. The increase was mainly due to the increase in costs from the Space Optimisation Business and Facilities Management Business which is in line with the increase in revenue.

Gross Profit

In view of the above mentioned, gross profit increased by approximately S\$9.2 million from approximately S\$25.6 million in 1H2023 to approximately S\$34.8 million in 1H2024 mainly from the increase under the co-living business of the Residential Properties.

Other Gains/(Losses) – net and Other Income

Other gains/(losses) – net and other income decreased by approximately S\$13.3 million or 83.7% from approximately S\$15.9 million in 1H2023 to approximately S\$2.6 million in 1H2024 mainly due to (i) a non-recurring gain on disposal of an associate under our Facilities Management Business in 1H2023; (ii) decrease in gains from subleases classified as finance leases which were derived based on differences between the right-of-use asset derecognised and the net investment in sublease; and (iii) decrease in Governments' rental rebates and other job related grants.

The decrease was partially offset by (i) smaller foreign exchange losses due to stronger United States dollars currency against SGD in 1H2024; (ii) increase in interest income from fixed deposits placed with banks; and (iii) decrease in impairment loss on property, plant and equipment under the Space Optimisation Business.

Other Operating Expenses

Other operating expenses decreased slightly by approximately S\$0.2 million or 76.8% from approximately S\$0.2 million in 1H2023 to approximately S\$0.06 million in 1H2024 mainly due to a decrease in impairment loss on receivables under the Space Optimisation Business.

Selling and Distribution Expenses

Selling and distribution expenses decreased by approximately S\$0.7 million or 37.7% from approximately S\$1.9 million in 1H2023 to approximately S\$1.2 million in 1H2024 mainly due to lower commission expenses incurred for renewal of tenancy with our tenants under the Space Optimisation Business.

Administrative Expenses

Administrative expenses decreased slightly by approximately S\$0.2 million or 1.1% from approximately S\$14.2 million in 1H2023 to approximately S\$14.0 million in 1H2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Cost – net

Finance cost increased by approximately S\$1.3 million or 31.7% from approximately S\$4.3 million in 1H2023 to approximately S\$5.6 million in 1H2024 mainly due to an increase in interest expenses as a result of increase in bank borrowings and higher interest rates.

Share of Results of Associates and Joint Ventures

Share of results of associates and joint ventures increased by approximately S\$3.0 million from approximately S\$0.8 million in 1H2023 to approximately S\$3.8 million in 1H2024 mainly due to share of net fair value gain on investment properties in 1H2024 as compared to a net fair value loss on investment properties in 1H2023. This was partially offset by a decrease in operating profit from our joint ventures.

Fair Value Loss on Investment Properties

Fair value loss on investment properties increased by approximately S\$1.1 million or 28.9% from approximately S\$3.9 million in 1H2023 to approximately S\$5.0 million in 1H2024 mainly due to lesser fair value gains on owned investment properties.

Profit before Taxation

As a result of the aforementioned, the Group's profit before taxation decreased by approximately S\$2.5 million or 14.5% from approximately S\$17.8 million in 1H2023 to approximately S\$15.3 million in 1H2024.

Taxation

Income tax expenses decreased by approximately S\$0.3 million from approximately S\$2.3 million in 1H2023 to approximately S\$2.0 million in 1H2024 due to lower taxable profit.

Profit from Continuing Operations

As a result of the above, the Group's net profit from continuing operations decreased by approximately S\$2.3 million or 14.7% from approximately S\$15.6 million in 1H2023 to approximately S\$13.3 million in 1H2024.

Discontinued Operations

Discontinued operations consisted of a net profit after tax of approximately S\$2.8 million contributed by the Group's then Logistics Group in 1H2023, before its disposal which was completed in August 2023.

Profit for the Period

As a result of the above, the Group's total profit for the period decreased by approximately S\$5.0 million or 27.6% from approximately S\$18.3 million in 1H2023 to approximately S\$13.3 million in 1H2024.

Review of Statement of Financial Position

Non-current Assets

Non-current assets increased by approximately S\$27.3 million from approximately S\$416.3 million as at 30 September 2023 to approximately S\$443.6 million as at 31 March 2024 mainly due to the factors set out below.

Property, plant and equipment ("PPE") decreased by approximately S\$1.2 million mainly due to depreciation of PPE, partially offset by the additions to PPE incurred by the Group.

Right-of-use assets increased by approximately S\$1.5 million mainly due to additions to right-of-use assets for new leases entered into for the car park business, partially offset by depreciation charged in 1H2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment properties increased by approximately S\$37.9 million mainly due to (i) additions to investment properties from the purchase of properties at 288 River Valley Road and 99 Rangoon Road; and (ii) net additions to investment properties (right-of-use) from master leases under the Space Optimisation Business. These were partially offset by (i) net derecognition of investment properties (right-of-use) due to recognition of net investment in sublease; (ii) fair value losses; and (iii) currency translation differences.

Investment in associates and joint ventures increased by approximately S\$3.5 million mainly due to increase in share of profit and other comprehensive income of associates and joint ventures recognised in 1H2024, partially offset by dividends received from a joint venture.

Other receivables decreased by approximately S\$4.8 million mainly due to capitalisation of deposits paid upon the completion of acquisition of investment properties at 99 Rangoon Road and 288 River Valley Road. These were partially offset by additional deposit paid for the acquisition of GSM building at 141 Middle Road.

Prepayments increased slightly by approximately S\$0.1 million in 1H2024.

Finance lease receivables decreased by approximately S\$9.7 million mainly due to receipts in 1H2024.

Long term fixed deposits remained at S\$0.5 million in 1H2024.

Current Assets

Current assets increased by approximately S\$14.3 million from approximately S\$137.8 million as at 30 September 2023 to approximately S\$152.1 million as at 31 March 2024 mainly due to the factors set out below.

Development properties increased by approximately S\$6.4 million due to construction for the redevelopment of property at 55 Tuas South Avenue 1 into a 9-storey multi-user food processing industrial development for sale upon completion.

Trade and other receivables decreased by approximately S\$0.1 million mainly arising from decrease in trade and other receivables due to receipt of payments. This was partially offset by the increase in deposit paid largely from new car parks secured in 1H2024.

Loans to associates and joint ventures increased by approximately S\$0.5 million mainly due to additional working capital provided in 1H2024.

Prepayments increased by approximately S\$1.0 million mainly due to the prepaid rental for new car parks secured in 1H2024.

Finance lease receivables increased by approximately S\$0.9 million mainly due to recognition of receivables from new subleases in 1H2024.

Fixed deposits with banks and cash and bank balances increased by approximately S\$5.6 million, variance as detailed in the movement in cashflow below.

Non-current Liabilities

Non-current liabilities increased by approximately S\$29.6 million from approximately S\$239.1 million as at 30 September 2023 to approximately S\$268.7 million as at 31 March 2024 mainly due to the factors set out below.

Deferred tax liabilities decreased by approximately S\$0.7 million.

Other payables increased by approximately S\$3.4 million mainly arising from reclassification of rental deposits received from tenants for the Space Optimisation Business from current liabilities due to renewal of subleases.

Bank borrowings increased by approximately S\$40.6 million, mainly for the purchase of properties at 288 River Valley Road and 99 Rangoon Road and working capital loan for the Group.

Lease liabilities decreased by approximately S\$13.6 million mainly due to repayments in 1H2024, partially offset by the recognition of liabilities mainly for new car park leases.

Provisions remained at S\$0.7 million in 1H2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Current Liabilities

Current liabilities increased by approximately S\$2.1 million from approximately S\$96.9 million as at 30 September 2023 to approximately S\$99.0 million as at 31 March 2024 mainly due to the factors set out below.

Trade and other payables decreased by approximately S\$6.8 million largely due to (i) payment of trade payables; (ii) decrease in accruals; and (iii) decrease in rental deposits received from tenants for the Space Optimisation Business due to reclassification to non-current liabilities as mentioned above. These were partially offset by increase in loans from shareholders of our non-wholly owned subsidiaries mainly for the construction of development property at 55 Tuas South Avenue 1 and working capital.

Provisions decreased by S\$0.6 million mainly due to the utilisation of provision of reinstatement cost in 1H2024.

Bank borrowings increased by approximately S\$4.8 million, mainly for the purchase of properties at 288 River Valley Road and 99 Rangoon Road and working capital loan for the Group.

Lease liabilities increased by approximately S\$3.5 million mainly due to recognition of liabilities mainly for new car park leases.

Current tax payable increased by approximately S\$1.2 million mainly due to provision of tax for 1H2024.

Review of Statement of Cash Flows

In 1H2024, the Group recorded net cash generated from operating activities of approximately S\$14.6 million, which was a result of positive operating profit before changes in working capital, expenditure for development properties, increase in trade and other receivables and decrease in trade and other payables. This was partially offset by net income tax paid.

Net cash used in investing activities amounted to approximately S\$29.0 million, which was mainly due to (i) additions to PPE incurred for the Group in 1H2024; (ii) additions to investment properties mainly for the purchase of properties at 288 River Valley Road and 99 Rangoon Road; and (iii) additional deposit paid for the acquisition GSM building. These were partially offset by (i) receipts from finance lease receivables for principal and interest; (ii) other interest received in 1H2024; and (iii) dividends received from joint venture.

Net cash generated from financing activities amounted to approximately S\$17.4 million, which was mainly due to (i) proceeds from bank borrowings for the purchase of properties at 288 River Valley Road and 99 Rangoon Road and working capital loan for the Group; and (ii) increase in loans from shareholders of our non-wholly owned subsidiaries. These were partially offset by (i) repayment of bank borrowings and lease liabilities; (ii) interest expenses on bank borrowings and lease liabilities paid; (iii) dividends paid to shareholders; and (iv) increase in restricted bank deposits and pledged fixed deposits.

As a result of the above, cash and cash equivalents increased by approximately S\$3.0 million, amounting to approximately S\$61.6 million as at 31 March 2024.

Liquidity and Financial Resources

During 1H2024, the Group financed its operations primarily through a combination of cash flow generated from our operations, bank borrowings and lease liabilities.

The Group primarily obtained bank borrowings to finance its acquisition and renovation of properties. The Group also had revolving loans for its short-term finance needs. The Group's borrowings as at 31 March 2024 were denominated in Singapore dollars and United States dollars with interest charged on these borrowings ranging from 1.38% to 6.33% per annum for the period. As at 31 March 2024, the Group had outstanding bank borrowings of S\$213.7 million. These borrowings were secured by (i) legal mortgage of certain investment properties, leasehold properties and development properties in Singapore and Cambodia; (ii) corporate guarantees provided by the Group; (iii) assignment of rental proceeds of the mortgaged properties; and (iv) personal guarantees provided by non-controlling interest shareholders of certain non-wholly owned subsidiaries of the Company, where applicable.

As at 31 March 2024, cash and cash equivalents held by the Group were mainly cash in the banks and on hand denominated in Singapore dollars, Hong Kong dollars, United States dollars, Indonesian rupiah and Renminbi and deposits denominated in Singapore dollars that are readily convertible into cash.

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing Ratio

Gearing ratio is equal to interest-bearing debt divided by total capital and multiplied by 100%. Interest-bearing debt is calculated as the sum of bank borrowings and lease liabilities. Total capital is calculated as interest-bearing debt plus total equity. Gearing ratio as at 31 March 2024 was 58.1%, increased from 56.2% as at 30 September 2023.

Net gearing ratio is equal to net interest-bearing debt divided by total capital and multiplied by 100%. Net interest-bearing debt is calculated as the sum of bank borrowings and lease liabilities minus cash and bank balances and fixed deposits with banks. Total capital is calculated as interest-bearing debt plus total equity. Net gearing ratio as at 31 March 2024 was 45.5%, an increase from 43.6% as at 30 September 2023.

The increase in gearing ratio and net gearing ratio were primarily due to increase in bank borrowings mainly from the purchase of properties at 288 River Valley Road and 99 Rangoon Road, renovation costs for our Space Optimisation Business and working capital.

Lease Liabilities

As at 31 March 2024, the Group had lease liabilities of S\$101.8 million in respect of the Group's leased properties, plant and machinery and motor vehicles. Certain lease liabilities of the Group are secured by the underlying assets of certain plant and machinery and motor vehicles and corporate guarantees provided by the Group.

Capital Commitment

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

	31 March 2024 S\$'000	30 September 2023 S\$'000
Investment properties (excluding deposits paid)	76,883	109,310
Development property	9,261	13,560
Property, plant and equipment	91	783
	<u>86,235</u>	<u>123,653</u>

Capital Expenditure

During 1H2024, the Group's capital expenditure consists of additions to property, plant and equipment and investment properties amounting to approximately S\$44.6 million for the purchase of properties at 288 River Valley Road and 99 Rangoon Road and renovation costs for the Space Optimisation Business (FY2023: approximately S\$53.0 million).

Contingent Liabilities

As at 31 March 2024, the Group did not have any material contingent liabilities.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Save as disclosed in this report, there was no material acquisition and disposal of subsidiaries, associates and joint ventures for 1H2024.

Guarantee Performance in relation to the Acquisitions

The Group did not enter into any acquisition of a company or business, which is required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HK Listing Rules"), that the party in contract was required to commit or guarantee on the financial performance of the company or business in any kinds for 1H2024.

MANAGEMENT DISCUSSION AND ANALYSIS

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 1H2024.

Off-balance Sheet Arrangements

For 1H2024, the Group did not have any off-balance sheet arrangements.

Securities Investments

The Group did not have any securities investment in any investee company with a value of 5% or more of the total assets of the Group as at 31 March 2024, which is required to be disclosed under the HK Listing Rules.

Future Plans for Material Investment and Capital Assets

Save as disclosed in this report, the Group did not have any plans for material investment and capital assets as at 31 March 2024. The Company will make further announcements in accordance with HK Listing Rules and the Listing Manual (the “**SGX Listing Manual**”) of the SGX-ST, where applicable, if any investments and acquisition opportunities materialise.

Exposure to Fluctuations in Exchange Rates

The Group mainly operates in Singapore, Indonesia, Myanmar, Malaysia, Hong Kong and Cambodia during 1H2024. Currency exposure arises within entities of the Group when transactions are mainly denominated in foreign currencies such as USD, IDR and HK\$. In addition, the Group is exposed to currency translation risk upon translation of the net assets in foreign operations into the Group’s reporting currency in SGD. During 1H2024, the Group recorded an exchange loss of approximately S\$0.8 million.

The Group has not carried out any hedging activities against foreign exchange fluctuations.

Employees and Remuneration Policies

As at 31 March 2024, there were 458 (as at 30 September 2023: 459) 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

Pursuant to the Company’s scrip dividend scheme in relation to the special dividend for the financial year ended 30 September 2023, such special dividend is expected to be paid on or about 31 May 2024, and that the new shares to be issued are expected to be listed on or about 31 May 2024. Please refer to the Company’s announcements dated 24 November 2023 (and as supplemented on 15 December 2023, 8 January 2024, 1 February 2024 and 15 April 2024) and circular dated 23 April 2024 for more details.

Saved as disclosed above and in this report, there was no significant event relevant to the business or financial performance of the Group that has come to the attention of the Directors after 1H2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Disclosure Pursuant to Rule 13.22 of the HK Listing Rules

As at 31 March 2024, the Group has provided financial assistance, by way of shareholders' loans or advances and guarantees for facilities granted to its affiliated companies (which includes associated companies and joint ventures of the Group), the details of which are set out below:

Name of affiliated companies (the "Affiliated Companies")	Effective interest held	Loans to the affiliated companies S\$'000	Committed capital injection yet to be injected S\$'000	Guarantees for facilities granted to the affiliated companies S\$'000	Unutilised guaranteed facilities granted to the affiliated companies S\$'000	Guaranteed facilities utilised by the affiliated companies S\$'000
471 Balestier Pte. Ltd.	70.0%	2,788 ⁽¹⁾	–	9,100	–	9,080
AMB Hotel Pte. Ltd.	50.0%	131 ⁽¹⁾	–	–	–	–
Four Star Industries Pte Ltd	50.0%	–	–	4,836	476	4,245
Metropolitan Parking Pte. Ltd.	50.0%	3,317 ⁽¹⁾	–	15,400	–	15,400
Metropolitan Parking (BTSC) Pte. Ltd.	40.0%	851 ⁽¹⁾	–	5,184	–	5,184
The Bus Hotel Pte. Ltd.	30.0%	838 ⁽¹⁾	–	918	46	829
Work Plus Store (AMK) Pte. Ltd.	50.0%	1,224 ⁽¹⁾	–	15,799	–	15,468
Work Plus Store (Kallang Bahru) Pte. Ltd.	50.0%	3,957 ⁽¹⁾	–	10,168	–	10,139

Note:

(1) Interest charged at 3% per annum with no fixed terms of repayment. The loans were funded through internal source of funding of the Group.

The total amount of financial assistance provided to the Affiliated Companies, in aggregate, amount to approximately 12.7% as at 31 March 2024 under the assets ratio as defined under Rule 14.07(1) of the HK Listing Rules.

Pursuant to Rule 13.22 of the HK Listing Rules, a proforma combined statement of financial position of the Affiliated Companies and the Group's attributable interest in the Affiliated Companies as at 31 March 2024 are set out below:

	Proforma combined statement of financial position S\$'000	Group's attributable interest S\$'000
Non-current assets	207,314	106,760
Current assets	19,314	9,634
Current liabilities	(56,072)	(27,926)
Non-current liabilities	(108,743)	(55,227)
	61,813	33,241

The proforma combined statement of financial position of the Affiliated Companies is prepared by combining their statements of financial position, after making adjustment to confirm with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 31 March 2024.

Issue of Securities and Share Capital

During 1H2024, there has been no change to the shares in issue and capital structure of the Company.

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

During 1H2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Proposed Interim Dividend

The Board has resolved to declare an interim dividend of S\$0.01 (equivalent to HK\$0.0577) per share for 1H2024 which will be paid on Monday, 24 June 2024 (to the shareholders whose names shall appear on the register of members of the Company on Monday, 3 June 2024 (close of business)).

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 2024, the interests or short positions of the Directors and chief executive of the Company 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")) 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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the HK Listing Rules (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	220,982,600	54.04%
Lim Bee Choo	Beneficial owner	4,000,000	0.98%

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 LHN Holdings Ltd.. LHN Holdings Ltd. is the beneficial owner of 220,982,600 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 LHN Holdings 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 LHN Holdings Ltd.. LHN Holdings Ltd. is the beneficial owner of 220,982,600 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 LHN Holdings Ltd..

Save as disclosed above, as at 31 March 2024, 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 2024, Lim Lung Tieng and Lim Bee Choo, the executive Directors of the Company, are also directors of LHN Holdings 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 be required 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 2024, the interests or short positions in the Shares or underlying Shares of the persons which would be required 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
LHN Holdings Ltd. ⁽¹⁾⁽²⁾	Beneficial owner Deemed interest by virtue of	220,982,600	54.04%
Wang Jialu ⁽¹⁾⁽³⁾	interest held by spouse	220,982,600	54.04%
Hean Nerng Group Pte. Ltd. ⁽¹⁾⁽²⁾	Interest in a controlled corporation	220,982,600	54.04%
HN Capital Ltd. ⁽¹⁾⁽²⁾	Interest in a controlled corporation	220,982,600	54.04%
LHN Capital Pte. Ltd. ⁽¹⁾⁽²⁾	Trustee	220,982,600	54.04%
Trident Trust Company (B.V.I.) Limited. ⁽¹⁾⁽²⁾	Trustee	220,982,600	54.04%
Lim Hean Nerng ⁽¹⁾⁽²⁾	Founder of discretionary trusts	220,982,600	54.04%
Foo Siau Foon ⁽¹⁾⁽²⁾	Founder of discretionary trusts	220,982,600	54.04%

Notes:

- (1) LHN Holdings 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 220,982,600 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 LHN Holdings 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 LHN Holdings 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 LHN Holdings 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 2024, 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**”). In connection with the transfer of the listing of the Company from Catalist to the Mainboard of the SGX-ST, the terms of the Scheme had been amended for, among others, compliance with the rules of the SGX Listing Manual and the latest amendments to the HK Listing Rules. Such amendments had been duly approved by Shareholders at the extraordinary general meeting of the Company held on 23 November 2023. Shareholders may refer to the circular of the Company dated 1 November 2023 for more details on the aforesaid amendments to the Scheme.

Life of the Scheme

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

OTHER INFORMATION

Option granted

No option has been granted, cancelled, outstanding, exercised or lapsed under the Scheme since the Adoption Date and up to the date of this report.

As at 1 October 2023, options representing 40,894,540 shares were available for grant under the Scheme, representing approximately 10% of the issued share capital of the Company. As at 31 March 2024, options representing 40,894,540 shares were available for grant under the Scheme, representing approximately 10% of the issued share capital of the Company.

The number of shares that may be issued in respect of options granted under the Scheme during the six months ended 31 March 2024 divided by the weighted average number of shares in issue during the six months ended 31 March 2024 was 10%.

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 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 set out in Part 2 of Appendix C1 (Corporate Governance Code) (the “**HK CG Code**”) to the HK Listing Rules as part of its corporate governance code in addition to the requirements under Singapore Code of Corporate Governance 2018 (“**SG CG Code**”). As such, the Company will comply with the more stringent requirements among the HK CG Code and the SG CG Code.

In the opinion of the Directors, the Company had complied with the HK CG Code and SG CG Code during 1H2024 except for code provision C.2.1 under the HK CG Code. Under code provision C.2.1 of the HK CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Group does not have the role of chief executive officer but has the role of managing Director, which is responsible for the day-to-day management of business and currently performed by Mr. Lim Lung Tieng (“**Mr. Kelvin Lim**”), who is also the executive chairman of the Board. Throughout the Group’s business history and since 1998, Mr. Kelvin Lim has held the key leadership position of the Group and has been deeply involved in the formulation of corporate strategies and management of business and operations of the Group. Taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, the Directors (including the independent non-executive Directors) consider that Mr. Kelvin Lim is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and our shareholders as a whole.

Model Code of Securities Transactions by Directors

In addition to compliance to Rule 1207(19) of the SGX Listing Manual, 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 C3 to the HK Listing Rules which is also applicable to its employees who are likely to be in possession of unpublished inside information (the “**Relevant Employees**”), and the terms of such policy are no less exacting than the required standard set out in the Model Code.

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

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

The Company confirms that specific enquiry has been made to all the Directors and the Relevant Employees and all have confirmed that they have complied with the Model Code and the Company’s policy regarding Directors’ securities transactions during 1H2024.

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 SEHK.

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

The Audit Committee has reviewed the consolidated results of the Group for 1H2024 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

Singapore, 13 May 2024

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SPACE OPTIMISED

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