

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and the Singapore Exchange Securities Trading Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



LHN LIMITED

賢能集團有限公司*

(Incorporated in the Republic of Singapore with limited liability)

(Hong Kong Stock Code: 1730)

(Singapore Stock Code: 410)

OVERSEAS REGULATORY ANNOUNCEMENT

This overseas regulatory announcement is made by LHN Limited (the “**Company**”) pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, which requires a listed issuer to announce any information released to any other stock exchange on which its securities are listed at the same time as the information is released to that other exchange.

Please refer to the following pages of the document which has been published by the Company on the website of the Singapore Exchange Securities Trading Limited on 24 November 2023. In case of any inconsistency between the English version and the Chinese version, the English version shall prevail.

By Order of the Board

LHN Limited

Lim Lung Tieng

Executive Chairman and Group Managing Director

Singapore, 24 November 2023

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

* *For identification purpose only*

For Immediate Release

LHN Achieves Robust FY2023 Revenue; Declares Final Dividend and Special Dividend

- **FY2023 revenue increased by 10.9% Y-o-Y to S\$93.6 million, driven primarily by its Space Optimisation Business**
- **Profit attributable to equity holders decreased mainly due to net fair value losses**
- **Launched three new Coliwoo properties in FY2023**
- **Declares a final dividend and special dividend of 1.0 Singapore cent each; total DPS of 3.0 Singapore cents in FY2023 (+71.4% vs FY2022)**

SINGAPORE 24 November 2023 - LHN Limited (SGX: 410 / SEHK: 1730) (“LHN” or the “Company”, and together with its subsidiaries, the “Group”) announced today its results for the financial year ended 30 September 2023 (“**FY2023**”). The Group achieved a 10.9% year-on-year (“**Y-o-Y**”) increase in revenue from continuing operations, from approximately S\$84.5 million to S\$93.6 million, with all key business segments contributing to the growth, as shown in Table 2. The Group’s Space Optimisation Business revenue rose 46.1% Y-o-Y, while its Facilities Management Business (excluding dormitory business) revenue gained 14.8% Y-o-Y, and the Energy Business saw its maiden revenue contribution in FY2023.

FY2023 Financial Highlights (Table 1)

S\$’000 (except per share)	FY2023	FY2022	Y-o-Y % change
Revenue*	93,644	84,463	10.9%
Gross profit*	57,985	49,962	16.1%
Gross profit margin*	61.9%	59.2%	NM
Net profit attributable to equity holders of the Company	38,211	45,838	(16.6%)
Total DPS (SG cents)	3.0	1.75	71.4%

* Relates only to continuing operations

NM - Not meaningful

Profit attributable to equity holders of the Company reached S\$38.2 million for the financial year ended FY2023, down from S\$45.8 million for the financial year ended 30 September 2022 (“**FY2022**”). This was primarily due to net fair value losses associated with the Group’s investment properties and the investment properties of its joint ventures in FY2023 amounting to S\$8.7 million, as compared to fair value gains in FY2022 (“**FV (Loss)/Gain**”) of S\$24.8 million.

Following the successful disposal of LHN Logistics Limited and its group of companies (the “**Logistics Group**”) on 28 August 2023, the Group recorded profit attributable to equity holders from discontinued operations of S\$19.7 million in FY2023. The Logistics Services Business segment will no longer contribute to the Group’s performance in the financial year ending 30 September 2024 (“**FY2024**”).

Despite a lower reported profit attributable to equity holders of the Company for FY2023 compared to FY2022, net cash generated from operating activities increased to approximately S\$54.2 million for FY2023 compared to S\$41.2 million a year ago as a result of better working capital management.

Adjusted Segmental Revenue Breakdown (Table 2)

	FY2023 S\$'000	FY2022 S\$'000	Variance	
			S\$'000	%
Industrial Properties	25,192	17,656	7,536	42.7
Commercial Properties	5,911	7,555	(1,644)	(21.8)
Residential Properties				
- Co-living (Singapore)	28,257	15,272	12,985	85.0
- 85 SOHO (Overseas)	1,074	888	186	20.9
	29,331	16,160	13,171	81.5
Space Optimisation Business	60,434	41,371	19,063	46.1
Facilities Management Business	31,340	27,293	4,047	14.8
Energy Business	545	-	545	NM
Corporate	1,325	1,221	104	8.5
Adjusted revenue	93,644	69,885	23,759	34.0
Dormitory business	-	14,578	(14,578)	(100.0)
Total revenue	93,644	84,463	9,181	10.9

Adjusted Segmental Profit before Taxation Breakdown (Table 3)

	FY2023 S\$'000	FY2022 S\$'000	Variance	
			S\$'000	%
Industrial Properties	19,713	11,375	8,338	73.3
Commercial Properties	1,319	8,770	(7,451)	(85.0)
Residential Properties				
- Co-living (Singapore)	11,435	6,704	4,731	70.6
- 85 SOHO (Overseas)	(1,825)	(1,317)	(508)	(38.6)
	9,610	5,387	4,223	78.4
Space Optimisation Business	30,642	25,532	5,110	20.0
Property Development	(7)	-	(7)	NM
Facilities Management Business	4,826	6,157	(1,331)	(21.6)
Energy Business	370	-	370	NM
Corporate	8,356*	(2,077)	10,433	NM
Adjusting for/(deducting):				
FV (Loss)/Gain	(8,666)	24,769	(33,435)	NM
Other one-off items**	5,546	(4,129)	9,675	NM
Discontinued businesses***	3,222	2,760	462	16.7
Total profit before tax from continuing and discontinued operations	44,289	53,012	(8,723)	(16.5)

*Includes the gain on disposal of the Logistics Group.

**Includes gain/(loss) on disposal of associate and joint ventures and impairment loss on property, plant and equipment.

*** Discontinued businesses include profit before tax from dormitory business profits and operating profit/(loss) before tax from the Logistics Group.

Business Review
Space Optimisation Business

The Space Optimisation Business continues to be the Group's primary revenue and growth driver, accounting for 64.5% of the Group's overall revenue. Revenue from this business segment increased by 46.1% Y-o-Y to S\$60.4 million in FY2023 compared to S\$41.4 million in FY2022. Adjusted segmental profit before FV (Loss)/Gain was S\$30.6 million in FY2023, compared to S\$25.5 million, an increment of 20.0% Y-o-Y.

The Group's residential properties, driven primarily by Coliwoo's co-living business, achieved yet another year of robust performance in FY2023, with 2,064 keys under management (Table 4) as at September 2023. The renovation of 404 Pasir Panjang, as well as 48 and 50 Arab Street, remains on track and is expected to contribute to the co-living business performance in FY2024.

Number of Keys by Projects (Table 4)

As at	Co-living - Singapore Projects		85 SOHO - Overseas Projects		Total
	Master Lease	Owned / Joint Venture	Master Lease	Owned / Joint Venture	
September 2023	1,387	294	275	108	2,064

Occupancy rates for the Group's key Coliwoo projects remained strong in FY2023. Coliwoo Orchard saw occupancy levels of 93%, while Coliwoo Lavender and Coliwoo 298 River Valley enjoyed 86% and 100% occupancy rates, respectively, as at September 2023.

As at September 2023, the Space Optimisation Business had the following occupancy rates across certain properties (excluding joint venture properties and those under progressive handover).

Occupancy Rates of Space Optimisation Properties (Table 5)

Industrial Properties	
Work+Store space:	100.0%
Industrial space:	98.3%
Commercial Properties	
Commercial space:	95.9%
Residential Properties	
Co-living space (Singapore):	94.7%

Property Development Business

This business segment has yet to contribute to the Group's revenue in FY2023 as the property at 55 Tuas South is currently in the sub-structure and foundation works phase. It remains on track to be completed and available for sale in the fourth quarter of FY2024.

Facilities Management Business

Excluding the contribution from its dormitory business, which ceased in FY2022, the Facilities Management Business revenue grew 14.8% Y-o-Y to S\$31.3 million, compared to S\$27.3 million in FY2022. The carpark business drove higher revenue due to increased carpark projects secured in Singapore in the fourth quarter of FY2022.

In FY2023, the Group secured over 80 new facilities management contracts and renewed over 80 contracts under its subsidiary, Industrial & Commercial Facilities Management Pte. Ltd.. The carpark business continues to grow, following the launch of 12 carpark projects with over 4,000 vehicle parking lots in FY2023.

However, adjusted segmental profit declined by 21.6% Y-o-Y to S\$4.8 million in FY2023 due to a decrease in facilities management services from the cleaning and related services business.

Energy Business

In FY2023, the Group's Energy Business made its debut contribution. This business provides renewable energy services to industrial clients, including electricity supply, installation of solar power systems, and provision of electric vehicle ("EV") charging stations. During FY2023, the Group installed solar panels across three internal and six external locations. Although it currently accounts for only a small portion of the Group's total revenue (S\$0.5 million in FY2023), the Energy Business is profitable with S\$0.4 million in adjusted segmental profit for FY2023.

Divestments and Capital Recycling

During FY2023, the Group carried out a few divestments which include its entire stake of (i) 20% interest in associate in car-sharing platform GetGo Technologies Pte. Ltd. for a consideration of S\$7.9 million; (ii) 50% interest in a joint venture in Amber 4042 Hotel Pte. Ltd. (previously known as Coliwoo East Pte. Ltd.) for a consideration of S\$23.3 million; and (iii) 84.05% controlling interests in LHN Logistics Limited for a consideration of S\$31.9 million. These capital recycling initiatives contributed to the increase in cash flows generated for the year, ensuring a healthy balance sheet while funding the growth of its Coliwoo business.

As at 30 September 2023, the net gearing ratio of the Group decreased to 43.6% compared to 44.5% a year ago.

Overall

The Group's total profit before tax from continuing and discontinued operations for FY2023 saw a 16.5% Y-o-Y decrease from S\$53.0 million in FY2022 to S\$44.3 million in FY2023, primarily due to the negative impact of FV (Loss)/Gain in FY2023 compared to FY2022.

Despite the lower profit attributable to equity holders of the Company, the Group has proposed to pay out a special dividend and final dividend of 1.0 Singapore cent each per share (subject to approval by shareholders at the forthcoming annual general meeting), given the realised gains and cash generated from the divestments. Including the previously declared interim dividend of 1.0 Singapore cent per share, the total dividend per share ("DPS") for FY2023 amounts to 3.0 Singapore cents per share.

Business Outlook

For the **Space Optimisation Business**, the Group's primary focus in FY2024 will be to identify and capitalise on new opportunities within the space optimisation sector, particularly in the Coliwoo co-living business sector, which is expected to experience significant growth. The renovation of properties at 404 Pasir Panjang Road, 48 and 50 Arab Street and 99 Rangoon Road are on track to be completed in FY2024. These properties will add an estimated 121 keys to the co-living portfolio.

As announced in February 2023, the Group had tendered for the GSM building at 141 Middle Road, with plans to convert the third to sixth levels of the property into co-living serviced apartments. As at the date of this announcement, the GSM vendors have filed the relevant application with the Singapore High Court and is pending the Singapore High Court approval to issue the order of sale by 9 February 2024 (being twelve months from the notice of acceptance). In the event the order of sale is not granted by 9 February 2024, the purchaser (Coliwoo (TK) Pte. Ltd., a wholly-owned subsidiary of the Group) shall be at liberty to grant the GSM vendors, at the GSM vendors' request, an extension of time of such period as may be mutually agreed. The Company will make further announcement(s) as and when there is/(are) material development(s).

An integral aspect of the Group's **Property Development Business** strategy involves dedicating resources to complete our first project at 55 Tuas to cater to Singapore's growing demand for food factory spaces. This milestone will serve as a testament to the Group's competence in this new operating segment, establishing a strong foundation for future endeavours.

For the **Facilities Management Business**, the Group will continue to seek more external facilities management contracts by providing integrated facilities management services covering estate and building management, repair, maintenance and cleaning, pest control and fumigation of buildings and offices to its customers. In addition, the Group plans to build up its market share in the carpark business by offering smart parking solutions to optimise parking space utilisation.

The **Energy Business** also looks to expand its renewable energy solutions offerings to enterprises in Singapore, assisting them to fulfil their sustainability objectives. Solar panel installation projects at the Textile Centre building at 200 Jalan Sultan and 6 Tanjong Penjuru are ongoing and expected to be completed in FY2024.

On 23 October 2023, the Group obtained the approval in-principle from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") about the proposed transfer of the listing of the Company from Catalist to the Mainboard of the SGX-ST. Approval from the Company's shareholders was also obtained at the Company's extraordinary general meeting on 23 November 2023. Having a listing on the Mainboard of the SGX-ST will improve the Company's image locally and abroad, and provide greater visibility and recognition in the market and among investors.

“In FY2023, LHN achieved a 10.9% increase in revenue to S\$93.6 million despite market volatility and fair value losses in investment properties, demonstrating remarkable resilience and strategic agility,” said Kelvin Lim, Executive Chairman, Executive Director & Group Managing Director of LHN Limited. “Our robust occupancy rates in the Coliwoo projects and successful divestments, like the Logistics Group, underscore our ability to adapt and thrive amidst challenging conditions. As we transit to the Mainboard of the SGX-ST, we remain committed to driving growth in our key segments, particularly in co-living and renewable energy, while maintaining our focus on sustainability and corporate governance.”

#End#

About LHN Limited

LHN Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is a real estate management services group, with the ability to generate value for its landlords and tenants through its expertise in space optimisation, headquartered in Singapore.

The Group currently has four (4) main business segments, namely: (i) Space Optimisation Business; (ii) Property Development Business, (iii) Facilities Management Business; and (iv) Energy Business.

Under its Space Optimisation Business, the Group acquires its own properties, secures master leases of unused, old, and under-utilised commercial, industrial, and residential properties and through re-designing and planning, transforms them into more efficient usable spaces, which are then leased out by the Group to its tenants. Space optimisation generally allows the Group to enhance the value of properties by increasing their net lettable area as well as potential rental yield per square feet.

The Property Development Business engages in (a) property development activities such as the acquisition, development and/or sale of various types of properties; and (b) property investment activities relating to the business of property development, property investment and property management.

The Group’s Facilities Management Business offers car park management services and property maintenance services such as cleaning, provision of amenities and utilities, and repair and general maintenance principally to the properties it leases and manages, as well as to external parties.

The Group’s Energy Business offers sustainable energy solutions including the electricity retailing business, provision of electric vehicle charging stations and installation of solar power systems for properties we manage and for our customers.

The Group currently operates mainly in Singapore, Indonesia, Myanmar, Cambodia, and Hong Kong.

Issued for and on behalf of LHN Limited

For more information, please contact:

Investor Relations and Media Contact:

Emily Choo
Mobile: +65 97346565
Email: emily@gem-comm.com

Royston Tan
Mobile: +65 97664836
Email: roystontan@gem-comm.com

Raymond Chan
Mobile: +65 84993193
Email: raymond@gem-comm.com