

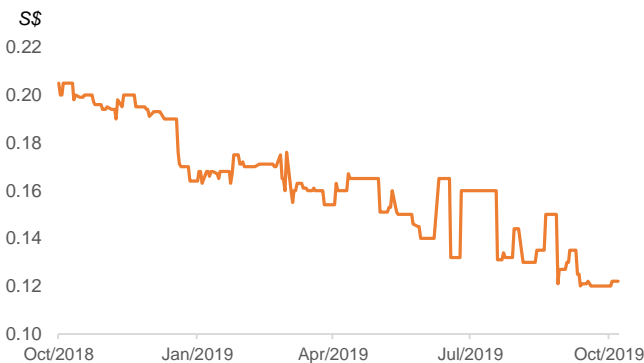
# LHN Limited

Date: 8 October 2019

## Non Rated

**LHN SP | 1730 HK**

**Price: S\$0.122 | HK\$0.65** (as at 7 October 2019)



Share price	1M	3M	6M	1Y
LHN Limited	-9.6%	-23.8%	-23.8%	-40.5%
Catalist Index	-1.5%	-9.1%	-12.1%	-28.1%

<b>Market capitalisation</b>	S\$49.1 million
<b>Current price</b>	S\$0.122
<b>Shares outstanding</b>	402.5 million
<b>Free Float</b>	46.04%
<b>Major shareholders</b>	Fragrance Ltd. 53.90%
<b>Recommendation of other brokers</b>	N/A

Source: Company data, Bloomberg, SGX Stockfacts, SAC Advisors

### Analyst

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## A landlord with a different twist

**A properties-leasing specialist with a competitive advantage in space optimisation and other value-adding services.** With over 15 years of experience in the properties leasing business, LHN Limited, together with its subsidiaries (“LHN Limited”, “Company” or the “Group”) has the understanding and experience in the demands and requirements of the properties market, especially in Singapore. In addition, LHN Limited is also able to provide efficient and reliable facilities management services which complement the Group’s leasing business and has diversified into the growing logistics services business to further support its core business operations.

**Synergies between the space optimisation business and facilities management business.** The Group’s space optimisation business is supported by its facilities management business, which provides the properties that it leases or owns for subletting with Singapore facilities management services. The ability to cross-sale these services also set LHN Limited apart from its competitors. With these capabilities, it allows the Group to venture into operating and managing the growing co-living and co-working space.

**Comprehensive services mix to cater to different needs and different markets.** LHN Limited not only offers traditional commercial, industrial and residential properties for leasing, but also properties with value-added features and services. The same concept of a one-stop solution applies to its facilities management business and logistics services business.

**Key risks:** (i) Failure to renew or re-tender for master leases; (ii) Dependent on rental demand of the property market

## Key Historical Financials

Year ended 30 September (S\$'000)	FY2014	FY2015	FY2016	FY2017	FY2018
<b>Revenue</b>	90,740	96,374	104,705	106,253	109,285
<b>% Growth</b>	N/A	6.2%	8.6%	1.5%	2.9%
<b>Gross profit</b>	25,031	23,448	27,497	25,751	28,890
<b>Gross profit margin (%)</b>	27.6%	24.3%	26.3%	24.2%	26.4%
<b>Profit before tax</b>	14,004	4,268	16,228	3,144	6,206
<b>Profit before tax margin</b>	15.4%	4.4%	15.5%	3.0%	5.7%
<b>Profit attributable to owners</b>	12,755	4,223	15,094	2,312	5,407
<b>EPS^ (S\$ cents)</b>	4.64	1.34	4.18	0.64	1.38
<b>P/E (x)</b>	2.6	9.1	2.9	19.1	8.8
<b>P/B (x)</b>	1.5	0.9	0.7	0.7	0.6
<b>Net Debt/Equity</b>	Net cash	Net cash	Net cash	9.7%	0.7%

^EPS is computed based net profit attributable to owners of the company divided by weighted average number shares outstanding  
 N/A: Not Applicable

## Investment Highlights

**A properties-leasing specialist with a competitive advantage in space optimisation and other value-adding services.** With over 15 years of experience in the properties-leasing business, LHN Limited has the understanding and experience in the demands and requirements of the properties market, especially in Singapore. This allows the Group to consistently identify properties with good rental potential, designing and refurbishing the properties to maximise their rental potential and meeting its tenants' needs with its space optimisation techniques. In addition, through its facilities management business, LHN Limited is also able to provide efficient and reliable facilities management services which complement the Group's leasing business. The Group has also diversified into the growing logistics services business to further support its core business operations.

**Synergies between the space optimisation business and facilities management business.** The Group's space optimisation business is supported by its facilities management business, which provides the properties that it leases or owns for subletting with Singapore facilities management services, which include cleaning services and car park management services. This helps to decrease the cost of operation and increase the Group's profit margin for these properties as LHN Limited can better control the cost and improve economies of scale. Furthermore, the Group's facilities management business also services properties for external customers to earn extra income for the Group. The ability to cross-sell these services also set LHN Limited apart from its competitors. With these capabilities, it allows the Group to venture into operating and managing the growing co-living and co-working space.

**Comprehensive services mix to cater to different needs and different markets.** LHN Limited not only offers traditional commercial, industrial and residential properties for leasing, but also properties with value-added features and services, such as GreenHub Suited Offices (suited offices with flexible lease terms), 85SOHO serviced residence (serviced residences targeting professionals, expatriates and young families), Work+Store spaces (combined storage and work space), Work+Store valet (storage service offering convenient pick-up, storage and delivery services), and PickJunction spaces (designers and furniture experiential spaces). The same concept of a one-stop solution applies to its facilities management business (comprehensive cleaning and related services and car park management services) and logistics services business (transportation services, container depot management services and container depot services).

**Stable financial performance over the past 5 years.** Between 2014 and 2018, LHN Limited achieved a CAGR of 4.8% in terms of revenue while consistently maintaining a operating profit margin of above 5%. As the rental market is expected to remain steady in the near term, this should have a positive impact on the Group. In addition, growth of the Group will be supported by the facilities management business and the logistics services business.

### Business Overview:

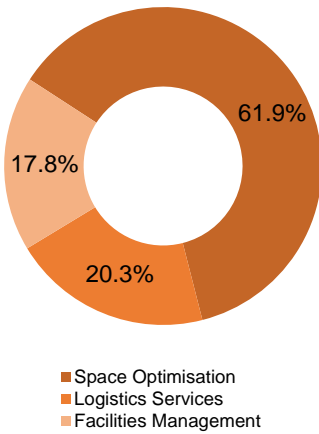
LHN Limited is a real estate management services group which specialises in leasing properties and optimising space for sub-leasing to tenants through its expertise in space optimisation. In addition, the Group also provides integrated facilities management and logistics services to its customers, which serve to complement its space optimisation business. Currently, LHN Limited is dual-listed on the Main Board of the Stock Exchange of Hong Kong Limited ("SEHK") and the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

## Company Background

- Dual-listed on the Main Board of the Stock Exchange of Hong Kong Limited (“SEHK”) and the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”), LHN Limited is a real estate management services group which specialises in leasing of properties and optimising space for sub-leasing to tenants through its expertise in space optimisation. In addition, the Group also provides integrated facilities management and logistics services to its customers, which serve to complement its space optimisation business.

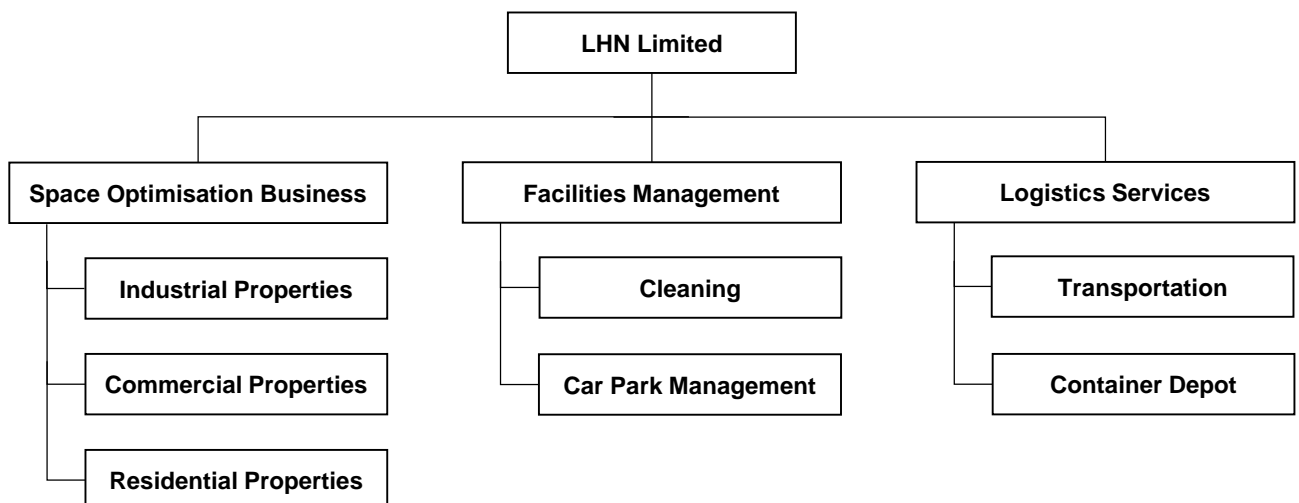
- The Group’s core business is categorised into 3 business segments:

Revenue Breakdown (FY2018)



Source: Company data, SAC Advisors

- Space Optimisation:** LHN Limited offers and leases industrial, commercial and residential properties to its tenants after optimising the space at the properties that it has leased or purchased. This typically involves re-designing, enhancing and transforming the property into thoughtfully designed and highly usable space in order to maximise value for its tenants.
- Facilities Management:** LHN Limited provides property related services to its properties and other properties. The Group offers its facilities management services in two main areas, namely comprehensive cleaning and related services and car park management services.
- Logistics Services:** LHN Limited provides transportation services in Singapore and Malaysia as well as container depot management services in Singapore and Thailand. For transportation services, the Group owns a fleet of prime movers, road tankers and trailers for the transportation of ISO tanks, containers, base oil and bitumen. As for container depot management services, the Group offers container storage, container surveying, container cleaning, and container repair and maintenance services.



Source: Company data, SAC Advisors

## Corporate History

1991

Mr. HN Lim, father of Mr. Kelvin Lim and Ms. Jess Lim, together with other family members, started to lease out part of the space in a family-owned factory to tenants.

Mr. Kelvin Lim and Ms. Jess Lim joined the family business in 1997 and 2002 respectively.

2002

The company started to diversify its customer base by leasing out spaces to other industrial tenants.

2003

The company established its logistics services business by providing transportation services for base oil and bitumen to oil majors.

2005

The company expanded its logistic services business to include container trucking.

The company commenced operations of its facilities management business to provide services to the properties managed by the Group.

LHN Group was incorporated, which became a holding company of all the business.

2006

The Group began to differentiate its leasing business from other landlords by renovating and refurbishing its properties before leasing them out.

2007

The Group expanded its portfolio of space-optimisation business to include commercial properties.

2008

The Group expanded its facilities management business to include car park management service.

2009

The Group expanded its logistic services business to include transportation service for chemicals.

2012

The Group launched GreenHub Brand of suited offices in Singapore.

The Group owned its first property through the acquisition of Singapore Handicrafts.

2013

The Group expanded its logistic services business to include container depot management services.

2014

The Group launched GreenHub Suited Offices in Jakarta, Indonesia.

2015

The Group successfully listed on Catalist board of the SGX-ST as LHN Limited.

The Group opened its first overseas container depot in Laem Chabang, Thailand.

The Group opened its second GreenHub Suited Office in Indonesia.

## Corporate History

2016

The Group commenced Work+Store operations at 18 New Industrial Road, 18 Tampines and 680 Upper Thomson.

The Group launched 85SOHO brand of serviced residence in Yangon, Myanmar.

The Group completed acquisition of 38 Ang Mo Kio through a joint venture.

The Group acquired 50% of the equity interest of Four Star through a joint venture.

The Group acquired its first carpark property for its facilities management business in Singapore through a joint venture.

2017

The Group expanded its Work+Store operations at 100 Eunos (the first owned Work+Store Space) and 38 Ang Mo Kio (a property owned by a joint venture).

The Group opened its fourth GreenHub Suited Office in Singapore.

The Group commenced PickJunction operations at Singapore Handicrafts Building (the first owned PickJunction experience centre).

The Group commenced car park management operations in Hong Kong.

The Group successfully listed on the Main Board of the SEHK.

2018

The Group secured carpark contract to license 10 carparks from JTC Corporation in Singapore and obtained lease to manage its second overseas carpark in Hong Kong.

The Group entered into a 15-year lease to set up a co-living and co-working space business in China.

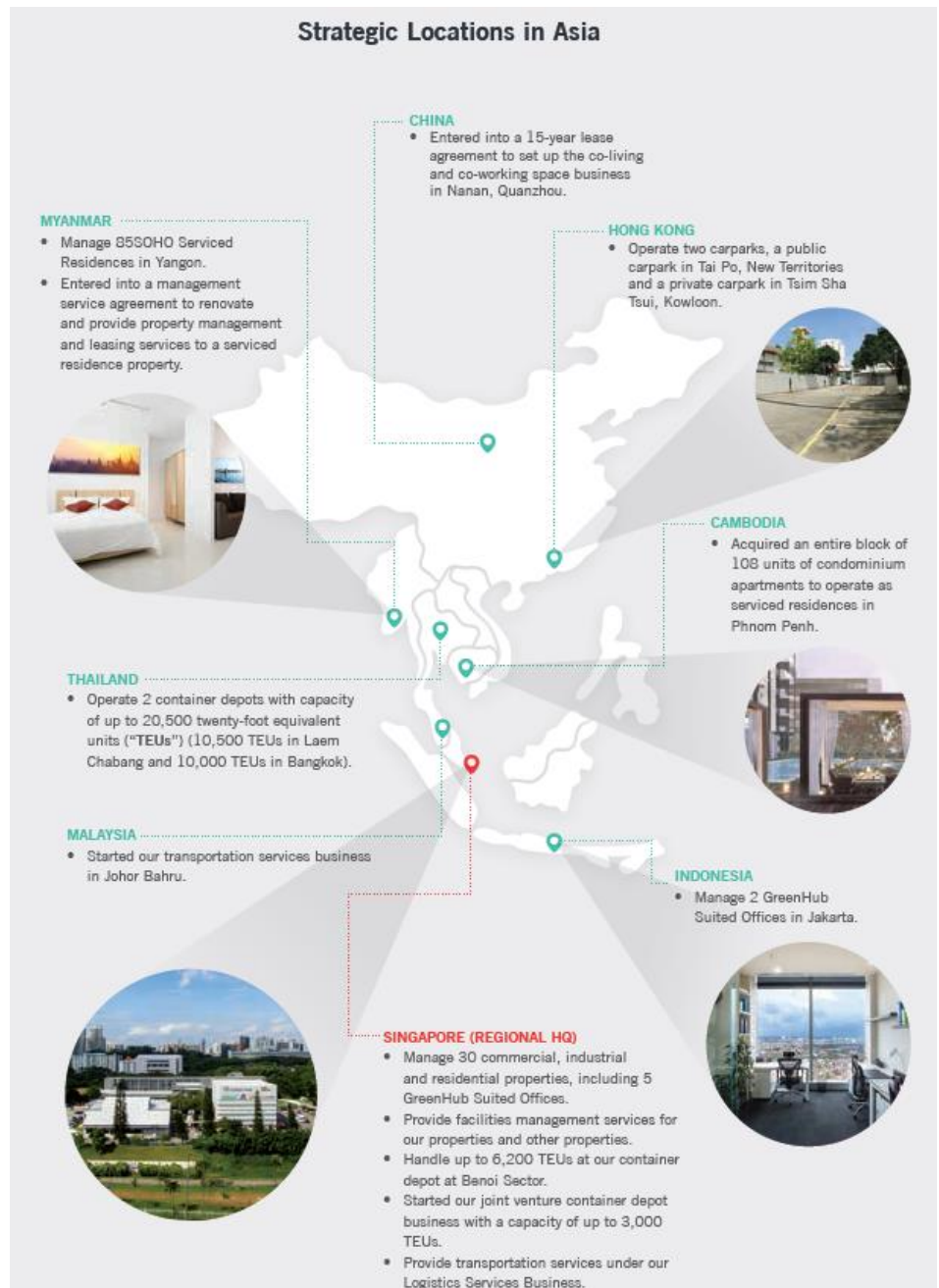
The Group acquired 108 apartment units in Block 1A of Axis Residences in Cambodia and entered into a management service agreement.

The Group entered into its first management service agreement in Yangon, Myanmar to renovate and provide property management and leasing services to a serviced residence.

The Group entered into a new lease for the Singapore Land Authority's first co-living project for students and white-collar workers.

## Business Overview

With its history dating back to 1991, LHN Limited is a real estate management services group with the ability to generate value through its distinctive competency in space optimization. Under the Space Optimisation Business, LHN Limited leases and manages a diverse portfolio of industrial, commercial and residential properties. This is complemented by the Group's Facilities Management Business, which provides facilities management services and its Logistics Services Business. Currently, LHN Limited has operations in Singapore, Indonesia, Malaysia, Thailand, Cambodia, Hong Kong, Myanmar and China.



Source: LHN Limited Annual Report 2018

## Business Segments

### Space Optimisation Business

#### Business Strategy:










Source: Company data, SAC Advisors

The primary business of LHN Limited involves the optimisation of the space at the properties that the Group leased or purchased and subsequently leasing these properties out to tenants. In essence, space optimisation involves the re-designing and space planning of the property. LHN Limited will execute the necessary renovation and refurbishment work in ensuring that the property fulfils the optimisation plan. The renovation and refurbishment work will also help to enhance the aesthetic appeal of the property and potentially increase its overall value. Through space optimisation, LHN Limited is able to increase the net lettable area (“NLA”) and minimise the amount of “dead” or unusable space. This helps to increase the potential rental yield per square feet and thus boost the potential rental yield of the property.

In addition, LHN Limited provides asset management services to property owners by assisting the property owners to design and optimise their property for leasing. The Group also provides lease management services, in which the Group earns a fixed management fee based on a percentage of rental revenue generated from the property. LHN Limited has categorised all leasing, sub-leasing and management of properties under the Group’s space optimisation business.

As at 30 September 2018, LHN Limited manages 33 industrial, commercial and residential properties in Singapore, Indonesia and Myanmar with a total NLA of over 3.8 million square feet. The average occupancy rates for the industrial and commercial properties stood at 88.8% and 86.2% respectively for FY2018.

Type of property	Brands/Concepts	Products/Services
Industrial		Industrial units
		Warehouse and industrial use units, and self-storage units
		Valet storage services
		E-commerce, and furniture and merchandises experience centre
Commercial		Business and office units
		Suited offices
Residential		Apartments
		Serviced apartments

Source: Company data, SAC Advisors

## Business Segments

### Facilities Management Business

In addition to space optimisation business, LHN Limited provides property-related services to its properties as well as offers these property services to other third parties under its facilities management business. The Group offers property services in two main areas: i) comprehensive cleaning and related services and ii) car park management services.

- i) **Comprehensive cleaning and related services:** These include repair and maintenance of the properties, cleaning services for offices and public areas of the properties, external wall and windows cleaning, provision of amenities and utilities to the occupants of the properties and pest control and fumigation services. LHN Limited cleaning services was awarded the Clean Mark Silver Award from 2013 to 2015 and the Clean Mark Gold Award from 2015 to 2018, under the Clean Mark Accreditation Scheme of the National Environmental Agency of Singapore for cleaning services in the conservancy/public area, commercial premises and food and beverage establishment sectors.
- ii) **Car park management services:** LHN Limited provides these services to both the Singapore Government and private building owners in Singapore. The Group employs technology to manage its car parks by collecting parking fees via Electronic Parking Systems and monitoring car park activity remotely via Close Circuit Television Cameras and Remote Parking Management Systems in a Call Centre. The Group also has a mobile response team to attend to any matters physically at the car parks if necessary. Outside of its Singapore operations, the Group also manages 3 car parks in Hong Kong.

Type of services	Brands/Concepts	Descriptions
Cleaning and related services		<ul style="list-style-type: none"> <li>• Repair and maintenance</li> <li>• Cleaning</li> <li>• Landscaping</li> <li>• Provision of amenities and utilities</li> </ul>
Car park management services		<ul style="list-style-type: none"> <li>• Car park management</li> </ul>

Source: Company data, SAC Advisors



## Business Segments

### Logistics Services Business

As part of the Group’s expansion strategy, LHN Limited branched into providing logistics solutions in 2003. Currently, the Group provides i) transportation services in Singapore and Malaysia as well as ii) container depot management services in Singapore and Thailand.

- i) **Transportation services:** LHN Limited primarily provides transportation services for base oil and bitumen, and chemical. The Group owns a fleet of well-maintained prime movers, trailers, oil tankers, ISO tankers and trucks to handle the transportation of different types of oil, oil-related and petro-chemical products, as well as trucking of containers.



Source: Company data

- ii) **Container Depot Management services:** The Group provides a wide range of container depot management services such as container handling and storage, container surveying, container cleaning, and container repair and maintenance services. Through the comprehensive range of services, LHN Limited is positioning itself as a one-stop service provider in the container industry. LHN Limited currently manages four container depots, with two in Singapore and two in Thailand. Customers of this segment are primarily from major shipping lines and container leasing companies.



Source: Company data

## Industry Overview

### Overall rental market expected to stabilise in near term

According to data from the Urban Redevelopment Authority (“URA”), rental prices for office spaces have been on a steady rise since 2017. This was mainly driven by increase in rental prices in the central region due to demand from SMEs and flexible workspaces.

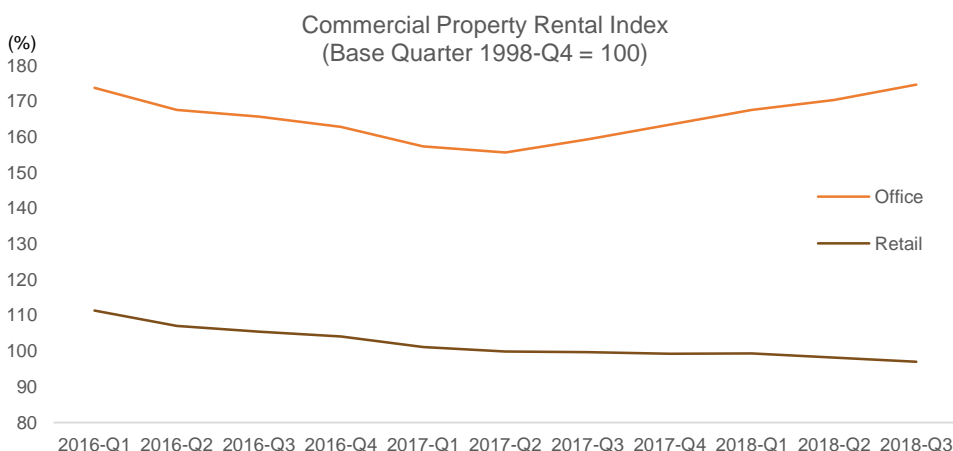
**Median Rentals Based on Lease Commencement (S\$ psf pm)**

Type	16/Q1	18/Q3
Office in Category 1 <sup>a</sup>	9.52	9.81
Office in Category 2 <sup>b</sup>	5.80	5.65
Retail in Central Area - outside Orchard	6.05	5.24
Retail in Orchard	10.40	9.72
Retail outside Central Area	6.39	5.55

<sup>a</sup>Category 1 Office Buildings: those located in core business areas in Downtown Core and Orchard Planning Area

<sup>b</sup>Category 2 Office Buildings: remaining office buildings which are not included in Category 1 office buildings.

Source: data.gov.sg, SAC Advisors



Source: data.gov.sg, SAC Advisors

This is corroborated by a research from Colliers, which reported a 10-year high rental rates of S\$9.93 per square foot per month (“psf pm”) for CBD Grade A offices in 2Q2019 in Singapore. This figure is expected to grow even further to S\$10.22 psf pm by the end of 2019. However, according to CBRE Research, rental rates in the near term are projected to increase at a more measured pace due to a moderating pipeline supply which will cap rental growth prospects. As for retail spaces, rental prices are already showing signs of stabilisation.

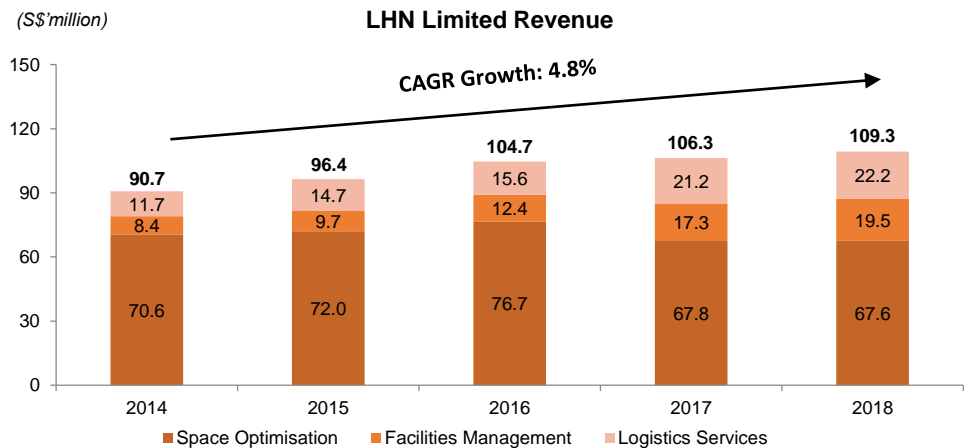
According to a report from Savills, the industrial leasing market saw a rise in leasing volume for the 11<sup>th</sup> consecutive quarter while the average monthly rent for factory and warehouse space remained unchanged at S\$1.13 per square feet after over a year of consecutive quarterly declines. While there was some level of leasing interest in the industrial market, rental rates is expected to remain soft as industrial tenants remain cost-conscious in light of global trade tensions and the slowdown in the manufacturing sector. In short, the overall rental market is expected to stabilise in the near term.

However, the recent aggressive expansion of co-working and co-living spaces globally and in Singapore could yet drive the commercial rental market. A forecast by Global Coworking Unconference Conference (“GCUC”) and Emerging Research on the global number of co-working spaces shows a CAGR of approximately 14.5% from 2018 to 2022. According to Colliers, the total space in Singapore occupied by flexible workspaces has more than tripled since 2015, with strong demand to continue towards the end of 2019. This poses an opportunity for LHN Limited to realise the synergy between the space optimisation and facilities management segments.

## Financial Summary

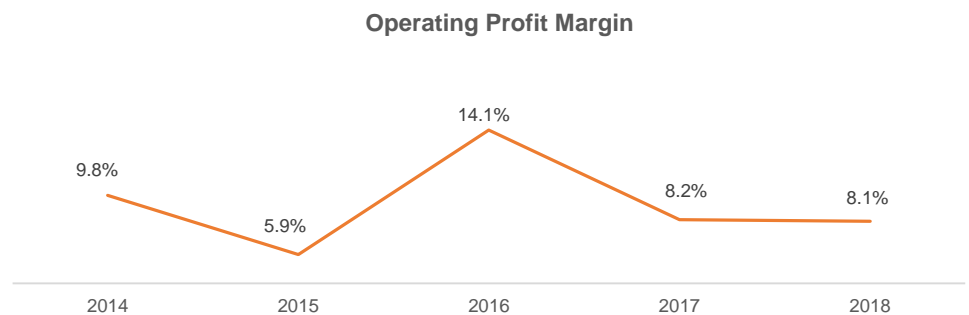
### Sustained top-line growth contributed by all three business segments

Between 2014 to 2018, LHN Limited achieved a CAGR of 4.8% on its revenue. This was largely contributed by the stable growth across all three business segments. The only exception is a dip in contribution from the space optimization business segment in FY2017 and FY2018 due to expiry of 2 industrial properties master leases, movement of tenants due to sub-leases expiry as well as the expiry and renewal of sub-leases at lower rental rates.



Source: Company data, SAC Advisors

For the facilities management business, the strong performance could largely be attributed to the Group securing more contracts in the car park management business in Singapore and Hong Kong. As for the logistics services business, the Group saw an increase in demand for transportation services provided by the trucking business and an increase in demand for storage and repairs of leasing containers in Thailand.



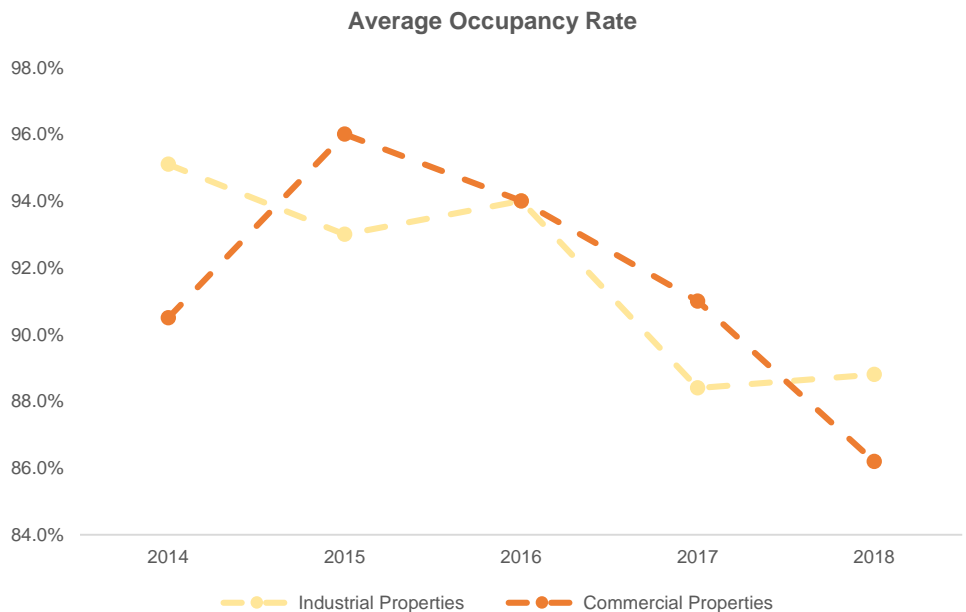
Source: Company data, SAC Advisors

Over the past 5 financial years, LHN Limited was able to consistently achieved an operating profit margin of above 5% after excluding non-operating items and one-off gains and losses, such as impairment loss on asset held-for-sale, fair value gain/loss on investment properties and IPO expenses.

## Financial Summary

### Room for growth

In FY2018, the Group had successfully renewed a total of seven master leases and secured one new master lease, bringing the total number of properties under management to 33. Over the years, LHN Limited is able to maintain a respectable occupancy rate of above 88% for industrial properties and above 85% for commercial properties. Yet, the vacancy rate shows that the Group still has capacity for growth and to improve its financial performance.



Source: Company data, SAC Advisors

### 9M FY2019 results suggested strong net profit growth for full year results

Despite a slight fall in revenue from S\$82.5 million to S\$81.4 million for 9M FY2019, LHN Limited managed to achieve a net profit of S\$5.3 million for the 9M period on the back of strong results from associates and joint ventures. This is a 44.0% increase from the net profit achieved from the corresponding period a year ago. This also represented 91.4% of the full year net profit recorded in FY2018.

## **Future Plans and Growth Strategy**

### **Expanding into more geographical regions**

LHN Limited is on a constant lookout for new properties and opportunities to grow and expand its space optimisation business in Singapore and in regions that the Group currently has presence in as well as into other countries in Asia and China. According to the FY2018 annual report, the Group has already extended its geographic exposure to Europe through the acquisition of a 17.5% of interest in WeOffices ApS, a company incorporated in Denmark and principally engaged in the business of rental of serviced office space in Denmark.

The Group is also keeping a lookout for more locations for its car park business under its facilities management business in both in Singapore and Hong Kong and has the intention to expand the car park management business to Cambodia.

Lastly, for the logistics services business, the Group has extended its operations to Malaysia through the acquisition of trucking equipment and business contracts from a logistics company in Johor Bahru and incorporated a subsidiary in Myanmar with the intention to set up a new container depot there as it looks to expand its logistics services in ASEAN countries.

### **Widening the Group's services range**

In line with growing popularity of the sharing economy, especially the co-living and co-working space business, the Group has started on working on various co-living and co-working projects. LHN Limited is currently operating a co-living and co-working space at its Raeburn Park property and is working on a co-living project for Student and White-Collar Workers with the Singapore Land Authority in Singapore. Outside of Singapore, the Group had entered into a 15-year lease to set up the co-living and co-working space business in Nanan City, Quanzhou, Fujian Province, China.

## Key Risks

### **Failure to renew or re-tender for master leases**

Majority of the Group's properties under the space optimisation business are obtained through master leases. These master leases generally run for a term of 3 to 15 years and usually come with an option for renewal. However, there is no guarantee that the Group can renew or re-tender any of the master leases upon its expiry. If the Group is unable to renew or re-tender any of the master leases, it will take time and cost for the Group to identify new properties, obtain them and perform the optimisation work to launch in the market so as to replace the properties that it has returned to the landlord. Furthermore, it will also take time to build up the tenancy for the newly managed properties.

### **Dependent on rental demand of the property market**

As space optimisation is expected to continue to contribute to majority of the Group's revenue, LHN Limited is highly dependent on the performance of the real estate market. A significant decline in rental demand will see a need for the Group to reduce its rental prices or risk losing tenants. A decline in the rental prices and occupancy rates of the Group's properties will adversely affect the Group's ability to generate profit.

## Income Statement (S\$'000)

	Fiscal Year Ended 30 September				
	2014	2015	2016	2017	2018
<b>Revenue</b>	<b>90,740</b>	<b>96,374</b>	<b>104,705</b>	<b>106,253</b>	<b>109,285</b>
Cost of sales	(65,709)	(72,926)	(77,208)	(80,502)	(80,395)
<b>Gross profit</b>	<b>25,031</b>	<b>23,448</b>	<b>27,497</b>	<b>25,751</b>	<b>28,890</b>
Other income	2,194	2,672	3,017	2,544	3,658
Other operating expenses	(110)	(349)	(318)	(224)	(1,289)
Selling and distribution expenses	(975)	(2,321)	(1,804)	(1,298)	(1,613)
Administrative expenses	(17,236)	(17,779)	(20,351)	(21,431)	(22,729)
Share of results of associates and joint ventures, net of tax	24	26	6,716	3,384	1,954
<b>Operating Profit</b>	<b>8,928</b>	<b>5,697</b>	<b>14,757</b>	<b>8,726</b>	<b>8,871</b>
Finance cost	(708)	(446)	(600)	(636)	(827)
Impairment loss on asset held-for-sale	0	0	0	(500)	0
Fair value gain/(loss) on investment properties	5,784	575	2,071	(1,439)	4
IPO listing expenses	0	(1,558)	0	(3,007)	(1,842)
<b>Profit before income tax</b>	<b>14,004</b>	<b>4,268</b>	<b>16,228</b>	<b>3,144</b>	<b>6,206</b>
Income tax expense	(1,301)	(214)	(1,127)	(377)	(436)
<b>Profit for the year</b>	<b>12,703</b>	<b>4,054</b>	<b>15,101</b>	<b>2,767</b>	<b>5,770</b>
<b>Profit attributable to equity holders of the Company</b>	<b>12,755</b>	<b>4,223</b>	<b>15,094</b>	<b>2,312</b>	<b>5,407</b>
<b>Earnings per share (cents)</b>					
<b>Basic and Diluted</b>	<b>4.64</b>	<b>1.34</b>	<b>4.18</b>	<b>0.64</b>	<b>1.38</b>

## Cash Flow Statement (S\$'000)

	Fiscal Year Ended 30 September				
	2014	2015	2016	2017	2018
<b>Profit before tax</b>	<b>14,004</b>	<b>4,268</b>	<b>16,228</b>	<b>3,144</b>	<b>6,206</b>
Depreciation & amortisation	5,191	5,531	6,546	6,009	5,880
Change in working capital	(1,376)	(803)	564	(1,749)	(1,475)
Others	(6,624)	(1,346)	(9,956)	1,238	(291)
<b>Net Cash (used in)/ from operations</b>	<b>11,195</b>	<b>7,650</b>	<b>13,382</b>	<b>8,642</b>	<b>10,320</b>
Purchase of PPE	(4,833)	(10,671)	(4,812)	(4,996)	(6,896)
Purchase of Investment Property	(500)	(10,687)	(2,968)	(994)	0
Others	2,925	800	(7,500)	(3,267)	(4,684)
<b>Net Cash (used in)/ from investing</b>	<b>(2,408)</b>	<b>(20,558)</b>	<b>(15,280)</b>	<b>(9,257)</b>	<b>(11,580)</b>
Net change in equity	0	18,197	(245)	(2,783)	10,239
Net change in debt	(3,483)	7,982	(583)	(433)	(1,775)
Others	(4,215)	(1,031)	(206)	435	(577)
Dividends paid	0	(2,000)	(1,808)	(1,622)	(798)
<b>Net Cash (used in)/ from financing</b>	<b>(7,698)</b>	<b>23,148</b>	<b>(2,842)</b>	<b>(4,403)</b>	<b>7,089</b>

## Balance Sheet (S\$'000)

	Fiscal Year Ended 30 September				
	2014	2015	2016	2017	2018
<b>As at 30 September</b>					
Inventories	315	163	18	33	46
Trade and other receivables	10,222	14,346	12,829	13,212	18,506
Cash and bank balances	14,417	15,604	19,926	13,262	15,319
Fixed deposits	5,583	14,680	5,706	6,270	10,029
Others	985	3,212	10,654	13,623	15,025
<b>Total current assets</b>	<b>31,522</b>	<b>48,005</b>	<b>49,133</b>	<b>46,400</b>	<b>58,925</b>
Property, plant and equipment	19,869	26,635	26,453	21,794	20,854
Investment properties	20,631	31,305	37,472	43,352	46,054
Others	395	707	8,504	12,770	22,318
<b>Total non-current assets</b>	<b>40,895</b>	<b>58,647</b>	<b>72,429</b>	<b>77,916</b>	<b>89,226</b>
<b>Total assets</b>	<b>72,417</b>	<b>106,652</b>	<b>121,562</b>	<b>124,316</b>	<b>148,151</b>
Trade and other payables	23,597	26,466	26,390	25,054	32,165
Finance lease liabilities	1,331	1,534	1,363	1,750	1,652
Bank borrowings	824	1,420	1,817	4,894	4,854
Others	1,565	1,347	1,350	1,435	1,073
<b>Total current liabilities</b>	<b>27,317</b>	<b>30,767</b>	<b>30,920</b>	<b>33,133</b>	<b>39,744</b>
Finance lease liabilities	2,870	2,294	2,401	3,417	2,934
Bank borrowings	9,246	18,054	18,187	16,380	16,520
Others	388	230	625	444	447
<b>Total non-current liabilities</b>	<b>12,504</b>	<b>20,578</b>	<b>21,213</b>	<b>20,241</b>	<b>19,901</b>
<b>Total liabilities</b>	<b>39,821</b>	<b>51,345</b>	<b>52,133</b>	<b>53,374</b>	<b>59,645</b>
Share capital	2,000	51,243	51,287	51,287	63,407
Treasury shares	0	0	(245)	(186)	0
Reserves	30,727	4,191	18,507	19,508	24,127
<b>Equity attributable to owners of the Company</b>	<b>32,727</b>	<b>55,434</b>	<b>69,549</b>	<b>70,609</b>	<b>87,534</b>
Non-controlling interests	(131)	(127)	(120)	333	972
<b>Total Equity</b>	<b>32,596</b>	<b>55,307</b>	<b>69,429</b>	<b>70,942</b>	<b>88,506</b>
<b>Total liabilities and equity</b>	<b>72,417</b>	<b>106,652</b>	<b>121,562</b>	<b>124,316</b>	<b>148,151</b>

## Ratios

	Fiscal Year Ended 30 September				
	2014	2015	2016	2017	2018
<b>Profitability (%)</b>					
Gross profit margin	27.6%	24.3%	26.3%	24.2%	26.4%
Operating profit margin	9.8%	5.9%	14.1%	8.2%	8.1%
Profit before tax margin	15.4%	4.4%	15.5%	3.0%	5.7%
Profit after tax margin	14.0%	4.2%	14.4%	2.6%	5.3%
<b>Liquidity (x)</b>					
Current ratio	1.2	1.6	1.6	1.4	1.5
Quick ratio	1.1	1.6	1.6	1.4	1.5
Interest coverage ratio	12.6	12.8	24.6	13.7	10.7
Net Debt to Equity	Net cash	Net cash	Net cash	9.7%	0.7%
<b>Valuation (x)</b>					
P/E	2.6	9.1	2.9	19.1	8.8
P/E (ex-cash)	2.7	7.9	1.9	15.5	6.2
P/B	1.5	0.9	0.7	0.7	0.6
P/S	0.5	0.5	0.5	0.5	0.4
EV/EBITDA	3.1	3.8	2.2	3.8	3.4
<b>Returns</b>					
Return on assets	N/A	4.7%	13.2%	1.9%	4.0%
Return on equity	N/A	9.6%	24.2%	3.3%	6.8%
Return on capital employed	N/A	9.4%	17.7%	9.6%	8.9%
<b>Dividend payout ratio</b>	<b>N/A</b>	<b>22.4%</b>	<b>15.6%</b>	<b>31.3%</b>	<b>0.0%</b>

N/A: Not Applicable

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