

OFFER DOCUMENT DATED 19 APRIL 2022

Registered by the Singapore Exchange Securities Trading Limited (the "SGX-ST") acting as agent on behalf of the Monetary Authority of Singapore (the "Authority") on 19 April 2022.

LHN GROUP LOGISTICS

LHN LOGISTICS LIMITED

(Company Registration Number: 202129609C)
(Incorporated in the Republic of Singapore on
24 August 2021)



PLACEMENT OF 25,238,000 PLACEMENT SHARES AT S\$0.20 FOR EACH PLACEMENT SHARE, PAYABLE IN FULL ON APPLICATION

This placement is made in or accompanied by an offer document (the "Offer Document") that has been registered by the SGX-ST, acting as agent on behalf of the Authority on 19 April 2022. The registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority does not imply that the Securities and Futures Act 2001 of Singapore, or any other legal or regulatory requirements, or requirements under the Catalist Rules (as defined herein) have been complied with.

This document is important. Before making any investment in the securities being offered, you should consider the information provided in this document carefully, and consider whether you understand what is described in this document. You should also consider whether an investment in the securities being offered is suitable for you, taking into account your investment objectives and risk appetite. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser. You are responsible for your own investment choices.

PrimePartners Corporate Finance Pte. Ltd. ("PPCF" or the "Sponsor" or the "Sponsor and Issue Manager") has made an application to the SGX-ST for permission to deal in, and for quotation of, all the ordinary shares (the "Shares") in the capital of LHN Logistics Limited (the "Company") that are already issued, the PPCF Shares (as defined herein), the new Shares which are the subject of this Placement (the "Placement Shares") and the new Shares which may be issued under the LHN Logistics Performance Share Plan (the "Performance Shares") on Catalist (as defined herein). Acceptance of applications will be conditional upon, *inter alia*, the issue of the Placement Shares and permission being granted by the SGX-ST for the listing and quotation of all the existing issued Shares including the PPCF Shares, the Placement Shares and the Performance Shares on Catalist. Monies paid in respect of any application accepted will be returned (without interest or any share of revenue or other benefit arising therefrom) at the applicant's own risk and the

applicant shall not have any right or claim against our Company, the Sponsor and Issue Manager or the Co-Placement Agents if the admission and listing do not proceed for any reason. The dealing in and quotation of the Shares will be in Singapore dollars.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s). Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission to Catalist but relies on the Sponsor confirming that our Company is suitable to be listed and complies with the Catalist Rules (as defined herein). Neither the Authority nor the SGX-ST has in any way considered the merits of the Placement Shares being offered for investment. We have not lodged this Offer Document in any other jurisdiction. **Investing in our Shares involves risks which are described in the section entitled "Risk Factors" of this Offer Document.**

After the expiration of six months from the date of registration of this Offer Document, no person shall make an offer of Shares, or allot, issue or sell any Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any Shares or the allotment, issue or sale of any Shares, on the basis of this Offer Document.

Sponsor, Issue Manager and
Co-Placement Agent



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
(Company Registration No.: 200207389D)
(Incorporated in the Republic of Singapore)

Co-Placement Agent



CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.
(Company Registration No.: 198701621D)
(Incorporated in the Republic of Singapore)

Independent Financial Adviser in relation
to the Shareholders' IPT Mandate



XANDAR CAPITAL PTE. LTD.
(Company Registration No.: 200002789M)
(Incorporated in the Republic of Singapore)

Regional footprint in ASEAN region covering **Singapore, Malaysia, and Thailand.**

Singapore's **leading ISO tank logistics and transport service provider.**

Total capacity of **27,200 TEUs across 4 container depots.**

Self-owned fleet strength of **430 vehicles.**

A decade-long strong relationship with our top 5 major customers.



ABOUT LHN LOGISTICS LIMITED

Established in 2003, LHN Logistics is a division of LHN Limited, a company listed on the Catalist in 2015 and dual listed on Main Board of SEHK in 2017. We are a logistics services group with two principal business segments, namely, transportation and container depot services.



TRANSPORTATION

Owens a fleet of **74 prime movers** and **356 trailers** in Singapore and Malaysia.

- Operates **2 parking yards located in Singapore** and **3 parking yards located in Malaysia** (Johor Bahru, Seremban and Port Klang).
- Provides domestic and cross-border **ISO tank and container transportation services** for various petrochemical products, base oils, bitumen and bulk cargo to our customers in Singapore and Malaysia.



CONTAINER DEPOT SERVICES

- Provides customers with **container storage, container surveying, container cleaning, and container repair and maintenance services** for general purpose and refrigerated containers.
- Manages up to **27,200 TEUs across 2 depots in Singapore** and **2 depots in Thailand.**

LOGISTICS BUSINESS WORKFLOW

For transportation, our workflow will involve:



ISO tank depot
(collect clean / empty ISO tanks)



PSA
(export via sea freight) / **Malaysia**
(cross border)



Chemical manufacturing plant / chemical storage terminal
(loading of chemicals into ISO tank)

For container depot services, our workflow will involve:



Receiving and in-gate survey of containers



Washing, repair & maintenance



Lifting and storage



Inventory management



Release of seaworthy containers for usage

For future 7 Gul Avenue ISO Tank Depot, our workflow will involve:



Dangerous Goods (DG) Storage of laden ISO tanks (after loading of chemicals and prior to export via PSA)



ISO tank depot
(receiving and in-gate survey of ISO tanks)



Washing and treatment of wastewater



Lifting and storage



Inventory management



Re-inspection and certification prior to release

WHY INVEST IN LHN LOGISTICS LIMITED?



COMPETITIVE ADVANTAGES

Established track record and reputation

- LHN Logistics operates with a strong emphasis on safety and reliability. We provide consistent service across our regional network.

Self-owned fleet of 74 prime movers and 356 trailers

- We are able to handle our customers' orders and cater to sudden spikes in demand.

Operate in various regions with cross-border capabilities

- Regional focus enables us to better support our customers and achieve sustainable growth for our Group.

Led by a dedicated management team who are experienced logistics and transportation professionals

- Two Managing Directors with 15 and 20 years of industry experience. Majority of our senior executives have over 10 years of experience in the industry.

Longstanding working relationships with our broad range of suppliers

- Avoid any unnecessary interruptions in our provision of services and enable us to ensure that we are able to procure goods and services at market price.

CERTIFIED TRANSPORTATION SERVICES PROVIDER

We achieved 3 crucial qualifications for our transportation services operation:

- ISO 45001:2018 Occupational Health and Safety Management System Certificate for Occupational Health and Safety Management
- ISO 9001:2015 Quality Management System Certificate for Bulk Transportation of Chemicals and General Cargo
- bizSAFE Level 3 and bizSAFE Star certifications in respect of our workplace safety and health management systems

A WIDE SPECTRUM OF MAJOR CUSTOMERS

We have built relationships with a wide spectrum of customers in our 19 years in the industry. Our customers include:

- International ISO tank operators
- Chemical traders
- Freight forwarders
- Chemical branches of oil majors
- Major shipping lines
- Container leasing companies

ATTRACTIVE DIVIDEND POLICY

Intend to recommend and distribute dividends of

not less than 40%

of our Group's profit attributable to equity holders of our Company for FY2022*, FY2023 and FY2024.

*after adding back listing expenses

FINANCIAL PERFORMANCE

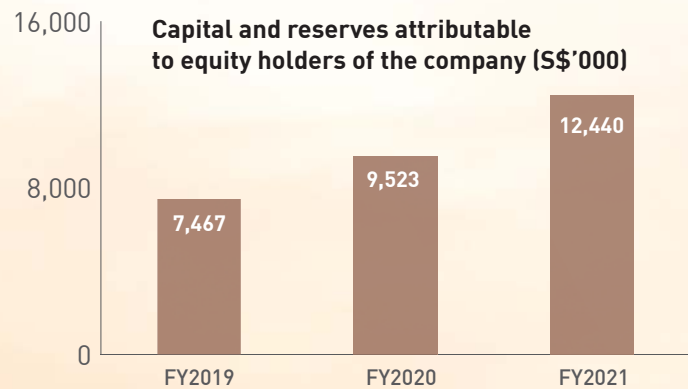
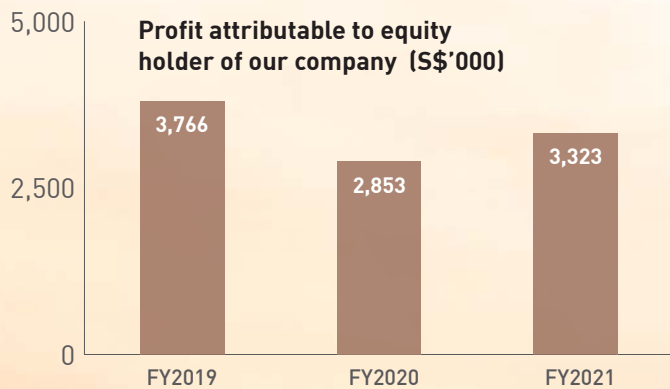
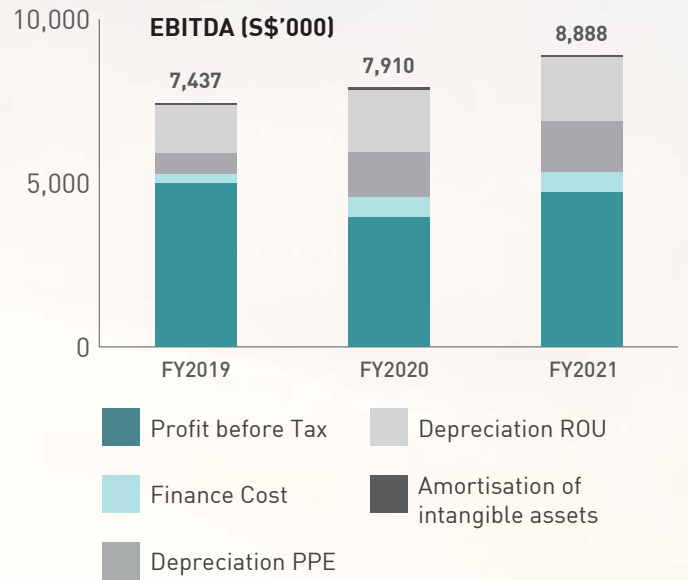
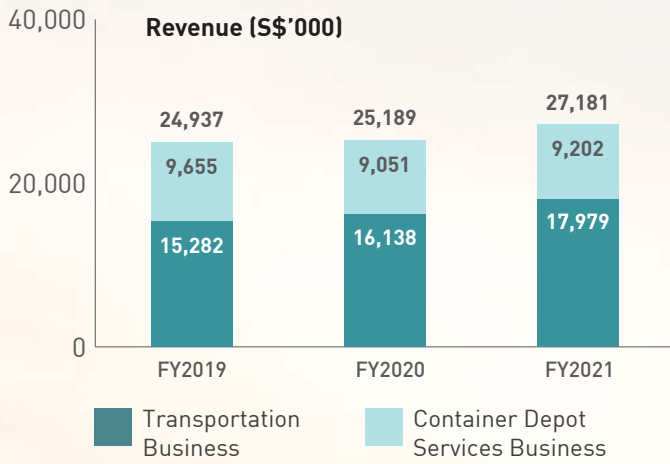


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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Kelvin Lim Lin Kaixian Leon Yee Catherine Tan Lim Kian Thong	Executive Chairman Executive Director and Managing Director (Transportation Business) Lead Independent Non-Executive Director Independent Non-Executive Director Independent Non-Executive Director
COMPANY SECRETARY	:	Chong Eng Wee	Bachelor of Laws (LLB)
REGISTERED OFFICE	:	10 Raeburn Park #02-15B Singapore 088702	
PRINCIPAL PLACE OF BUSINESS IN SINGAPORE	:	10 Raeburn Park #02-15B Singapore 088702	
SPONSOR AND ISSUE MANAGER, AND CO-PLACEMENT AGENT	:	PrimePartners Corporate Finance Pte. Ltd.	16 Collyer Quay #10-00 Income at Raffles Singapore 049318
CO-PLACEMENT AGENT	:	CGS-CIMB Securities (Singapore) Pte. Ltd.	10 Marina Boulevard #10-01 Marina Bay Financial Centre Tower 2 Singapore 018983
SOLICITORS TO THE PLACEMENT AND LEGAL ADVISER TO OUR COMPANY AS TO SINGAPORE LAW	:	Morgan Lewis Stamford LLC	10 Collyer Quay #27-00 Ocean Financial Centre Singapore 049315
LEGAL ADVISER TO OUR COMPANY AS TO MALAYSIA LAW	:	Kadir, Andri & Partners	Suite A-38-8, Level 38, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Malaysia
LEGAL ADVISER TO OUR COMPANY AS TO MYANMAR LAW	:	WongPartnership Myanmar Limited	Junction City Tower, #09-03 Bogyoke Aung San Road Pabedan Township, Yangon Myanmar
LEGAL ADVISER TO OUR COMPANY AS TO THAILAND LAW	:	The Capital Law Office Limited	44 Smooth Life Tower 16th Floor North Sathorn Road, Silom, Bangrak Bangkok 10500 Thailand
LEGAL ADVISER TO THE SPONSOR AND ISSUE MANAGER, AND THE CO-PLACEMENT AGENTS, AS TO SINGAPORE LAW	:	Shook Lin & Bok LLP	1 Robinson Road #18-00 AIA Tower Singapore 048542

CORPORATE INFORMATION

INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT	:	PricewaterhouseCoopers LLP 7 Straits View Marina One East Tower, Level 12 Singapore 018936 Partner-in-charge: Lee Zhen Jian (a member of the Institute of Singapore Chartered Accountants)
INDEPENDENT FINANCIAL ADVISER	:	Xandar Capital Pte. Ltd. 3 Shenton Way Shenton House, #24-02 Singapore 068805 (Holder of Capital Markets Services Licence issued by the Authority to advise on corporate finance)
SHARE REGISTRAR AND TRANSFER AGENT	:	Boardroom Corporate & Advisory Services Pte. Ltd. 1 Harbourfront Avenue Keppel Bay Tower #14-07 Singapore 098632
PRINCIPAL BANKERS	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624 Oversea-Chinese Banking Corporation Limited 65 Chulia Street #09-00 OCBC Centre Singapore 049513 DBS Bank Ltd. 12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982
PRINCIPAL BANKER / FINANCIAL INSTITUTION	:	Hong Leong Finance Limited 16 Raffles Quay #01-05 Hong Leong Building Singapore 048581
RECEIVING BANKER	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624

DEFINITIONS

In this Offer Document and the accompanying Application Forms, unless the context otherwise requires, the following definitions apply throughout where the context so admits:

Companies within our Group

- “Company” or “LHN Logistics”* : LHN Logistics Limited. The terms “we”, “our”, “our Company” or “us” have correlative meanings
- “Group” or “Group Companies”* : Our Company and our subsidiaries as at the date of this Offer Document, unless otherwise stated
- “Group Company”* : Any of (a) our Company; or (b) any subsidiary of our Company as at the date of this Offer Document, unless otherwise stated
- “HLA Container Services”* : Our non wholly-owned subsidiary, HLA Container Services Pte. Ltd.
- “HLA Container Services (Myanmar)”* : Our indirect non wholly-owned subsidiary, HLA Container Services (Myanmar) Limited
- “HLA Container Services (Thailand)”* : Our indirect non wholly-owned subsidiary, HLA Container Services (Thailand) Limited
- “HLA Group” or “HLA Group Companies”* : HLA Container Services, HLA Holdings, HLA Container Services (Myanmar), HLA Holdings (Thailand), HLA Container Services (Thailand), HLA Transportation (Thailand) and HLA Logistics, and any of the existing or future subsidiaries, related corporations and Associated Companies of our Company which are engaged in the business of providing container depot management services and/or container depot services
- “HLA Holdings”* : Our non wholly-owned subsidiary, HLA Holdings Pte. Ltd.
- “HLA Holdings (Thailand)”* : Our indirect non wholly-owned subsidiary, HLA Holdings (Thailand) Limited
- “HLA Logistics”* : Our indirect Associated Company, HLA Logistics Pte. Ltd.
- “HLA Transportation (Thailand)”* : Our indirect Associated Company, HLA Transportation (Thailand) Ltd.
- “HNL”* : Our wholly-owned subsidiary, Hean Nerng Logistics Pte Ltd
- “LHN Logistics (Malaysia)”* : Our indirect non wholly-owned subsidiary, LHN Logistics Sdn. Bhd.

Other Companies, Organisations and Agencies

- “ACRA”* : Accounting and Corporate Regulatory Authority of Singapore
- “Auditors”* : PricewaterhouseCoopers LLP
- “Authority” or “MAS”* : Monetary Authority of Singapore
- “CDP”* : The Central Depository (Pte) Limited
- “Co-Placement Agents”* : PPCF and CGS-CIMB

DEFINITIONS

“CGS-CIMB”	:	CGS-CIMB Securities (Singapore) Pte. Ltd.
“CPF”	:	The Central Provident Fund
“Fragrance”	:	Fragrance Ltd
“HN Capital”	:	HN Capital Ltd
“HNG”	:	Hean Nerng Group Pte. Ltd.
“Independent Financial Adviser”	:	Xandar Capital Pte. Ltd.
“IRAS”	:	Inland Revenue Authority of Singapore
“LHN Capital”	:	LHN Capital Pte. Ltd.
“LHNGPL”	:	LHN Group Pte. Ltd.
“MOM”	:	Ministry of Manpower
“NEA”	:	National Environmental Agency
“PPCF”, “Sponsor” or “Sponsor and Issue Manager”	:	PrimePartners Corporate Finance Pte. Ltd.
“Receiving Banker”	:	United Overseas Bank Limited
“SCDF”	:	Singapore Civil Defence Force
“SEA Medlog”	:	South East Asia Medlog Logistics Co. Pte. Ltd.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“Trident Trust”	:	Trident Trust Company (B.V.I.) Limited
General		
“7 Gul Avenue”	:	7 Gul Avenue, Singapore 629651, the address of a property which is owned by HNL for general warehousing, transportation and container storage
“9 Gul Circle”	:	9 Gul Circle, Singapore 629565, the address of a property at which HLA Container Services provides container depot management services and HLA Logistics provides container depot services to its customers
“18 Penjuru Road”	:	18 Penjuru Road A2_2 Singapore 609126, the address of a property which is leased by HNL from LHN Space Resources Pte. Ltd. for, <i>inter alia</i> , the parking of vehicles and trailers
“27 Benoi Sector”	:	27 Benoi Sector, Singapore 629859, the address of a property at which HLA Container Services provides container depot management services and HLA Holdings provides container depot services to its customers

DEFINITIONS

“ <i>Application Forms</i> ”	:	The printed application forms to be used for the purpose of the Placement and which form part of this Offer Document
“ <i>Application List</i> ”	:	The list of applications for the subscription of the Placement Shares
“ <i>ASEAN</i> ”	:	Association of Southeast Asian Nations
“ <i>Associate</i> ”	:	(a) In relation to any individual, including a Director, CEO, Substantial Shareholder or Controlling Shareholder means: <ul style="list-style-type: none">(i) his immediate family;(ii) the trustees of any trust of which he or his immediate family is a beneficiary, or, in the case of a discretionary trust, is a discretionary object; or(iii) any company in which he or his immediate family together (directly or indirectly) have an interest of 30.0% or more; (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
“ <i>Associated Company</i> ”	:	In relation to a company, means a company in which at least 20.0% but not more than 50.0% of its shares are held by the first mentioned company
“ <i>Audit and Risk Committee</i> ”	:	The audit and risk committee of our Company as at the date of this Offer Document, unless otherwise stated
“ <i>Awards</i> ”	:	The share awards which may be granted pursuant to the LHN Logistics Performance Share Plan
“ <i>Bangkok Depot</i> ”	:	The property located at No. 22/3 Moo. 8, Tambol Bang Chalong, Amphur Bang Phli, Samutprakarn Province, Thailand, which is leased by HLA Container Services (Thailand) from Denchai Land and Housing Co., Ltd. for use as a container yard
“ <i>Board</i> ” or “ <i>Board of Directors</i> ”	:	The board of Directors of our Company as at the date of this Offer Document, unless otherwise stated
“ <i>BVI</i> ”	:	British Virgin Islands
“ <i>CAGR</i> ”	:	Compound annual growth rate
“ <i>Catalist</i> ”	:	The sponsor-supervised listing platform of the SGX-ST

DEFINITIONS

“Catalist Rule” or “Catalist Rules”	:	Any or all of the rules in the Listing Manual Section B: Rules of Catalist, as the case may be, as amended, supplemented or modified from time to time
“CEO”	:	Chief executive officer
“Companies Act”	:	The Companies Act 1967 of Singapore (2020 Revised Edition), as amended, supplemented or modified from time to time
“Constitution”	:	The constitution of our Company, as amended, supplemented or modified from time to time
“Container Depot Services Business”	:	The business segment of our Group that provides container depot management services and container depot services in Singapore and Thailand
“Continuing Sponsorship Agreement”	:	The continuing sponsorship agreement dated 19 April 2022 entered into between our Company and PPCF, pursuant to which our Company has appointed PPCF, and PPCF has agreed, to act as continuing sponsor
“Controlling Shareholder”	:	As defined in the Catalist Rules, a person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all the voting shares in our Company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over our Company
“COVID-19”	:	Coronavirus Disease 2019
“CWSH”	:	Commissioner for Workplace Safety and Health
“Directors”	:	The directors of our Company as at the date of this Offer Document, unless otherwise stated
“Entity At Risk”	:	(a) Our Company; (b) A subsidiary of our Company that is not listed on the SGX-ST or an approved exchange; or (c) An Associated Company of our Company that is not listed on the SGX-ST or an approved exchange, provided that our Group, or our Group and our Interested Person(s), has control over the Associated Company
“EPMA”	:	The Environmental Protection and Management Act 1999 of Singapore (2020 Revised Edition), as amended, supplemented or modified from time to time
“EPM(HS)R”	:	The Environmental Protection and Management (Hazardous Substances) Regulations of Singapore, as amended, supplemented or modified from time to time

DEFINITIONS

“EPS”	:	Earnings per Share
“ERP”	:	Electronic road pricing
“Executive Directors”	:	The executive Directors of our Company as at the date of this Offer Document, unless otherwise stated
“Executive Officers”	:	The executive officers of our Company as at the date of this Offer Document, unless otherwise stated
“Financial Controller”	:	The financial controller of our Company as at the date of this Offer Document, unless otherwise stated
“FSA”	:	The Fire Safety Act 1993 of Singapore (2020 Revised Edition), as amended, supplemented or modified from time to time
“FS(PFM)R”	:	The Fire Safety (Petroleum and Flammable Materials) Regulations of Singapore, as amended, supplemented or modified from time to time
“FY”	:	Financial year ended or, as the case may be, ending 30 September
“GDP”	:	Gross domestic product
“GPS”	:	Global positioning system
“GST”	:	Goods and services tax
“HCF Material Interest”	:	(a) The holding of any position as director, officer, employee, consultant, partner, principal or agent; (b) The direct or indirect control or ownership (whether jointly or alone) of any shares (or any voting rights attached to them) save for the ownership for investment purposes only of not more than 3% of the issued share capital of any company; or (c) The direct or indirect provision of any financial assistance
“Head of Finance”	:	Our Company’s finance personnel who is heading the finance team at a specific point in time (and is, for the avoidance of doubt, not a specific designation). As at the date of this Offer Document, the Head of Finance shall also refer to the Financial Controller
“HLA Business”	:	The business of the HLA Group from time to time

DEFINITIONS

<i>“HLA Customer”</i>	:	Any person, firm or company with whom or which Mr. Hew Chee Fatt or anyone working under his supervision or control deals personally, who or which shall at the date on which Mr. Hew Chee Fatt’s employment under his employment agreement ceases or is terminated for any reason whatsoever be negotiating with any HLA Group Company for the supply of any HLA Restricted Products or the provision of any HLA Restricted Services or to whom or which any HLA Group Company shall at any time during the period of 12 months prior to the date on which Mr. Hew Chee Fatt’s employment under his employment agreement ceases or is terminated for any reason whatsoever have supplied any HLA Restricted Products or provided any HLA Restricted Services
<i>“HLA Prohibited Area”</i>	:	Singapore and/or any other country in which the HLA Group has operations from time to time
<i>“HLA Restricted Products”</i>	:	All and any products of a kind which shall be dealt in, produced, marketed or sold by any HLA Group Company in the ordinary course of HLA Business
<i>“HLA Restricted Services”</i>	:	All and any services of a kind which shall be provided by any HLA Group Company in the ordinary course of the HLA Business
<i>“Independent Directors”</i>	:	The independent Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Interested Person”</i>	:	(a) A Director, CEO or Controlling Shareholder of our Company; or (b) An Associate of any such Director, CEO or Controlling Shareholder
<i>“Interested Person Transaction”</i>	:	A transaction between an Entity at Risk and an Interested Person
<i>“Laem Chabang Depot”</i>	:	The property located at No. 133/5 Moo. 9, Tambol Surasak, Amphur Sriracha, Chonburi Province, Thailand, which is leased by HLA Container Services (Thailand) from Ruamphan Service Center Co., Ltd. for use as a container yard
<i>“Latest Practicable Date”</i> or <i>“LPD”</i>	:	17 March 2022, being the latest practicable date before the lodgement of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority
<i>“Lead Independent Director”</i>	:	The lead independent Director of our Company as at the date of this Offer Document, unless otherwise stated
<i>“LHN Logistics Performance Share Plan”</i> or <i>“PSP”</i>	:	The performance share plan of our Company, known as the “LHN Logistics Performance Share Plan”, which was approved by Shareholders and implemented on 28 March 2022, the terms of which are set out in the section entitled <i>“Appendix C – Rules of the LHN Logistics Performance Share Plan”</i> of this Offer Document

DEFINITIONS

“Listing”	:	The listing of our Company and quotation of our Shares on Catalist
“Listing Date”	:	The date of admission of our Company to Catalist
“Listing Manual”	:	The provisions of sections A and B of the listing manual of the SGX-ST as amended, supplemented or modified from time to time
“Managing Directors”	:	The managing directors of our Company as at the date of this Offer Document, unless otherwise stated
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“NAV”	:	Net asset value
“Nominating Committee”	:	The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated
“Non-Executive Directors”	:	The non-executive Directors of our Company (including our Independent Directors) as at the date of this Offer Document, unless otherwise stated
“NTA”	:	Net tangible assets
“Offer Document”	:	This offer document dated 19 April 2022 issued by our Company in respect of the Placement
“Performance Shares”	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards granted under the LHN Logistics Performance Share Plan
“Period Under Review”	:	The period comprising FY2019, FY2020 and FY2021
“Placement”	:	The placement of the Placement Shares by the Co-Placement Agents on behalf of our Company for subscription at the Placement Price subject to and on the terms and conditions set out in this Offer Document
“Placement Agreement”	:	The placement agreement dated 19 April 2022 entered into between our Company and the Co-Placement Agents pursuant to which the Co-Placement Agents shall procure subscriptions of the Placement Shares at the Placement Price as described in the sections entitled “Plan of Distribution – Management and Placement Arrangements” and “General and Statutory Information – Management and Placement Arrangements” of this Offer Document
“Placement Price”	:	S\$0.20 for each Placement Share
“Placement Shares”	:	The 25,238,000 new Shares which are the subject of the Placement

DEFINITIONS

“PPCF Shares”	:	The 1,500,000 new Shares allotted and issued by our Company to PPCF as part of PPCF’s management fees as the Sponsor and Issue Manager
“PRC”	:	The People’s Republic of China
“PSA”	:	PSA Singapore, one of the flagship terminals of PSA International with container terminals in Tanjong Pagar, Keppel, Brani and Pasir Panjang
“Remuneration Committee”	:	The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated
“Restructuring Exercise”	:	The restructuring exercise undertaken in connection with the Listing, as set out in the section entitled “Restructuring Exercise” of this Offer Document
“Securities Account”	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account
“Securities and Futures Act” or “SFA”	:	The Securities and Futures Act 2001 of Singapore (2020 Revised Edition), as amended, supplemented or modified from time to time
“Service Agreements”	:	The service agreements entered into between our Company and our Executive Chairman, Mr. Kelvin Lim, our Executive Director and Managing Director (Transportation Business), Mr. Lin Kaixian, and our Financial Controller, Mr. Khaw Shee Kai, respectively, as described in the section entitled “Directors, Management and Staff – Service Agreements” of this Offer Document
“SFR”	:	The Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore, as amended, modified or supplemented from time to time
“SFRS(I)”	:	Singapore Financial Reporting Standards (International)
“SGXNET”	:	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
“Share(s)”	:	Ordinary share(s) in the capital of our Company
“Shareholder(s)”	:	Registered holder(s) of Shares, except where the registered holder is CDP, the term “Shareholder” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
“Share Buyback Mandate”	:	The proposed and unconditional mandate given by Shareholders to authorise our Directors to exercise all the powers of our Company to purchase or otherwise acquire issued Shares in accordance with the rules and regulations set forth in the Companies Act and the Catalist Rules

DEFINITIONS

“Share Split”	:	The sub-division of each Share in the then existing share capital of our Company into 140,940,800 Shares
“Sponsorship and Management Agreement”	:	The full sponsorship and management agreement dated 19 April 2022 entered into between our Company and PPCF pursuant to which PPCF agrees to sponsor and manage the Listing as described in the sections entitled “Plan of Distribution – Management and Placement Arrangements” and “General and Statutory Information – Management and Placement Arrangements” of this Offer Document
“Substantial Shareholders”	:	Persons who have an interest in the Shares of not less than 5.0% of all the issued voting shares of our Company
“Transportation Business”	:	The business segment of our Group that provides transportation services in Singapore and Malaysia
“WICA”	:	The Work Injury Compensation Act 2019 of Singapore (2020 Revised Edition), as amended, modified or supplemented from time to time
“WSHA”	:	The Workplace Safety and Health Act 2006 of Singapore (2020 Revised Edition), as amended, modified or supplemented from time to time
“WSH(RM)R”	:	The Workplace Safety and Health (Risk Management) Regulations of Singapore, as amended, modified or supplemented from time to time

Currencies

“€”	:	Euros
“MMK” or “Ks.”	:	Myanmar Kyat
“MYR” or “RM”	:	Malaysian Ringgit
“S\$” and “cents”	:	Singapore dollars and cents respectively
“THB”	:	Thai Baht
“US\$”	:	United States dollars

Units and Others

“%” or “per cent.”	:	Per centum
“GFA”	:	Gross floor area
“rai”	:	A unit of area equivalent to 1,600 sq m
“sq ft”	:	Square feet
“sq m”	:	Square metre

DEFINITIONS

For the purpose of this Offer Document, the following persons named in the second column below are also known by the names set out in the first column:

Name used in this Offer Document	Name in Passport
“Catherine Tan”	: Tan Hui Tsu (Chen Huizhi)
“Leon Yee”	: Yee Kee Shian, Leon
“Jess Lim”	: Lim Bee Choo (Lin Meizhu)
“Kelvin Lim”	: Lim Lung Tieng (Lin Longtian)

Any capitalised terms relating to the LHN Logistics Performance Share Plan which are not defined in this section of this Offer Document shall have the meanings ascribed to them as stated in the section entitled “Appendix C – Rules of the LHN Logistics Performance Share Plan” of this Offer Document.

The expressions “associated entity”, “related corporation”, “related entity”, “subsidiary” and “subsidiary entity” shall have the meanings ascribed to them respectively in the SFA, the SFR and/or the Companies Act, as the case may be.

The expressions “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

References in this Offer Document to Appendix or Appendices are references to an appendix or appendices respectively to this Offer Document.

Any discrepancies in tables included herein between the total sum of amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Offer Document and the Application Forms to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted.

Any word defined under the Companies Act, the SFA, the SFR, the Catalist Rules or any statutory modification thereof and used in this Offer Document and the Application Forms shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the SFR, the Catalist Rules or any statutory modification thereto, as the case may be.

Any reference in this Offer Document and the Application Forms to Shares being allotted and/or allocated to an applicant includes allotment and/or allocation to CDP for the account of that Applicant.

Any reference to a time of day in this Offer Document and the Application Forms shall be a reference to Singapore time unless otherwise stated.

Any reference in this Offer Document to “we”, “our”, “us” or their other grammatical variations is a reference to our Company, our Group, or any member of our Group, as the context requires.

Unless otherwise indicated, all information in this Offer Document is presented on the basis of our Group.

The information on our website, any website directly or indirectly linked to our website or the websites of any of our related corporations or other entities in which we may have an interest, or any website, is not incorporated by reference in this Offer Document and should not be relied on.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of the business of our Group, the following glossary contains an explanation and description of certain technical terms and abbreviations commonly used in our industry and used in this Offer Document. The terms and abbreviations and their assigned meanings may not correspond to standard industry or common meanings, as the case may be, or usage of these terms, and should not be treated as definitive.

<i>“Electronic Data Interchange”</i>	:	The intercompany communication of business documents in a standard format
<i>“HAZMAT”</i>	:	Hazardous materials
<i>“ISO”</i>	:	International Organisation for Standardisation
<i>“ISO tank”</i>	:	A tank container that is built to the standard of ISO, which is designed to transport hazardous and non-hazardous liquids in bulk
<i>“prime mover”</i>	:	An automotive unit that can be attached and detached from different trailers and used to transport larger cargoes or container units that need to be loaded onto trailers
<i>“stacker machine”</i>	:	A forklift truck that is used to lift and move materials over a short distance
<i>“TEU”</i>	:	Twenty foot equivalent unit, a measurement of capacity in container transportation
<i>“trailer”</i>	:	An un-motorised container base unit that can be attached and detached from the prime mover

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “expects”, “believes”, “plans”, “intends”, “estimates”, “anticipates”, “may”, “will”, “would” and “could” or similar expressions. However, you should note that these words or phrases are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategies, future plans and prospects are forward-looking statements.

These forward-looking statements, include without limitation, statements as to:

- (a) our revenue and profitability;
- (b) cost measures;
- (c) trends in demand and costs;
- (d) expected industry prospects and trends;
- (e) planned strategy and anticipated expansion plans; and
- (f) any other matters discussed in this Offer Document regarding matters that are not historical fact,

are only predictions. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our beliefs and assumptions, which are in turn based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be inaccurate. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, amongst others, the following:

- (i) increase in operating costs;
- (ii) changes in political, social and economic and capital markets conditions, the regulatory environment, laws and regulations and interpretation thereof in the jurisdictions where we conduct our business or expect to conduct business;
- (iii) the impact of the recent global COVID-19 pandemic outbreak on our business and operations;
- (iv) the risk that we may be unable to realise our anticipated growth strategies and expected internal growth;
- (v) changes in the availability and prices of diesel, machinery and equipment, as well as trucking and rental services, which we require for the operation of our business;
- (vi) changes in customers' preferences and needs;
- (vii) changes in competitive conditions and our ability to compete under such conditions locally and internationally;
- (viii) changes in our senior management team or loss of key employees;
- (ix) changes in labour relations;

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

- (x) changes in our future capital needs and the availability of financing and capital to fund such needs;
- (xi) the ability of third parties to honour their commitments;
- (xii) changes in currency exchange or interest rates;
- (xiii) any matters not yet known to us;
- (xiv) other factors beyond our control; and
- (xv) the factors described in the section entitled “*Risk Factors*” of this Offer Document.

Some of these risk factors are discussed in greater detail in this Offer Document, in particular, but not limited to, the discussions under the sections entitled “*Risk Factors*” and “*Management’s Discussion and Analysis of Results of Operations and Financial Position*” of this Offer Document. All forward-looking statements by or attributable to us, the Sponsor and Issue Manager, or the Co-Placement Agents, or person(s) acting on our or their behalf, contained in this Offer Document are expressly qualified in their entirety by such factors. These forward-looking statements are applicable only as of the date of this Offer Document.

The sections entitled “*General Information on our Group – Business Strategies and Future Plans*”, “*General Information on our Group – Prospects*” and “*General Information on our Group – Trend Information and Order Book*” of this Offer Document, as well as other parts of this Offer Document (to the extent applicable or relevant), contain data, information, financial analysis, forecast, figures and statements (including market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications) which are forward-looking and based on certain assumptions and projections. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but we are unable to assure you that such information is accurate or complete.

Neither our Company, the Sponsor and Issue Manager, or the Co-Placement Agents, nor any person(s) acting on our or their behalf have conducted an independent review or verified the accuracy or veracity of such data, information, financial analysis, forecast, figures and statements, assumptions and projections (the “**Third Party Data**”). Where any of the Third Party Data or any information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors, the Sponsor and Issue Manager and the Co-Placement Agents, or any person(s) acting on our or their behalf has been to ensure that such Third Party Data or information has been accurately and correctly extracted from these sources and/or reproduced in this Offer Document in its proper form and context. No representation is made by us, the Sponsor and Issue Manager, or the Co-Placement Agents, or any person(s) acting on our or their behalf in respect of any of such Third Party Data or information and neither we, the Sponsor and Issue Manager, or the Co-Placement Agents, nor any person(s) acting on our or their behalf take any responsibility for any of such Third Party Data or information.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Document, undue reliance must not be placed on these statements. Neither our Company, the Sponsor and Issue Manager, or the Co-Placement Agents, nor any other person represents or warrants that our Group’s actual future results, performance or achievements will be as discussed in those statements.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We, the Sponsor and Issue Manager and the Co-Placement Agents disclaim any responsibility to update any of these forward-looking statements or publicly announce any revisions to these forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future. We are, however, subject to the provisions of the SFA and the Catalist Rules regarding the contents of this Offer Document and/or corporate disclosure.

In particular, pursuant to Section 241 of the SFA, if after this Offer Document is registered by the SGX-ST, acting as agent on behalf of the Authority, but before the close of the Placement, we become aware of:

- (a) a false or misleading statement or matter in this Offer Document;
- (b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA; or
- (c) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority, and would have been required by Section 243 of the SFA to be included in this Offer Document if it had arisen before this Offer Document was lodged,

and that is materially adverse from the point of view of an investor, we may, in consultation with the Sponsor and Issue Manager and the Co-Placement Agents, lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority.

SELLING RESTRICTIONS

Singapore

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation.

No action has been or will be taken under the requirements of the legal or regulatory requirements of any jurisdiction, except for the lodgement and/or registration of this Offer Document in Singapore in order to permit a public offering of the Placement Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the Placement of the Placement Shares in certain jurisdictions may be restricted by the relevant laws or regulations in such jurisdictions. Persons who may come into possession of this Offer Document are required by us, the Sponsor and Issue Manager and the Co-Placement Agents to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us, the Sponsor and Issue Manager and the Co-Placement Agents.

Persons to whom a copy of this Offer Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Offer Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

Hong Kong

The Placement is not an offer for sale to the public in Hong Kong and it is not our intention that the Placement Shares be offered for sale to the public in Hong Kong.

This Offer Document has not been registered nor is it a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the “**C(WUMPO)**”), nor is it required to be authorised under section 103 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

Please be warned that the contents of this Offer Document have not been reviewed by any regulatory authorities in Hong Kong and no action has been taken in Hong Kong to authorise or register this Offer Document or to permit the distribution of this Offer Document or any document issued in connection with it.

The Placement Shares have not been, may not be, and will not be, offered or sold in Hong Kong to any person in Hong Kong, by means of this Offer Document or any document, other than (i) to “professional investors” as defined in the SFO and any rules made thereunder (including, but not limited to the Securities and Futures (Professional Investor) Rules (Chapter 571D of the Laws of Hong Kong)), and/or (ii) in other circumstances which do not result in this Offer Document being a “prospectus” as defined in the C(WUMPO), or which do not constitute an offer to the public within the meaning of that ordinance. No advertisement, invitation or document relating to the Placement Shares has been or may be issued or has been or may be in the possession of any person, for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Placement Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made thereunder (including but not limited to the Securities and Futures (Professional Investor) Rules (Chapter 571D of the Laws of Hong Kong)).

Acceptance of Selling Restrictions

You are advised to exercise caution in relation to the Placement. If you are in any doubt about any of the contents of this Offer Document, you should obtain independent professional advice.

By accepting this Offer Document, you agree to be bound by the foregoing limitations. No part of this Offer Document may be (a) copied, photocopied or duplicated in any form by any means; or (b) distributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose.

MARKET AND INDUSTRY INFORMATION

This Offer Document includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information.

While we, the Sponsor and Issue Manager and the Co-Placement Agents have taken reasonable steps to ensure that the information is extracted accurately and in its proper context, we cannot ensure the accuracy of the information or data and we, the Sponsor and Issue Manager and the Co-Placement Agents, and any of our or their affiliates or advisers have not independently verified any of the information or data from third party sources or ascertained the underlying assumptions relied upon therein. Consequently, none of us, the Sponsor and Issue Manager, or the Co-Placement Agents, or our or their respective officers, agents, employees and advisers makes any representation as to the accuracy or completeness of such information or data and shall not be obliged to provide any updates on the same.

DETAILS OF THE PLACEMENT

LISTING ON CATALIST

A copy of this Offer Document has been lodged with and registered by the SGX-ST, acting as agent on behalf of the Authority. Registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority, does not imply that the SFA, the Catalist Rules or any other legal or regulatory requirements, have been complied with. Each of the Authority and/or the SGX-ST has not, in any way, considered the merits of our existing issued Shares or the Placement Shares being offered or in respect of which an invitation is made, for investment. We have not lodged or registered this Offer Document in any other jurisdiction.

An application has been made to the SGX-ST for permission to deal in, and for the listing and quotation of, all our Shares that are already issued, the Placement Shares, the PPCF Shares and the Performance Shares, on Catalist. Such permission will be granted when our Company has been admitted to Catalist. Our acceptance of applications and the allotment of the Placement Shares will be conditional upon, amongst others, the completion of the Placement, which is subject to certain conditions, including permission being granted by the SGX-ST to deal in, and for quotation of, all our Shares already issued, the Placement Shares, the PPCF Shares and the Performance Shares, on Catalist. Monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, if the completion of the Placement does not occur because the said permission is not granted or for any reason, and the applicant will not have any claim against us, the Sponsor and Issue Manager or the Co-Placement Agents.

No Shares will be allotted and/or allocated on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission to Catalist but relies on the Sponsor confirming that our Company is suitable to be listed and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has in any way considered the merits of the Placement Shares being offered for investment. Admission to Catalist is not to be taken as an indication of the merits of the Placement, our Company, our subsidiaries, our Associated Companies, our existing issued Shares, the Placement Shares, the PPCF Shares and/or the Performance Shares.

Notification under Section 309B of the SFA: The Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

We are subject to the provisions of the SFA, the SFR and the Catalist Rules regarding the contents of this Offer Document and/or corporate disclosure. In particular, if after the registration of this Offer Document but before the close of the Placement, we become aware of:

- (a) a false or misleading statement or matter in this Offer Document;
- (b) an omission from this Offer Document of any information that should have been included in it under the requirements of Section 243 of the SFA; or
- (c) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority, and which would have been required by the requirements of Section 243 of the SFA to be included in this Offer Document if it had arisen before this Offer Document was lodged,

DETAILS OF THE PLACEMENT

and that is materially adverse from the point of view of an investor, we may, in consultation with the Sponsor and Issue Manager and the Co-Placement Agents, lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority.

In the event that a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Placement shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the Placement Shares and:

- (a) where the Placement Shares have not been issued to the applicants, we shall either:
 - (i) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or
 - (iii) (A) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled; and (B) we shall within seven days from the date of lodgement of the supplementary or replacement offer document, return all monies paid in respect of any application (without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk and without any right or claim against us, the Sponsor and Issue Manager or the Co-Placement Agents); or
- (b) where the Placement Shares have been issued to the applicants but trading has not commenced, we shall either:
 - (i) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us the Placement Shares which they do not wish to retain title in; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us the Placement Shares, which they do not wish to retain title in; or
 - (iii) (A) treat the issue of the Placement Shares as void, in which case the issue of the Placement Shares shall be deemed void; and (B) we shall return all monies paid in respect of any application (without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk and without any right or claim against us, the Sponsor and Issue Manager or the Co-Placement Agents).

DETAILS OF THE PLACEMENT

Any applicant who wishes to exercise his option under paragraph (a)(i) or (a)(ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we shall, within seven days from the receipt of such notification, return the application monies without interest or any share of revenue or other benefit arising therefrom and at his own risk, and he will not have any claim against our Company, the Sponsor and Issue Manager or the Co-Placement Agents.

An applicant who wishes to exercise his option under paragraph (b)(i) or (b)(ii) to return the Placement Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Placement Shares to us, whereupon we shall, within seven days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the issue of those Placement Shares shall be deemed to be void, and he will not have any right or claim against our Company, the Sponsor and Issue Manager or the Co-Placement Agents.

Pursuant to Section 242 of the SFA, the Authority and/or the SGX-ST, acting as agent on behalf of the Authority, may, in certain circumstances issue a stop order (the “**Stop Order**”) to our Company, directing that no Shares or no further Shares to which this Offer Document relates, be allotted or issued. Such circumstances will include a situation where this Offer Document (i) contains any statement or matter which, in the Authority’s opinion, is false or misleading, (ii) omits any information that should have been included in it under the SFA, (iii) does not, in the Authority’s opinion, comply with the requirements of the SFA, or (iv) the Authority is of the opinion that it is in the public interest to do so.

In the event that the Authority and/or the SGX-ST, acting as agent on behalf of the Authority, issues a Stop Order and applications to subscribe for the Placement Shares have been made prior to the Stop Order, then:

- (a) where the Placement Shares have not been issued to the applicants, the applications for the Placement Shares shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Placement Shares; or
- (b) where the Placement Shares have been issued to the applicants, the issue of the Placement Shares shall be deemed to be void and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies paid by them for the Placement Shares.

Such monies paid in respect of an application will be returned to the applicants at their own risk, without interest or any share of revenue or other benefit arising therefrom, and they will not have any right or claims against our Company, the Sponsor and Issue Manager or the Co-Placement Agents.

This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and all expressions of opinion, intention and expectation in this Offer Document are fair and accurate in all material aspects as at the date of this Offer Document and that there are no material facts the omission of which would make any statements in this Offer Document misleading, and that this Offer Document constitutes full and true disclosure of all material facts about the Placement and our Group. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this Offer Document in its proper form and context.

Neither our Company nor the Sponsor and Issue Manager nor the Co-Placement Agents, nor any other parties involved in the Placement is making any representation to any person regarding the legality of an investment by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other advisers for business, legal or tax advice regarding an investment in our Shares.

DETAILS OF THE PLACEMENT

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Placement and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Sponsor and Issue Manager or the Co-Placement Agents. Neither the delivery of this Offer Document and the Application Forms nor any documents relating to the Placement, nor the Placement shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of our Company or our subsidiaries or in any statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we will comply with the relevant provisions and, if required, make an announcement of the same to the SGX-ST and to the public and/or lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority. You should take note of any such announcement and, upon release of such an announcement, shall be deemed to have been given notice of such changes.

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies. The Placement Shares are offered for subscription solely on the basis of the instructions contained and representations made in this Offer Document.

This Offer Document has been prepared solely for the purpose of the Placement and may not be relied upon by any persons other than the applicants in connection with their application for the Placement Shares or for any other purpose.

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.

Copies of this Offer Document and the Application Forms may be obtained on request, subject to availability during office hours, from:

PrimePartners Corporate Finance Pte. Ltd.

16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

CGS-CIMB Securities (Singapore) Pte. Ltd.

10 Marina Boulevard
#09-01 Marina Bay
Financial Centre Tower 2
Singapore 018983

An electronic copy of this Offer Document is also available on the SGX-ST's website, <http://www.sgx.com>.

The Placement will be open from 19 April 2022 (immediately upon the registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority (the "Registration")) to 27 April 2022.

The Application List will open immediately upon the Registration and will remain open until 12.00 noon on 27 April 2022 or for such further period or periods as our Directors may, in consultation with the Sponsor and Issue Manager and the Co-Placement Agents, in their absolute discretion decide, subject to any limitation under all applicable laws and regulations. In the event a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.

Details of the procedures to subscribe for the Placement Shares are set out in the section entitled "Appendix E – Terms, Conditions and Procedures for Application and Acceptance" of this Offer Document.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable on the trading of our Shares is set out below:

INDICATIVE DATE AND TIME	EVENT
19 April 2022, (immediately upon registration of this Offer Document)	Open of Placement
27 April 2022, 12.00 noon	Close of Application List
29 April 2022, 9.00 a.m.	Commence trading on a “ready” basis
5 May 2022	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative and is subject to change at our discretion, with the agreement of the Sponsor and Issue Manager and the Co-Placement Agents. We may, at our discretion in consultation with the Sponsor and Issue Manager and the Co-Placement Agents, subject to all laws and regulations and the Catalist Rules, agree to extend or shorten the Placement period, provided that the Placement period may not be less than two (2) clear Market Days. The above timetable assumes that the date of closing of the Application List will be on 27 April 2022, the date of admission of our Company to the Official List of Catalist will be on 29 April 2022, the SGX-ST’s shareholding spread requirement will be complied with and the Placement Shares will be issued on a fully paid-up basis prior to 9.00 a.m. on 29 April 2022. The actual date on which our Shares will commence trading on a “ready” basis will be announced when it is confirmed by the SGX-ST.

The above timetable and procedures may be subject to such modification(s) as the SGX-ST may, in its absolute discretion, decide, including the decision to permit commencement of trading on a “ready” basis and the commencement date of such trading. The commencement of trading on a “ready” basis will be entirely at the discretion of the SGX-ST. All persons trading in our Shares before their Securities Accounts with CDP are credited with the relevant number of Shares do so at the risk of selling Shares which neither they nor their nominees, as the case may be, have been allotted or are otherwise beneficially entitled to.

In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same:

- (a) through an SGXNET announcement to be posted on the Internet at the SGX-ST’s website at <http://www.sgx.com>; and
- (b) in a major English newspaper in Singapore.

We will publicly announce the level of subscription and the results of the distribution of the Placement Shares pursuant to the Placement, as soon as it is practicable after the close of the Application List through channels in (a) and (b) above.

Our Company, the Sponsor and Issue Manager and the Co-Placement Agents reserve the right to reject or accept, in whole or in part, or to scale down, any application for the Placement Shares, without assigning any reason therefor, and no enquiry and/or correspondence on our decision will be entertained. In deciding the basis of allotment, which shall be at the discretion of our Company, the Sponsor and Issue Manager and the Co-Placement Agents, due consideration will be given to the desirability of allotting the Placement Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

You should consult the SGXNET announcement on the “ready” trading date released on the Internet (at the SGX-ST’s website at <http://www.sgx.com>) or the newspapers, or check with your brokers on the date on which trading on a “ready” basis will commence.

PLAN OF DISTRIBUTION

THE PLACEMENT

The Placement is for 25,238,000 Placement Shares offered in Singapore and the Listing is managed and sponsored by PPCF. The Placement is not underwritten.

Prior to the Placement, there has been no public market for our Shares. The Placement Price is determined by us, in consultation with the Sponsor and Issue Manager and the Co-Placement Agents, taking into account, *inter alia*, prevailing market conditions and the estimated market demand for the Placement Shares, determined through a book-building process. The Placement Price is the same for all Placement Shares and is payable in full on application.

Pursuant to the Sponsorship and Management Agreement entered into between us and PPCF, details of which are set out in this section and in the section entitled “*General and Statutory Information – Management and Placement Arrangements*” of this Offer Document, our Company has appointed PPCF and PPCF has agreed to manage and to act as full sponsor for the Listing. PPCF will receive management fees for its services rendered in connection with the Placement.

PLACEMENT SHARES

The Placement Shares are made available to members of the public and institutional investors who may apply through their brokers or financial institutions by way of the Application Forms. Applications for the Placement Shares may only be made by way of printed Application Forms as described in the section entitled “*Appendix E – Terms, Conditions and Procedures for Application and Acceptance*” of this Offer Document.

Pursuant to the Placement Agreement entered into between us and the Co-Placement Agents as set out in this section and the section entitled “*General and Statutory Information – Management and Placement Arrangements*” of this Offer Document, we have appointed PPCF and CGS-CIMB as the Co-Placement Agents and the Co-Placement Agents have agreed to procure subscribers for the Placement Shares for a placement commission of 3.5% of the Placement Price, payable by us, for the total number of Placement Shares successfully subscribed for. Subject to any applicable laws and regulations, our Company agrees that the Co-Placement Agents shall be at liberty at their own expense to appoint one or more sub-placement agents under the Placement Agreement upon such terms and conditions as the Co-Placement Agents may deem fit.

Subscribers of the Placement Shares may be required to pay brokerage or selling commission of 1.0% of the Placement Price (and the prevailing GST thereon, if applicable) to the Co-Placement Agents or any other sub-placement agent that may be appointed by the Co-Placement Agents, as well as stamp duties and other charges.

SUBSCRIPTION FOR THE PLACEMENT SHARES

As at the date of this Offer Document, to the best of our knowledge and belief (a) none of our Directors or Controlling Shareholders intend to subscribe for the Placement Shares pursuant to the Placement; and (b) we are not aware of any person who intends to subscribe for more than 5.0% of the Placement Shares.

However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate an interest to subscribe for more than 5.0% of the Placement Shares. If such person(s) were to make an application for more than 5.0% of the Placement Shares and are subsequently allotted such number of Shares, we will make the necessary announcements at an appropriate time. The final allotment of Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 406 of the Catalist Rules.

No Shares shall be allotted and issued on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

PLAN OF DISTRIBUTION

MANAGEMENT AND PLACEMENT ARRANGEMENTS

Sponsorship and Management Agreement

Pursuant to the Sponsorship and Management Agreement dated 19 April 2022 entered into between our Company and the Sponsor and Issue Manager, our Company appointed PPCF to manage and sponsor the Listing. PPCF will receive management fees from our Company for its services rendered in connection with the Placement. PPCF shall be entitled to immediately terminate the Sponsorship and Management Agreement by giving notice in writing of such intention to our Company, if prior to 9.00 a.m. on the Listing Date:

- (a) the Sponsor and Issue Manager becomes aware of any material inaccuracy or misrepresentation by our Company and/or their respective agent(s) or any material breach of any of the warranties, representations, covenants or undertakings given by our Company to the Sponsor and Issue Manager in the Sponsorship and Management Agreement; or
- (b) there shall have been or come into effect, since the date of the Sponsorship and Management Agreement, in any relevant jurisdiction, save as disclosed in this Offer Document, any introduction or prospective introduction of or any change in any statute, regulation, order, policy or directive (whether or not having the force of law and including without limitation, any directive or request issued by the SGX-ST) or in the interpretation or application thereof of any court or other competent authority which shall in the reasonable opinion of the Sponsor and Issue Manager (i) be likely to prejudice the success of the subscription, placement or issue of the Placement Shares (whether in the primary market or in respect of dealings in the secondary market) or be likely to have a material adverse effect on the placement of the Placement Shares, or (ii) be likely to have a material adverse effect on the business, trading position, operations or prospects of our Company or of our Group as a whole, or (iii) make it impracticable or inadvisable to proceed with the subscription, sale, placement, issue or transfer of the Placement Shares, or (iv) be such that no reasonable full sponsor or issue manager would have entered into the Sponsorship and Management Agreement, or (v) result in a material fluctuation or material adverse conditions in the SGX-ST which event(s) shall in the reasonable opinion of the Co-Placement Agents exercised in good faith be likely to have a material adverse effect on the Placement, or (vi) make it uncommercial or otherwise contrary to or outside the usual commercial practices in Singapore for the Sponsor and Issue Manager to observe or perform or be obliged to observe or perform the terms of the Sponsorship and Management Agreement; or
- (c) there is a conflict of interest for the Sponsor and Issue Manager, or any dispute, conflict or disagreement with our Company or our Company wilfully fails to comply with any advice from or recommendation of the Sponsor and Issue Manager.

Placement Agreement

Pursuant to the Placement Agreement dated 19 April 2022 entered between our Company, PPCF and CGS-CIMB, our Company has appointed PPCF and CGS-CIMB as the Co-Placement Agents to subscribe and/or procure subscriptions for the Placement Shares for a placement commission of 3.5% of the Placement Price payable by our Company for the total number of Placement Shares successfully subscribed for. Subject to any applicable laws and regulations, the Co-Placement Agents may, at their absolute discretion, appoint one or more sub-placement agents for the Placement.

The Placement Agreement and the obligations of the Co-Placement Agents under the Placement Agreement are conditional upon, amongst others:

- (a) such approvals as may be required for the transactions described in the Placement Agreement and in the Offer Document in relation to the Listing and the Placement being obtained, and not withdrawn or amended, on or before the date on which our Company is admitted to Catalist (or such other date as our Company and the Co-Placement Agents may agree in writing);
- (b) the compliance by our Company with all applicable laws and regulations concerning the Listing and the Placement, the admission of our Company to Catalist and the listing and quotation of all the issued Shares, the Placement Shares, the PPCF Shares, and the Performance Shares on Catalist

PLAN OF DISTRIBUTION

and the transactions contemplated in the Placement Agreement and this Offer Document and no new laws, regulations and directives having been promulgated, published and/or issued and/or having taken effect or any other similar matter having occurred which, in the opinion of the Co-Placement Agents, has or may have a material adverse effect on the Placement and the Listing; and

- (c) there not having occurred, in the reasonable opinion of the Co-Placement Agents, any material adverse change or any development likely to result in a material adverse change, whether individually or in the aggregate, and whether or not arising in the ordinary course of business, on (i) the condition (financial or otherwise), results of operations, financial position, management, assets, prospects and/or business of our Group, taken as a whole, whether or not arising in the ordinary course of business, or (ii) the ability of our Company to perform in any material respect its obligations under or with respect to, or to consummate the transactions contemplated by the Placement Agreement and this Offer Document, whether or not arising from transactions in the ordinary course of business, or (iii) on the ability of our Company or any of our Group Companies to conduct its businesses and to own or lease our assets and properties as described in the Placement Agreement, or (iv) on the Placement, subsequent to the date of the Placement Agreement which, in the reasonable opinion of the Co-Placement Agents, is or is likely to be materially adverse in the context of the Placement or is reasonably likely to prejudice materially the success of the Placement or dealings in the secondary market nor the occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any material respect or misleading, as at the date of closing of the Application List, any of the warranties or representations nor any breach by our Company of any of its obligations under the Placement Agreement.

Other than pursuant to the Placement Agreement, there are no contracts, agreements or understandings between our Company and any person or entity that would give rise to any claim for brokerage commission, finder's fees or other payments in connection with the subscription of the Placement Shares.

Save as aforesaid, no commission, discount or brokerage, has been paid or other special terms granted within the two years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures in our Company.

Pursuant to the Sponsorship and Management Agreement and the Placement Agreement, our Company will hold the Sponsor and Issue Manager, and the Co-Placement Agents, their affiliates and they and their affiliates' respective directors, officers, representatives, employees and agents ("**Indemnified Parties**") fully and effectively indemnified against all liabilities, costs, and expenses arising out of any claim brought or threatened to be brought against any of them in relation to the Placement and the Listing (whether or not such claim is successful, compromised or settled) for whatsoever reasons, including but not limited to:

- (a) any failure by our Company to comply with the Catalist Rules and/or any statute or statutory regulation, governmental or ministerial order or decree, or decision or circular of the SGX-ST or any other authority (including without limitation to the foregoing, any directive or order by the Authority or the SGX-ST pursuant to the SFA and the Catalist Rules);
- (b) this Offer Document (or any amendment or supplement thereto) and/or the offering materials not containing all information material in the context of the Placement, the Placement Shares or any statement contained therein or in any information which is otherwise supplied by our Company to the Sponsor and Issue Manager or Co-Placement Agents in connection with the Placement being untrue or incorrect in any material respect or misleading;
- (c) the performance by the Sponsor and Issue Manager and the Co-Placement Agents of its obligations under the Sponsorship and Management Agreement and the Placement Agreement respectively or in connection with the Placement;
- (d) any misrepresentation contained in this Offer Document; and

PLAN OF DISTRIBUTION

- (e) any breach or alleged breach by our Company of any of the representations and warranties contained in the Sponsorship and Management Agreement or the Placement Agreement or in any officers' certificates provided by any officer of our Company, of any of their obligations contained in the Sponsorship and Management Agreement or the Placement Agreement,

including in any such case (but without prejudice to the generality of the foregoing) all costs, charges and expenses which the Indemnified Parties may incur or bear in disputing any such claim made against them or in establishing any claim on their part under the foregoing provisions, in each case except in relation to any claim arising out of the wilful default, omissions, fraud, misconduct, malice or gross negligence of the Sponsor and Issue Manager or Co-Placement Agents, as the case may be. For the avoidance of doubt, the indemnity contained in:

- (a) the Sponsorship and Management Agreement is without prejudice to the right of termination of the Sponsor and Issue Manager under the Sponsorship and Management Agreement; and
- (b) the Placement Agreement is without prejudice to the right of termination of the Co-Placement Agents under the Placement Agreement.

The Sponsorship and Management Agreement and the Placement Agreement are each conditional upon the other not being terminated or rescinded pursuant to the provisions of the Sponsorship and Management Agreement and the Placement Agreement (as the case may be), and may be terminated on the occurrence of certain events, including those specified above. In the event that the Sponsorship and Management Agreement or the Placement Agreement is terminated, our Company reserves the right, at the absolute discretion of our Directors, to cancel the Placement.

INTERESTS OF PPCF

In the reasonable opinion of our Directors, PPCF does not have a material relationship with our Company, save as disclosed below and in this section and the section entitled "*General and Statutory Information – Management and Placement Arrangements*" of this Offer Document:

- (a) PPCF is the Sponsor and Issue Manager, and Co-Placement Agent in relation to the Listing;
- (b) PPCF will be the continuing sponsor of our Company for a period of three years from the date our Company is admitted and listed on the Catalist pursuant to the Continuing Sponsorship Agreement;
- (c) pursuant to the Sponsorship and Management Agreement and as part of PPCF's management fees as the Sponsor and Issue Manager, our Company allotted and issued to PPCF 1,500,000 PPCF Shares, representing 1.1% of the enlarged issued and paid-up share capital of our Company immediately prior to the Placement, at the Placement Price for each PPCF Share. After the expiry of the relevant moratorium period as set out in the section entitled "*Shareholders – Moratorium*" of this Offer Document, PPCF may dispose its shareholding interests in our Company at its discretion; and
- (d) PPCF is the continuing sponsor of LHN Limited, our indirect Controlling Shareholder.

INTERESTS OF CGS-CIMB

In the reasonable opinion of our Directors, CGS-CIMB does not have a material relationship with our Company, save that CGS-CIMB is the Co-Placement Agent in relation to the Listing and as disclosed in this section and in the section entitled "*General and Statutory Information – Management and Placement Arrangements*" of this Offer Document.

OFFER DOCUMENT SUMMARY

The information contained in this summary is derived from, and should be read in conjunction with, the full text of this Offer Document. As it is a summary, it does not contain all of the information that prospective investors should consider before investing in our Shares. Prospective investors should read this entire Offer Document carefully, especially the section entitled “Risk Factors” of this Offer Document and our financial statements and related notes before deciding on whether or not to invest in our Shares.

Under no circumstances should any information in this summary be regarded as a representation or warranty by our Company, the Sponsor and Issue Manager or the Co-Placement Agents that such information will not change.

OUR COMPANY

Our Company was incorporated on 24 August 2021 in Singapore under the Companies Act as an investment holding private limited company under the name of “LHN Logistics Pte. Ltd.”. Our Company’s registration number is 202129609C. Our Company was converted into a public company limited by shares and renamed as “LHN Logistics Limited” on 4 April 2022. Pursuant to the Restructuring Exercise, we became the holding company for all of our subsidiaries and Associated Companies.

For more information, please refer to the sections entitled “*Restructuring Exercise*” and “*Group Structure*” of this Offer Document.

OUR BUSINESS

We are a logistics services group founded in 2003 with an operating history of approximately 19 years as at the Latest Practicable Date and two principal business segments, namely, our Transportation Business and our Container Depot Services Business. Our Transportation Business and our Container Depot Services Business are not inter-dependent and they primarily serve different customer groups.

(a) Transportation Business

Under our Transportation Business, through our fleet of customised and licensed prime movers and trailers, we provide ISO tank and container transportation services for various petrochemical products, base oils, bitumen and bulk cargo to our customers in Singapore. In 2019, we commenced cross-border transportation services for our customers between Singapore and Malaysia where our Malaysian registered vehicle fleet will transport ISO tanks and containers between major petrochemical industries located in Jurong Island, Pasir Gudang, Kuantan and Port Klang.

We transport ISO tanks and containers between ports, petrochemical manufacturers, bulk petrochemical storage terminals and our customers’ designated destinations in Singapore and Malaysia. Our primary customers are international ISO tank operators, chemical traders, freight forwarders and chemical branches of oil majors. ISO tanks and containers transported by us are typically filled with various chemical intermediates for industrial feedstock and specialty chemicals with precise applications, such as lubricants, surfactants and detergents. We also offer ancillary services such as customs clearance and permit declaration services in both Singapore and Malaysia to support the supply chain demands of our customers.

As at the Latest Practicable Date, we own a fleet of 74 prime movers and 356 trailers in Singapore and Malaysia. We carry out our transportation operations at our logistics property located at 7 Gul Avenue in Singapore, as well as a leased logistics parking yard located at 18 Penjuru Road in Singapore. We also operate from three leased logistics parking yards located in Johor Bahru, Seremban and Port Klang in Malaysia.

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(b) **Container Depot Services Business**

Under our Container Depot Services Business, we provide container depot management services in Singapore and container depot services to customers in Singapore and Thailand.

Such container depot management services and container depot services include providing our customers with container storage, container surveying, container cleaning, and container repair and maintenance services for general purpose and refrigerated containers. Thereafter, the surveyed containers are picked up by our customers or by their logistics forwarders. Our major customers include major shipping lines and container leasing companies.

As at the Latest Practicable Date, we operate two container depots in Singapore located at 27 Benoi Sector and 9 Gul Circle, with an aggregate capacity of up to 8,200 TEUs at any given time. With effect from May 2022, the operations at the depot at 27 Benoi Sector will be moved to the depot at 9 Gul Circle. It is anticipated that the operations area at the depot at 9 Gul Circle will be expanded to accommodate the containers currently stored at the depot at 27 Benoi Sector. We also operate two container depots in Thailand, the Laem Chabang Depot and the Bangkok Depot, with an aggregate capacity of up to 19,000 TEUs at any given time. The average monthly utilisation rates of the Laem Chabang Depot (with a maximum capacity of 10,500 TEU) for FY2019, FY2020 and FY2021 are approximately 27%, 24% and 14% respectively, and the average monthly utilisation rates of the Bangkok Depot (with a maximum capacity of 8,500 TEU) for FY2019, FY2020 and FY2021 are approximately 1%, 3% and 6% respectively. The utilisation rate of the Laem Chabang Depot declined from FY2019 to FY2021 as a result of the COVID-19 pandemic, which resulted in shipping delays as shipping containers were stranded in key trade locations such as the United States of America and the PRC. The revenue generated from the Laem Chabang Depot and Bangkok Depot for FY2021, being our most recently completed financial year, contributed 10% and 4% respectively to the total revenue of our Group.

As at the Latest Practicable Date, we are undertaking preparatory works to establish our overseas container depot in Yangon, Myanmar and have obtained a certificate of incorporation, certificate of exporter / importer registration, as well as a commercial tax registration certificate. We have also entered into a lease arrangement for a property in Yangon, Myanmar, although the lease term will only commence as and when we have obtained all requisite licences, permits and approvals under Myanmar law for the container depot to become fully operational. Our Group is in the process of applying for and obtaining all the requisite business licences, permits and approvals for operations in Myanmar. Our Group will not commence operations in Myanmar until such time where all requisite licences, permits and approvals under Myanmar law have been obtained. For further details on the preparatory works undertaken in Myanmar as at the Latest Practicable Date, please refer to the sections entitled “*General Information on Our Group – Licences, Permits, Approvals, Certifications and Government Regulations*” and “*General Information on Our Group – Properties and Fixed Assets*” of this Offer Document.

Please refer to the section entitled “*General Information on Our Group – Our Business*” of this Offer Document for more details.

OUR COMPETITIVE STRENGTHS

Our Directors believe that the following competitive strengths have enabled and will continue to enable us to harness the growth potential of our Group and to compete effectively in the industries in which we operate:

- **We have an established track record and reputation**

We have an established track record and reputation in the logistics business. We began by providing transportation services for base oil and bitumen in 2003, followed by petrochemical products in 2009, and expanded into providing container depot services and container depot management services in 2013. Our focus on providing quality services coupled with continuous

OFFER DOCUMENT SUMMARY

client engagement has enabled us to establish a strong customer base across industries. We have established long working relationships with several customers over the years. In particular, we have been maintaining business relationships with our five largest customers that range from approximately three to 12 years as at the Latest Practicable Date.

We operate our Transportation Business with a strong emphasis on safety and reliability, and have implemented safety measures which include setting up in-vehicle safety installations, such as fire extinguishers, fire shields, spill kits and a first aid box, as well as conducting random breathalyser and drug tests on our drivers. Our own emergency response vehicle is also on standby in case of accidents or breakdowns of our transportation vehicles. Our drivers are provided with regular training on safety issues, and we conduct regular vehicle and equipment inspections to ensure that our transportation vehicles are in good working order. We have been awarded with ISO certifications, namely, ISO 45001:2018 Occupational Health and Safety Management System Certificate for Occupational Health and Safety Management System and ISO 9001:2015 Quality Management System Certificate for Bulk Transportation of Chemicals and General Cargo, as well as bizSAFE Level 3 and bizSAFE Star certifications in respect of our workplace safety and health management systems for our Container Depot Services Business and our Transportation Business respectively.

In respect of our Container Depot Services Business, we have developed a reputation for our fast turnaround times and consistent service throughout our regional network of container depots, and our automated container management system allows our customers global access to automated Electronic Data Interchange. In order to stay competitive in the market, we believe our emphasis on safety measures and service quality has contributed, and will continue to contribute, to our continued success in earning our customers' confidence in our services, which is essential to our long-term development in the logistics industry.

- **We own a fleet of vehicles to carry out our transportation services**

As at the Latest Practicable Date, we own a fleet of 74 prime movers and 356 trailers in Singapore and Malaysia. Owning the aforementioned fleet gives us the advantage of being able to handle our customers' orders and cater for sudden spikes in demand for our transportation services. As our customers consider service reliability, consistency and punctuality as key factors to their choice of outsourcing contractors, our significant fleet size would ensure that their transportation needs are met.

- **We operate in various regions with our cross-border capabilities and serve a diverse customer base**

We operate our Transportation Business both in Singapore and Malaysia by providing ISO tank and container transportation services for various petrochemical products, base oils, bitumen and bulk cargo to our customers in Singapore, and cross-border transportation services for our customers between Singapore and Malaysia where our Malaysian registered vehicle fleet will transport ISO tanks and containers between major petrochemical industries located in Jurong Island, Pasir Gudang, Kuantan and Port Klang. Our Container Depot Services Business has a presence in Singapore and Thailand. Our diversified geographical coverage and customer base enables us to cater to various customers and industries, giving more scalability in business. In addition, our regional focus enables us to leverage on growth markets and build an extensive business network in the ASEAN region to better support our customers and achieve sustainable growth for our Group.

- **We have an experienced and dedicated management team with extensive industry knowledge**

We have an experienced management team with extensive knowledge of the logistics industry. Our management team is headed by our Executive Director and Managing Director (Transportation Business), Mr. Lin Kaixian, and our Executive Officer and Managing Director (Container Depot Services Business), Mr. Hew Chee Fatt.

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Prior to his appointment as Managing Director (Transportation Business), Mr. Lin Kaixian had been managing our Group's Transportation Business as a senior manager for more than five years, and has accumulated approximately 15 years of experience in the transportation services industry. He is supported by a team of five senior staff, who in aggregate have over 10 years of experience in the industry. Similarly, Mr. Hew Chee Fatt, who has over 20 years of experience in the container depot services industry, has been managing our Group's Container Depot Services Business for more than eight years and is supported by a team of four senior executives, who in aggregate have over 10 years of experience in the industry. Mr. Khaw Shee Kai, our Financial Controller, oversees all the financial matters of our Group. Together, they spearhead the formulation of our business strategies and expansion plans, and are closely supported by a pool of committed and qualified managers and staff. We believe that the extensive experience of our management team, and their industry knowledge and in-depth understanding of the logistics industry, enable us to assess market trends effectively, as well as to operate and manage our business efficiently.

- **We have longstanding working relationships with our broad range of suppliers**

We believe that one of the key factors to our success is our longstanding working relationship with our suppliers, such as vehicle fleet maintenance providers and diesel providers for our Transportation Business, and stacker machine providers for our Container Depot Services Business, who are able to provide us with goods and services in accordance with our specifications. Our five largest suppliers have business relationships with us that range from approximately five to 12 years as at the Latest Practicable Date. Moreover, having longstanding working relationships with a broad range of suppliers is also advantageous as we have a diversified pool to select from, thus avoiding any unnecessary interruptions in our provision of services to customers and enabling us to ensure that we are able to procure goods and services at market price.

SUMMARY OF OUR COMBINED FINANCIAL INFORMATION

The following summary combined financial information should be read in conjunction with the full text of this Offer Document, including the sections entitled "*Management's Discussion and Analysis of Results of Operations and Financial Position*" and "*Appendix A – Independent Auditor's Report and the Audited Combined Financial Statements for the Financial Years Ended 30 September 2019, 2020 and 2021*" of this Offer Document.

OFFER DOCUMENT SUMMARY

Selected Items from the Combined Statements of Comprehensive Income of our Group

(\$'000)	FY2019 (Audited)	FY2020 (Audited)	FY2021 (Audited)
Revenue	24,937	25,189	27,181
Cost of sales	(15,815)	(17,053)	(18,272)
Gross profit	9,122	8,136	8,909
Other income	736	1,307	1,065
Expenses			
- Distribution and marketing expenses	(88)	(59)	(59)
- Administrative expenses	(4,994)	(5,214)	(5,109)
Other operating expenses			
- Impairment loss on trade receivable	-	(14)	(34)
- Others	-	(104)	(121)
Finance cost	(294)	(597)	(633)
Share of result of associates, net of tax	508	511	698
Profit before income tax	4,990	3,966	4,716
Income tax expense	(710)	(572)	(732)
Profit for the year	4,280	3,394	3,984
Profit attributable to:			
Equity holders of our Company	3,766	2,853	3,323
Non-controlling interests	514	541	661
	4,280	3,394	3,984
Other comprehensive income/(loss)			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Currency translation differences arising from consolidation	46	(37)	(63)
<u>Items that will not be reclassified subsequently to profit or loss</u>			
Revaluation gain on property, plant and equipment	-	-	921
Other comprehensive income for the year	46	(37)	858
Total comprehensive income for the year	4,326	3,357	4,842
Total comprehensive income attributable to:			
Equity holders of our Company	3,786	2,836	4,217
Non-controlling interests	540	521	625
	4,326	3,357	4,842
Pre-Placement EPS (cents) ⁽¹⁾⁽²⁾	2.64	2.00	2.33
Post-Placement EPS (cents) ⁽³⁾	2.25	1.70	1.98

Notes:

- (1) Had the Service Agreements been in effect since 1 October 2020, the profit for the year, profit attributable to equity holders of our Company and EPS for FY2021 computed based on our Company's pre-Placement issued and paid-up share capital of 142,440,800 Shares would have been approximately S\$3.6 million, S\$3.0 million and 2.11 cents respectively.
- (2) For illustrative purposes, the pre-Placement EPS for the Period Under Review have been computed based on the profit attributable to equity holders of our Company and our Company's pre-Placement issued and paid-up share capital of 142,440,800 Shares.
- (3) For illustrative purposes, the post-Placement EPS for the Period Under Review have been computed based on the profit attributable to equity holders of our Company and our Company's post-Placement issued and paid-up share capital of 167,678,800 Shares.

OFFER DOCUMENT SUMMARY

Selected Items from the Combined Balance Sheets of our Group

(S\$'000)	As at 30 September		
	2019 (Audited)	2020 (Audited)	2021 (Audited)
ASSETS			
Current assets			
Cash and bank deposits	2,402	4,566	5,121
Trade and other receivables	6,010	5,376	5,729
Tax recoverable	402	–	–
Prepayments	332	304	132
Inventory	3	31	44
	9,149	10,277	11,026
Non-current assets			
Property, plant and equipment	2,148	14,615	15,296
Right-of-use assets	8,767	11,841	11,360
Intangible assets	108	40	–
Investment in associates	306	148	238
Deferred income tax assets	50	9	–
	11,379	26,653	26,894
Total assets	20,528	36,930	37,920
LIABILITIES			
Current liabilities			
Trade and other payables	4,225	3,463	2,273
Current income tax liabilities	138	472	449
Bank borrowings	87	1,678	2,234
Lease liabilities	2,211	2,300	2,014
	6,661	7,913	6,970
Non-current liabilities			
Deferred tax liabilities	13	27	157
Bank borrowings	36	10,401	9,635
Lease liabilities	4,914	7,228	6,455
	4,963	17,656	16,247
Total liabilities	11,624	25,569	23,217
NET ASSETS	8,904	11,361	14,703
EQUITY			
Share capital	1,409	1,409	1,409
Reserves	6,058	8,114	11,031
Capital and reserves attributable to equity holders of our Company	7,467	9,523	12,440
Non-controlling interests	1,437	1,838	2,263
Total equity	8,904	11,361	14,703

OFFER DOCUMENT SUMMARY

OUR BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans for the continued growth of our business are as follows:

- to increase our scale of operations by growing our transportation fleet;
- to expand and enhance our value added transportation services; and
- to expand our operations into new markets.

A detailed discussion of our business strategies and future plans is set out in the section entitled “*General Information on Our Group – Business Strategies and Future Plans*” of this Offer Document.

OUR PROSPECTS

Going forward, in light of our competitive strengths and barring any unforeseen circumstances, our Directors are confident of the prospects and outlook of our business for the next 12 months from the Latest Practicable Date, due to the following factors:

- robust recovery in global tank container fleet market despite COVID-19 impact;
- promising growth prospects for Singapore’s chemical industry;
- Singapore’s role as a leading logistics hub with strong government support for the sector;
- Singapore’s position as the world’s busiest container transshipment port with further port development will further boost demand for logistics services; and
- expected increase in manufacturing activities within the ASEAN region providing further tailwinds for regional expansion plans.

A detailed discussion of our prospects is set out in the section entitled “*General Information on our Group – Prospects*” of this Offer Document.

OUR CONTACT DETAILS

Our Company’s registered office is at 10 Raeburn Park #02-15B Singapore 088702. The addresses and contact details of our principal places of business in Singapore, Malaysia and Thailand are as follows:

Transportation Business

Singapore Office

Business Address : 10 Raeburn Park #02-15B
Singapore 088702

Telephone Number : (65) 6269 7466

Facsimile Number : (65) 6368 9886

Email Address : logistics.enquiry@lhnlogistics.com

Container Depot Services Business

Singapore Office

Business Address : 9 Gul Circle
Singapore 629565

Telephone Number : (65) 6253 3035

Facsimile Number : (65) 6253 3087

Email Address : admin.hla@hlacs.com.sg

OFFER DOCUMENT SUMMARY

Transportation Business

Malaysia Office

Business Address : No. 33-02, Jalan Molek 2/1,
Taman Molek, 81100 Johor
Bahru, Johor, Malaysia

Telephone Number : (60) 7 354 6699

Facsimile Number : (60) 7 354 4697

Email Address: : logistics.enquiry@lhnlogistics.com

Website : <https://www.lhnlogistics.com/>

Container Depot Services Business

Thailand Office

Business Address : No. 133/5 Moo. 9
Surasak Subdistrict
Sriracha District
Chonburi Province
20110 Thailand

Telephone Number : (66) 3811 1381

Facsimile Number : (66) 3811 1385

Email Address : admin.hlath@hlacs.com.sg

Website : <https://hlacs.com.sg/>

Information contained on our websites does not constitute part of this Offer Document and should not be relied upon.

THE PLACEMENT

- Placement Size** : 25,238,000 Placement Shares. The Placement Shares will, upon allotment and issuance, rank *pari passu* in all respects with our existing issued Shares.
- Placement Price** : S\$0.20 for each Placement Share, payable in full on application.
- Purpose of the Placement** : Our Directors believe that the listing and quotation of our Shares on Catalist will enhance our public image locally and overseas and enable us to tap the capital markets for the expansion of our business operations.
- The Placement will also provide the members of the public, our management, employees and business associates who have contributed to our success with an opportunity to participate in the equity of our Company. In addition, the proceeds of the issue of the Placement Shares will also provide us with, amongst others, additional capital to finance our business expansion and for general working capital.
- The Placement** : The Placement comprises a placement by the Co-Placement Agents on behalf of our Company of 25,238,000 Placement Shares by way of placement, subject to and on the terms and conditions of this Offer Document. The Placement is not underwritten.
- Listing Status** : Prior to the Placement, there has been no public market for our Shares. Our Shares will be quoted in Singapore dollars on Catalist, subject to admission of our Company to Catalist and permission for dealing in, and for the listing and quotation of, our Shares (including the Placement Shares, the PPCF Shares and the Performance Shares granted under the LHN Logistics Performance Share Plan) being granted by the SGX-ST.
- Risk Factors** : Investing in our Shares involves risks which are described in the section entitled “*Risk Factors*” of this Offer Document.
- Use of Proceeds** : Please refer to the section entitled “*Use of Proceeds and Listing Expenses*” of this Offer Document for more details.

RISK FACTORS

An investment in our Shares involves a number of risks, some of which, including market, liquidity, credit, operational, legal and regulatory risks, could be substantial and are inherent in our business.

Prospective investors should carefully consider and evaluate each of the following risk factors and all other information contained in this Offer Document (including the financial statements and the notes thereto) before deciding to invest in our Shares. Some of the following considerations relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general social, economic, political and regulatory conditions, the securities markets and ownership of our Shares, including possible future dilution in the value of our Shares. These are not the only risks we face. Factors that affect the price of our Shares may change, and the following should not be construed as a comprehensive listing of all the risk factors. There may be additional risks not presently known to us or that we currently believe to be immaterial, which could turn out to be material. Our business, financial performance, results of operations and/or prospects could be materially and adversely affected by any of these risks, should they occur or turn out to be material. The market price of our Shares could decline due to any of these risks, and investors may lose part or all of their investments in our Shares.

This Offer Document also contains forward-looking statements which involve risks and uncertainties. Our actual results of operations could differ materially from those anticipated in these forward-looking statements due to a variety of factors, including the risks described below and elsewhere in this Offer Document. Please refer to the section entitled "Cautionary Note On Forward-Looking Statements" of this Offer Document.

Before deciding to invest in the Shares, prospective investors should seek professional advice from their advisers about their particular circumstances.

To the best of our Directors' knowledge and belief, all risk factors which are material to investors in making an informed judgement about our Group have been set out below.

RISKS RELATING TO OUR BUSINESS AND THE LOGISTICS INDUSTRY

We operate in a highly competitive industry

We operate in a competitive and fragmented industry characterised by several market players offering a different spectrum of logistics services to various customers. Our success depends on our ability to provide our customers with a one-stop comprehensive range of services at competitive prices, minimising the need to employ different logistics companies to cater to their different needs and service requirements. We are constantly reviewing our processes and range of services to ensure that we deliver technologically advanced, quality and cost-effective services. However, market competitors may price their services lower than ours to attract customers. We cannot provide assurance that we will be able to compete successfully and retain customers in the future and our failure to remain competitive would adversely affect our business and results of operations.

We are exposed to the risk of accidents during the handling and transportation of hazardous materials

We handle and transport hazardous materials in Singapore on a daily basis, including petrochemical products, base oils and bitumen. We have implemented safety procedures, which are in compliance with the relevant laws and regulations in Singapore as well as the prevailing industry standards. However, any damage, injuries or disruptions to our business caused by such accidents during the handling and transportation of these hazardous materials may result in claims against us by our employees, our customers and/or third parties for damage to property, personal injury claims, reparation costs or their compensation. These claims may lead to legal or other proceedings and may result in substantial costs and diversion of our management's resources and attention from our business. If such legal or other proceedings are not concluded in our favour and we are made liable for the claims and incur legal and other costs, or if we accept settlement terms that are unfavourable to us, our business, results of operations, financial performance and prospects, as well as our reputation, may be adversely affected. As at the Latest Practicable Date, there has been no past incident(s) which has or have had a material adverse impact on our Group's financial performance and/or results of operations.

RISK FACTORS

We may encounter delays and disruptions in our logistics operations

For our logistics operations, timely service is important to our customers. However, we may experience machinery or vehicular breakdowns, adverse weather or traffic conditions, electronic management system failures or container backlogs, all of which may result in delays or disruptions in our logistics operations. During the Period Under Review, there were no major delays or disruptions in our logistics operations. However, there is no guarantee that we will not encounter major delays or disruptions in the future.

All of the transportation services performed in Singapore and Malaysia are subject to the standard terms and conditions imposed by the Singapore Logistics Association and the Association of Malaysian Hauliers respectively. In the event of such delays or disruptions, we will seek guidance from the compensation guidelines as issued by the Singapore Logistics Association or the Association of Malaysian Hauliers (as the case may be), and may be required to pay penalty sums to our customers and/or to compensate them for any losses they may sustain as a result of such delays or disruptions in so far as such amounts are not covered by our insurance. Any such payments will result in an increase in our operational costs and lower our profit margins. Our reputation may also be negatively affected if we are unable to meet our customers' requirements, which may result in a decline in business opportunities available to us. As at the Latest Practicable Date, there has been no past incident(s) which has or have had a material adverse impact on our Group's financial performance and/or results of operations.

We are exposed to fluctuations in fuel prices

Our logistics business is exposed to the effects of fluctuation in fuel prices. Fuel costs accounted for approximately 4.3%, 4.3% and 4.9% of our Group's revenue in FY2019, FY2020 and FY2021 respectively. Any significant increase in fuel prices will result in a direct increase in our operational costs. Although we may levy fuel surcharges on our customers from time to time, there is no assurance that we will be able to pass on all or any of such increases in fuel prices to our customers or otherwise offset the effects of any such increases in fuel prices. If we are unable to pass on the costs of such increases in fuel prices to our customers, our profit margin will be reduced and our business, results of operations, financial performance and prospects will be adversely affected.

We may not be able to ensure timely renewal of our leases

We carry out operations for our Transportation Business at our logistics property located at 7 Gul Avenue in Singapore, as well as a leased logistics parking yard located at 18 Penjuru Road in Singapore. We also operate from three leased logistics parking yards located in Johor Bahru, Seremban and Port Klang in Malaysia. In respect of our Container Depot Services Business, we have also entered into lease agreements in respect of our operation of two container depots in Thailand, the Laem Chabang Depot and the Bangkok Depot, and have also entered into a lease agreement for a container yard and container office in Yangon, Myanmar, the term of which will not commence until the container depot becomes operational.

In the event that our leases are terminated prematurely and/or not renewed and/or we are unable to find suitable replacement premises at reasonable rates, our business would be disrupted and our financial results may be adversely affected. Please refer to the section entitled "*General Information on Our Group – Properties and Fixed Assets – Properties leased/sub-leased by our Group*" for more information on the circumstances under which the lessor under the various lease agreements to which our Group is a party may unilaterally terminate the lease. As at the Latest Practicable Date, there has been no past incident(s) which has or have had a material adverse impact on our Group's financial performance and/or results of operations.

We may be subject to limitations of property valuations

We own our logistics property located at 7 Gul Avenue. We cannot assure you that the valuation of this property, as well as any other properties which we may own in the future in Singapore or elsewhere, will not be adversely affected due to, amongst others, the market conditions of these countries. Please refer to the section entitled "*General Information on Our Group – Properties and Fixed Assets*" of this Offer Document for more details on the property we own.

RISK FACTORS

Real estate assets are inherently difficult to value. The logistics property located at 7 Gul Avenue is initially recognised at cost and subsequently stated at its revalued amounts. The valuations of the properties that we own will be conducted by independent professional valuers and valid as at the date of revaluation. Such valuations will be subject to substantial uncertainty and subjective judgments and are made on the basis of assumptions which may not be accurate. Additionally, any inspections of the properties and other work undertaken in connection with a valuation exercise may not identify all material defects, breaches of contracts, laws and regulations, and other deficiencies and factors that could affect the valuations. We cannot assure you that the properties will retain the price at which they may be valued or that our investment in such properties will be realised at the valuations.

The valuations are not intended to be a prediction of the actual values likely to be realised by our Group from these investments. The value of these properties may fluctuate from time to time due to changes in market and other conditions such as economic or regulatory conditions or other relevant factors which could affect such valuations. The amount of losses or gains reported pursuant to the changes in the fair value of such properties may have a substantial impact on our Group's financial performance and financial position. Accordingly, should there be any significant adverse fluctuations in the fair value of the properties that we own, our financial performance and financial position may be adversely affected.

Our business is subject to regulatory and licensing requirements and we may be adversely affected if we are unable to maintain our existing licences, registrations, approvals and permits

We are subject to local regulatory and licensing requirements in Singapore, Malaysia, Thailand and Myanmar in relation to the operation of our Transportation Business and our Container Depot Services Business, as well as general compliance requirements for companies and businesses operating in those jurisdictions. For example, in Singapore, we are required to comply with the specific laws and regulations relating to the transportation of petroleum and flammable materials, and hazardous substances under FSA and the FS(PFM)R. We must also comply with the specific laws and regulations relating to the dealing with any hazardous substance under the EPMA and EPM(HS)R. Please refer to the section entitled "*General Information on Our Group – Licences, Permits, Approvals, Certifications and Government Regulations*" of this Offer Document for more details.

Drivers employed by our Group are subject to random checks on the road by the local relevant authority or traffic police in Singapore and Malaysia. Spot checks in Thailand are only conducted if there are outstanding issues with the authority or complaints that have been received with respect to our Group's operations.

We have, in the course of our business, been fined by regulatory and statutory bodies in Singapore, Malaysia, Thailand and Myanmar. The aggregate amount of fines paid in Singapore, Malaysia, Thailand and Myanmar during the Period Under Review and for the period subsequent to FY2021 and up to the Latest Practicable Date is approximately S\$17,155 and is not material to our Group's operations. Please refer to the section entitled "*General Information on Our Group – Licences, Permits, Approvals, Certifications and Government Regulations*" of this Offer Document for more details, including details on the nature of such fines. Save as disclosed above, our Group has complied with all other conditions imposed by the relevant authorities and regulatory bodies.

Our licences, registrations, approvals and permits are subject to periodic review and renewal by the relevant regulatory authorities. In the event that we fail to renew or obtain any relevant licences and permissions, our business, reputation, prospects, results of operations and financial position may be materially and adversely affected. In addition, any changes in (or to the interpretation or application of) laws, regulations, rules, codes, guidelines, directives, policies or other requirements applicable to us may adversely affect our business. In particular, decisions by the relevant governmental and/or regulatory authorities or agencies relating to the grant, maintenance, cancellation, amendment or renewal of our licences may adversely affect our business and operations. As at the Latest Practicable Date, there has been no past incident(s) which has or have had a material adverse impact on our Group's financial position and/or results of operations.

RISK FACTORS

We are dependent on our electronic management systems

We are dependent on our electronic management systems such as our container trucking management system, container depot management system and vehicle tracking system. Our electronic management systems are not bespoke to our Group. Our electronic management systems may be susceptible to system failures, network and power disruptions or other factors beyond our control. Although we update our software and conduct systems checks regularly, we cannot assure you that we will be able to rectify or resolve system failures or disruptions in a timely and cost-effective manner. In such an event, our business will be adversely affected. As at the Latest Practicable Date, there has been no past incident(s) which has or have had a material adverse impact on our Group's financial position and/or results of operations.

Failure to keep pace with technological advancements and design improvements may adversely affect our competitiveness

We operate in a competitive environment where cost-effectiveness, efficiency and the range of services provided are important factors to our customers. Effective and efficient electronic management systems are important in streamlining our operations and maximising work efficiency. As the demands and needs of our customers become increasingly sophisticated, our operating systems and processes would need to be adjusted accordingly, and our transportation vehicles would need to be increasingly versatile, in order for us to remain competitive. Failure to keep abreast of technological advancements in operating or management systems, or the inability to provide design enhanced transportation vehicles to cater to our customers' specifications may render us less competitive. In the event that we lose our competitive edge, our business, results of operations and prospects will be adversely affected.

We are dependent on our contractual arrangements with Company A⁽¹⁾ in respect of our container depot operations in Singapore

In Singapore, we have contractual arrangements with Company A to provide container depot management services and container depot services at 27 Benoi Sector and 9 Gul Circle to major shipping lines and container leasing companies, including SEA Medlog. With effect from May 2022, the operations at the depot at 27 Benoi Sector will be moved to the depot at 9 Gul Circle. It is anticipated that the operations area at the depot at 9 Gul Circle will be expanded to accommodate the containers currently stored at the depot at 27 Benoi Sector. Our Company has not had any issue with the renewal of contractual arrangements with Company A and does not foresee any difficulty in renewing the contractual arrangements in the future. However, as a significant portion of our revenue will continue to be dependent on these contractual arrangements with Company A, the non-renewal or termination of such contractual arrangements by Company A may adversely affect our results of operations. Although our appointment in respect of 9 Gul Circle is an exclusive appointment for the duration of the contract, our contractual arrangements with Company A are renewable periodically subject to parties' mutual agreement, and are not long term in nature. In addition, we do not have a similar exclusivity arrangement in respect of 27 Benoi Sector. Accordingly, Company A is free to engage the services of our competitors following the expiration of our contractual arrangements. In the event that Company A does not continue with our contractual arrangements, we are unable to assure you that we will be able to find a suitable replacement, as this will be dependent on several factors such as goodwill, supply and demand, competitive rates, quality of service and general economic conditions. We cannot assure you that we will be able to retain our contractual arrangements with Company A in the future. In the event Company A terminates our contractual arrangements, our income, profitability and financial performance would be adversely affected.

Note:

- (1) Company A is headquartered in Singapore and is one of Singapore's largest and most established integrated logistics solutions service providers. The identity of Company A has not been disclosed as our Group was unable to obtain consent from them for the disclosure of its identity.

We are dependent on a few of our major customers

For FY2019, FY2020 and FY2021, our top five customers accounted for approximately 33.5%, 34.2% and 31.2% of our revenue respectively. Please refer to the section entitled "*General Information on Our Group – Our Major Customers*" of this Offer Document for further details.

RISK FACTORS

We believe that a significant portion of our revenue will continue to be dependent on these customers and their business performance. Any material decrease in demand for our services, non-renewal of existing contracts or termination of services by these customers may adversely affect our results of operations.

A significant portion of our income is dependent on our established relationships with certain key customers such as Eagletainer Logistics Pte Ltd, Maersk Line (Thailand) Ltd and BLPL Singapore Pte Ltd. We do not enter into exclusive and long term agreements with our customers. In addition, our customers are free to engage the services of our competitors following the expiration of our service agreements. In the event that our customers do not continue to engage our services, we are unable to assure you that we will be able to replace any non-renewal of our service agreements, as the renewal of our service agreements are dependent on several factors such as goodwill, supply and demand, competitive rates, quality of service and general economic conditions. We cannot assure you that we will be able to retain our key customers in the future. In the event any of our key customers terminate our services, our income, profitability and financial performance would be adversely affected.

Our results of operations are affected by international trade volume, the performance of the maritime industry, as well as global and regional economic conditions

We are involved in the provision of transportation services, container depot management services and container depot services. Demand for these services is dependent on global economic conditions. Any volatility or disruptions to the global financial markets or other factors resulting in a global economic slowdown may cause a general fall in volume of international trade, thereby lowering the demand for transportation services, container depot management services and container depot services generally.

In addition, our results of operations are affected by global trade volume, in particular, the trade volume of Singapore. For FY2019, FY2020 and FY2021 respectively, 80.7%, 79.7% and 77.8% of our revenue was attributable to our Singapore operations. Although we intend to expand our Group's business to other countries in the ASEAN region, we believe that a significant portion of our revenue will continue to be dependent on our Singapore operations. The global trade volume and Singapore trade volume are affected by changes or developments in global economic, financial and political conditions.

Further, poor performance of the maritime industry in the region will also reduce the flow of ISO tanks and shipping containers into the countries in which we operate, causing a corresponding decline in the demand for our services. We are also affected by changes in our customers' business cycles. Other factors, such as impositions of trade restrictions, sanctions, boycotts and other measures, trade disputes, currency appreciation or depreciation and work stoppages, particularly in the freight forwarding industry, could adversely affect Singapore trade volume and lead to a material decline in the demand for our services and our results of operations may be adversely affected. All these may adversely affect our business, financial performance and prospects.

We are exposed to payment delays and/or defaults by our customers

We typically grant credit terms to a majority of our customers of up to 30 days, which will expose us to payment delays and/or defaults by our customers as there is no assurance that our customers will be able to pay us on time or at all. We may therefore be unable to recover the costs incurred from our customers, notwithstanding that we have carried out the services required of us by our customers. Persistent payment delays and/or defaults by our customers may also necessitate our termination of their agreements for logistics services with us, and there is no assurance that we will be able to secure a replacement customer in a timely manner or at all. If any of the above events occur, our working capital and/or cash flows will be affected and may become inadequate. This will adversely affect our business, results of operations, financial position and prospects. As at the Latest Practicable Date, there has been no past incident(s) which has or have had a material adverse impact on our Group's financial position and/or results of operations.

As at the Latest Practicable Date, our Group has collected approximately 100% and 99% of the trade receivables as at 30 September 2021 due from related parties and third parties respectively. Our Group does not expect to make any material provisions or write-offs of trade receivables post-Listing.

RISK FACTORS

We may face potential claims and business risks in respect of our logistics business, and our insurance coverage may be inadequate

In the course of providing transportation services, container depot management services and container depot services, we are exposed to potential claims arising from various risks such as mechanical or vehicular failures or vehicle traffic accidents which may result in damage to our customers' goods, errors or delays in delivery or even non-delivery of our customers' goods. In the event that we fail to meet stipulated delivery deadlines and/or cause damage to our customers' goods, we may also be required to pay penalties or liquidated damages to the affected customers.

Our Group has taken up insurance policies to cover these potential claims, including transport operators liability insurance, public liability insurance, motor vehicle insurance and commercial vehicle fleet insurance. Although our Directors believe that as at the Latest Practicable Date we have sufficient insurance coverage in accordance with industry standards and business practices, there is no assurance that our insurance coverage will be adequate to indemnify us against all potential claims. If such claims against us are made in excess of the limits stipulated in our insurance policies, our business, results of operations, financial position and prospects will be adversely affected.

We are dependent on our key management personnel

Our Executive Director and Managing Director (Transportation Business), Mr. Lin Kaixian, and our Executive Officer and Managing Director (Container Depot Services Business), Mr. Hew Chee Fatt, have been instrumental in the growth and development of our Group. We believe that our continued growth and success will be dependent upon our ability to retain our key management personnel. The loss of any of our key management personnel without any timely and suitable qualified replacements, or the inability to attract, hire and retain suitable candidates may have an adverse effect on our business and results of operations.

Our failure to attract and retain skilled personnel could materially affect our operations and business

Our Transportation Business requires highly skilled personnel such as traffic controllers and HAZMAT-trained heavy vehicle drivers, and our Container Depot Services Business requires highly skilled personnel such as licensed forklift drivers and depot managers. Skilled personnel with the appropriate experience in our industries are limited and competition for the employment of such personnel is intense. Further, we also rely on foreign workers for more labour intensive jobs as we find it more difficult to hire Singaporeans for such jobs, including drivers. As such, we are subject to the relevant laws and regulations relating to the employment of foreign workers and any changes to such relevant laws and regulations, such as any substantial increase in foreign worker levy and security bond requirements, any decrease in the dependency ratio ceiling (which specifies the maximum permission proportion of S Pass and work permit holders that a company may employ) and the imposition of more stringent approval processes for the issuance of work passes by MOM, would affect our ability to hire foreign workers. There is no assurance that we will be able to attract the necessary skilled personnel to work for us or that we will be able to retain the skilled personnel whom we have trained at our own cost or that suitable and timely replacements can be found for skilled personnel who leave us. If we are unable to continue to attract and retain skilled employees, this will adversely affect our business, results of operations, financial position and prospects.

We may face rising labour costs and labour shortage

Our ability to meet our labour requirements may be subject to numerous external factors, including the availability of a sufficient number of suitable persons in the relevant job segment, prevailing labour costs including wage rates, quotas and applicable levies, demographics, and health and insurance costs. Our growth plans will require us to hire, train and retain a significant number of new employees in the future. As we face competition from our competitors for labour, we may have to increase wages and employee benefits to attract and retain qualified personnel or risk considerable employee turnover. If we are unable to hire, train and retain qualified employees at a reasonable cost, we may be unable to execute our growth strategy and our business, financial position and results of operations may be adversely affected.

RISK FACTORS

Our Group's business and expansion plans are subject to our ability to raise capital

Our Group's business and expansion plans will require adequate funding. Such funds are needed for, among other things, expanding our transportation fleet and costs incurred in establishing new container depots. In the event that the costs of implementing such plans should exceed these estimates significantly or that we come across opportunities to grow through expansion plans which cannot be predicted at this junction, and our funds generated from our operations prove insufficient for such purposes, we may need to raise additional funds to meet these funding requirements.

There can be no assurance that financing, either on a short-term or a long-term basis, will be made available, or if available, that such financing will be obtained on terms favourable to our Group. If our Group is unable to secure necessary financing or secure such financing on terms which are favourable to us, either through debt financing and/or equity financing, this may adversely affect the business and prospects of our Group.

Such financing, even if obtained, may be accompanied by conditions that limit our ability to pay dividends or require us to seek lenders' consent for payment of dividends, or restrict our freedom to operate our business by requiring lenders' consent for certain corporate actions. Further, in the event that we raise additional funds by way of a limited placement or by a rights offering or through the issuance of new Shares to new and/or existing Shareholders after the Placement, they may be priced at a discount to the then prevailing market price of our Shares trading on the SGX-ST, or if any Shareholders are unable or unwilling to participate in such additional rounds of fund raising, in which case, such Shareholders' equity interest may be diluted. If we fail to utilise the new equity to generate a commensurate increase in earnings, our EPS will be diluted, and this could cause a decline in our Share price.

Our Group will also be subject to the risk that our existing borrowings may be terminated by the lenders upon the occurrence of certain events (such as a failure to make interest payments) and we may not be able to refinance our existing borrowings or the terms of any refinancing may not be as favourable as the terms of our existing borrowings.

In addition, future debt financing may, apart from increasing our interest expenses and gearing, subject us to various restrictive covenants and result in all or any of the following:

- (a) limit our ability to pay dividends or require us to seek consents for the payment of dividends;
- (b) increase our vulnerability to general adverse economic and/or industry conditions;
- (c) require us to dedicate a substantial portion of our cash flows from operations to payments on our debt, thereby reducing the availability of our cash flows to fund capital expenditure, working capital and other requirements; and/or
- (d) limit our flexibility in planning for, or reacting to, changes in our businesses and our industries.

Our financing costs may be adversely impacted by increase in interest costs

We may be subject to risks normally associated with debt financing, including exposure to fluctuations in interest rates and the inability to meet payments of the principal amount and interest. This is because a significant increase in interest rates would increase our Group's borrowing and financing costs, which would in turn weaken our Group's financial standing when seeking future financing. This may adversely affect the business, financial position, results of operations and prospects of our Group.

We may be unable to execute our growth strategies, which may hinder our ability to capitalise on new business opportunities

We have experienced steady growth and expansion that have placed, and continues to place, significant pressure on our management and resources. We plan to further expand the scope of our business operations by growing our transportation fleet and increasing our range of value added transportation services by constructing an ISO tank depot at our logistics property located at 7 Gul Avenue to provide chemical cleaning and repair services for ISO tanks, empty ISO tank storage services and laden ISO

RISK FACTORS

tank storage services for hazardous substances, and petroleum and flammable materials. Our Group intends to fund the construction cost of the ISO tank depot through a combination of bank borrowings, net proceeds from the Placement and internal cash flow. We also plan to expand geographically, which includes expanding into business or geographical locations where we may have no or limited operating experience.

Our expansion plans as described above would require considerable amount of capital investment, which cannot be fulfilled solely by our internal resources. A substantial portion of the funds required would rely on external financing, in particular, financing provided by financial institutions. However, our ability to obtain adequate financing for our expansion plans would depend on a number of factors, such as general economic conditions and regulatory framework, many of which are beyond our control. In recent years, financial institutions are generally more cautious in lending funds to companies due to the failure and/or nationalisation of a number of large overseas financial institutions. As a result, we may face increased financing costs and difficulty in obtaining sufficient financing.

In addition, while we are currently planning the construction of the ISO tank depot at our logistics property located at 7 Gul Avenue, there may be delays in the progress of the construction due to the manpower crunch, material supply shortage, backlog currently faced by the construction industry, delays in obtaining the requisite governmental approvals, as well as the effects of the “circuit breaker” measures imposed by the Singapore government in 2020 and 2021 to curb the spread of COVID-19. Any of the above or similar risks or uncertainties could significantly delay or otherwise restrict our ability to implement our future plans, which could in turn adversely affect our ability to continue to improve our business prospects and profitability. The construction of the ISO tank depot and its financing sources have been considered in our Group’s forecasts and projections, including the finance costs of the bank proceeds envisaged to be utilised for the construction which have been accounted for at the interest rates of the short-term credit facilities currently available to our Group and in consideration of the above, any delay in the construction of the ISO tank depot may adversely affect the business, financial position, results of operations and prospects of our Group.

We are exposed to risks associated with acquisitions, joint ventures or strategic alliances

Depending on available opportunities, feasibility and market conditions, we may engage in acquisitions, joint ventures or strategic alliances with third parties in Singapore and overseas markets, including but not limited to Malaysia and Thailand.

Participation in joint ventures, strategic alliances or other investment opportunities involves numerous risks, including possible diversion of our management’s attention from existing business operations and loss of capital or other investments deployed in such joint ventures, strategic alliances, acquisitions or opportunities. In such events, our financial performance may be adversely affected. As at the Latest Practicable Date, there has been no past incident(s) which has or have had a material adverse impact on our Group’s financial position and/or results of operations.

We have no control over our joint venture partners and any actions taken by our joint venture partners may adversely affect our joint ventures and in turn affect our operation

During the Period Under Review, we had joint venture arrangements with our joint venture partners, including the other shareholders of HLA Container Services (Thailand), HLA Holdings (Thailand), HLA Logistics, HLA Transportation (Thailand), LHN Logistics (Malaysia), HLA Holdings, HLA Container Services. In the future, we may set up more joint ventures to expand our business and geographical reach. There can be no assurance that any of these strategic or business partners will continue their relationships with us in the future, or that we will be able to pursue our stated strategies with respect to the joint ventures and the markets in which they operate. Furthermore, the joint venture partners may (a) have economic or business interests or goals that are inconsistent with ours; (b) take actions contrary to our policies or objectives; (c) undergo a change of control; (d) experience financial and other difficulties; or (e) be unable or unwilling to fulfil their obligations under the joint ventures, which may affect our financial performance or results of operations. As at the Latest Practicable Date, there has been no past incident(s) which has or have had a material adverse impact on our Group’s financial position and/or results of operations.

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The agreements governing our Group's joint ventures in respect of HLA Container Services and HLA Logistics contain pre-emption rights granted to our Company in respect of any issuances of new shares and transfers of shares of HLA Container Services and HLA Logistics. The agreement governing our Group's joint venture in respect of HLA Holdings contains pre-emption rights granted to our Company in respect of any transfers of shares of HLA Holdings. The agreement governing our Group's joint venture in respect of LHN Logistics (Malaysia) contains pre-emption rights granted to our Group in respect of any unissued shares or issuance of new or additional shares of LHN Logistics (Malaysia). Pursuant to the applicable laws of Thailand, a shareholder of a Thai company is entitled to pre-emption rights in respect of the newly issued shares of such Thai company. As such, our Group is entitled to pre-emption rights in respect of the newly issued shares of each of our Thai subsidiaries and Associated Companies.

Our business and operations may be materially and adversely affected due to epidemics and other outbreak of diseases, including the global pandemic outbreak of COVID-19

An epidemic or outbreak of communicable diseases such as COVID-19, Middle East Respiratory Syndrome, Ebola, Severe Acute Respiratory Syndrome or other contagious disease may have an adverse effect on our business, financial position, results of operations and growth prospects. In particular, the outbreak of COVID-19 in early 2020 resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by various governments around the world, including Singapore, Malaysia and Thailand where we operate. During FY2020 and FY2021, these measures did not have a significant negative impact to our Group's financial performance as our logistics operations in Singapore, Malaysia and Thailand were permitted to continue under the respective government and regulatory guidelines in these jurisdictions. However, if our employees and/or employees of our suppliers or subcontractors are infected or suspected of being infected with COVID-19 or any communicable diseases, this may result in the temporary closure of the affected premises or offices and quarantine of the relevant employees to prevent the spread of the disease. This may also further result in delays and may have a material and adverse impact on our business, financial position, results of operations and future prospects.

We are exposed to risks in respect of acts of war, terrorist attacks, natural disasters, adverse weather conditions, political unrest and other events beyond our control

Acts of war, terrorist attacks, natural disasters and other events beyond our control in the markets in which we operate may materially and adversely affect the global financial markets and consumer confidence. Our business may also be affected by macroeconomic factors, such as social and political unrest, regulatory, fiscal and other governmental policies, all of which are beyond our control. Any such events may cause damage or disruption to our business, markets, customers and suppliers, any of which may materially and adversely affect our business, financial position, results of operations and prospects. Any sudden downturn or sudden change in the global, regional or local economic, political, social, legal environment or government policies (for instance, Brexit, the trade war between the PRC and United States, and any other local political turmoil or civil disobedience movements) which are beyond our control, may adversely affect consumer demand and may have an adverse impact on our business, results of operations, financial position and future prospects.

Further, terrorist or extremist attacks and their impact may negatively affect the logistics services industry. The potential impacts on the logistics services industry include the loss of traffic and revenue, increased security and insurance costs and delays due to tightened security. Any future terrorist or extremist attacks, or the threat of such attacks, may increase the costs of operations due to the tightened security, more delays or cancellations associated with new government decrees and reduce demand for our services. In such event, the reputation, our business and results of operations may be materially and adversely affected. Any fresh occurrence of terrorist attacks and conflicts, natural disasters, riots, demonstrations, social unrests, international sanctions and other events beyond our control, may disrupt our business operations or cause unexpected destruction, or lead to economic and social uncertainties and may result in an economic downturn. This may in turn adversely affect our business, financial position, results of operations and prospects.

RISK FACTORS

Our historical financial and operating results may not be indicative of our future performance

We have experienced growth in revenue during the Period Under Review. Our revenue generated increased from S\$24.9 million for FY2019 to S\$27.2 million for FY2021, representing an increase of 9.2%. Our historical growth was driven by, among other things, the growth of our trucking business. Our financial performance and results of operations may fluctuate due to a number of other factors, many of which are beyond our control, such as changes in the labour costs and diesel costs. Moreover, we may not sustain our past growth rates in future periods, and we may not sustain profitability on a quarterly, interim or annual basis in the future. Our historical results, growth rates and profitability may not be indicative of our future performance. Our Shares could be subject to significant price volatility should our earnings fail to meet the expectations of the investment community. Any of these events could cause the price of our Shares to materially decrease.

RISKS RELATING TO OUR OVERSEAS OPERATIONS

We are based in Singapore and have operations overseas, which expose us to foreign currency risk

We are based in Singapore. We generated most of our revenue from Singapore, and we also generated revenue from our operations overseas including Malaysia and Thailand during the Period Under Review. We are also planning to further expand our business into other countries and regions. When our overseas subsidiaries remit their dividends to our Company, the dividends will be converted from local currencies or, if applicable, from US dollars to Singapore dollars.

Furthermore, as the overseas subsidiaries are consolidated into our financial statements reported in Singapore dollars terms, we will be subject to foreign exchange risks as the functional currency of our overseas subsidiaries is the relevant local currency or, if applicable, US dollars, which will be translated into Singapore dollars upon consolidation. Any foreign exchange difference from translating the reporting currencies of our overseas subsidiaries to Singapore dollars for our combined financial statements are recognised as our other comprehensive income, and presented in the exchange translation reserve in equity. For FY2019, we recorded net currency translation gain of S\$46,000. However, for FY2020 and FY2021, we recorded net currency translation loss of S\$37,000 and S\$63,000 respectively. As a result, any unfavourable changes of the local currencies conversion against the Singapore dollars may adversely affect our Group's financial performance and financial position.

Our Group is subject to the foreign exchange laws and regulations in Malaysia, Thailand and Myanmar

The foreign exchange laws and regulations applicable in Malaysia, Thailand and Myanmar are as set out in the section entitled "*Exchange Rates and Exchange Controls*" of this Offer Document. Any restrictions on the repatriation of funds from such countries may limit the ability of our subsidiaries and Associated Companies to distribute dividends to our Company. This in turn may impact the availability of cash and cash equivalents for use by our Company, and the remittance of dividends, interest or other payments to Shareholders. There is also no assurance that the relevant laws and regulations applicable in Malaysia, Thailand and Myanmar will not change. In the event that there is any adverse change in the relevant foreign exchange laws and regulations relating to the borrowing or repatriation of foreign currency, there may be a material and adverse impact on our Group's business, financial position, results of operations and prospects.

We may face general risks associated with doing business outside Singapore

There are risks which are inherent in doing business overseas, such as unexpected changes in legislation, regulatory requirements and government policies, economic downturn, difficulties in staffing and managing foreign operations, social and political instability, controls and fluctuations in currency exchange and interest rates, potentially adverse tax consequences, legal uncertainty regarding liability, tariffs and other trade barriers, investment restrictions, variable and unexpected changes in local laws and barriers to the repatriation of capital or profits, any of which could affect our overseas operations and, consequently, our business, results of operations, financial position and prospects.

RISK FACTORS

As at the Latest Practicable Date, besides Singapore, we have an overseas business presence in Malaysia and Thailand. We may also expand into other countries in which we presently do not have a business presence. Our business and future growth in these countries are dependent on the economic, political, legal, regulatory, social and other conditions in these countries. We have no control and can provide no assurance over such conditions and developments and any such changes that are detrimental to our business could adversely affect our operations, financial performance and future growth in these countries.

We are affected by changes in laws and government regulations in countries we have presence in

We are subject to laws and government regulations in countries in which we operate our business, such as those relating to licensing and foreign investment. Changes in relevant laws and government regulations may lead to an increase in our cost of operations or result in unforeseen capital expenditure in order to ensure our compliance with such changes. Revisions to existing laws or the enactment of new laws relating to the logistics industry, and new laws and government regulations may also lead to a restriction or reduction in the availability of business opportunities available to us. Furthermore, the developmental legal framework and application of legal principals in some emerging markets, such as Thailand and Malaysia, may be different from those in Singapore. The rights and obligations of parties conducting business in these jurisdictions may not be clearly established and recognised, and may be unexpectedly affected by unforeseen changes in laws and government regulations. Any such changes or the introduction of new laws and government regulations may adversely affect our business, results of operations, financial position and prospects.

Our business, financial condition and results of operations could become materially and adversely affected by the political and economic conditions in Myanmar

As at the Latest Practicable Date, we are undertaking preparatory works to establish our overseas container depot in Yangon, Myanmar. For further details, please refer to the sections entitled “*General Information on Our Group – Licences, Permits, Approvals, Certifications and Government Regulations*” and “*General Information on Our Group – Properties and Fixed Assets*” of this Offer Document. However, the economy of Myanmar (including its financial sector and its accounting system) is still developing. In addition, companies may have to deal with inadequate telecommunications, transportation and other infrastructure, and shortage of utilities and other essential services, which will affect the ease and cost of doing business in Myanmar. There is no certainty that the business and investment environment in Myanmar will continue to improve or be sustainable. Ethnic and sectarian tensions may possibly hamper investor confidence, and the growth and stability of the economy. Any unfavourable changes in the political, economic and social conditions of Myanmar, and the existence of conditions impacting upon safety and security, may result in our Group not being able to commence our operations in Myanmar by the estimated date, thereby adversely affect our business, results of operations, financial condition and prospects. Our Group has considered the recent political situation in Myanmar and is proceeding with its business plans in Myanmar with caution. Our Group does not intend to significantly invest in Myanmar until there is clarity on the political situation. As at the Latest Practicable Date, our Group has invested approximately S\$14,000 into our Myanmar subsidiary and made payments of approximately US\$390,000 in aggregate on behalf of our Myanmar subsidiary for the establishment of the container depot in Yangon, Myanmar. Notwithstanding the above, our Group will continue to closely monitor the situation in Myanmar, including any sanction issues, and take into account the risks involved in establishing and operating the overseas container depot in Yangon, Myanmar. Providing container depot services in Myanmar will remain a concrete future plan and our Group will only commence operations in Myanmar when the political and legal concerns have been addressed, and all requisite licences, permits and approvals have been obtained. Our Audit and Risk Committee will have oversight and will monitor and review the political situation in Myanmar before our Group makes the decision to proceed with its business plans in Myanmar. On a continuing basis, our Audit and Risk Committee will also monitor and review the political and legal concerns and that all requisite licences, permits and approvals have been obtained by our Group to operate in Myanmar.

RISK FACTORS

RISKS RELATING TO AN INVESTMENT IN OUR SHARES

Investments in securities quoted on Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Main Board of the SGX-ST

We have made an application for our Shares to be listed for quotation on Catalist, a listing platform primarily designed for fast growing and emerging and/or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established companies listed on the Main Board of the SGX-ST. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST and the future success and liquidity in the market of our Shares cannot be guaranteed. We are unable to assure you that an active or liquid trading market for our Shares will be developed or sustained following the Placement.

Pursuant to the Catalist Rules, we are required to, *inter alia*, retain a sponsor at all times after our admission to Catalist. In particular, unless approved by the SGX-ST, the Sponsor and Issue Manager must act as our continuing sponsor for at least three years after the admission of our Company to Catalist. In addition, we may be delisted in the event that we do not have a sponsor for more than three continuous months. There is no guarantee that following the expiration of the three year period, the Sponsor and Issue Manager will continue to act as our sponsor or that we are able to find a replacement sponsor within the three month period. Should such risks materialise, we may be delisted.

Our Controlling Shareholders will retain significant influence over our Group after the Placement which will allow them to influence the outcome of decisions requiring the approval of Shareholders

Upon completion of the Placement, our Controlling Shareholders, namely LHNGPL, LHN Limited, Fragrance, HNG, HN Capital, LHN Capital, Trident Trust, Ms. Lim Bee Li, Mr. Lim Hean Nerng, Mr. Kelvin Lim and Ms. Jess Lim, will control in aggregate approximately 84.1% of the post-Placement issued share capital of our Company. As a result, our Controlling Shareholders, if they act together, will be able to exercise significant influence over all matters requiring the approval of Shareholders, including the election of Directors and approval of significant corporate transactions. Such concentration of ownership will place our Controlling Shareholders in a position to affect any corporate actions of our Group (notwithstanding that the same may be synergistic or beneficial to our Group) in a manner that could conflict with the interests of our public Shareholders.

Investors may not be able to participate in future issues of our Shares

In the event that we issue new Shares, we will be under no obligation to offer these Shares to our existing Shareholders at the time of issue, except where we elect to conduct a rights issue. However, in electing to conduct a rights issue or certain other equity issues, we will have the discretion and may also be subject to certain regulations as to the procedures to be followed in making such rights available to Shareholders or in disposing of such rights for the benefit of Shareholders and making the net proceeds available to Shareholders. In addition, we may choose not to offer the rights or other equity issues to Shareholders having an address outside Singapore. Accordingly, Shareholders who have a registered address outside Singapore may be unable to participate in rights offerings and may experience a dilution in their shareholdings as a result.

Additional funds raised through issuances of new Shares for future growth will dilute Shareholders' equity interests

We may in the future expand our capabilities and business through acquisitions, joint ventures, strategic partnerships and alliances with parties who can add value to our business. We may require additional equity funding after the Placement to finance future acquisitions, joint ventures, strategic partnerships and alliances which may result in a dilution of the equity interest of Shareholders.

Future sales or issuances of our Shares could adversely affect our share price

Any future sale or issuance of our Shares may have a downward pressure on our share price. The sale of a significant amount of our Shares in the public market after the Placement, or the perception that such a sale may occur, could materially and adversely affect the market price of our Shares. These factors may also affect our ability to sell or issue additional equity securities.

RISK FACTORS

Save as disclosed in the section entitled “*Shareholders – Moratorium*” of this Offer Document and subject to all applicable laws and regulations, there is currently no restriction on Shareholders to sell Shares, either on the SGX-ST or otherwise. In addition, our Share price may come under downward pressure if certain of Shareholders sell their Shares upon the expiry of their moratorium periods.

Our share price may be volatile, which could result in substantial losses for investors acquiring our Shares pursuant to the Placement

The Placement Price is determined by us, in consultation with the Sponsor and Issue Manager and the Co-Placement Agents, taking into account, *inter alia*, prevailing market conditions and the estimated market demand for the Placement Shares, determined through a book-building process. The Placement Price may not be indicative of prices which will prevail in the trading market after the Placement and investors may not be able to resell their Shares at or above the Placement Price. Volatility in the trading price of our Shares may be caused by factors beyond our control and may not correlate with or be proportionate to our operating results. Further, the market price of our Shares may fluctuate significantly and rapidly in response to, *inter alia*, the following factors, some of which are beyond our control:

- (a) variations in our operating results;
- (b) changes in securities analysts’ estimates of our financial performance and recommendations on our share price;
- (c) changes in market valuations and share prices of companies with businesses similar to that of our Company that may be listed in Singapore;
- (d) announcements by our competitors or ourselves of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- (e) fluctuations in stock market prices and volume;
- (f) our involvement in litigation;
- (g) changes to key personnel;
- (h) the perceived prospects of our business and investment plans and the logistics industry in Singapore and other regions;
- (i) our ability to successfully implement our investment plans and growth strategies;
- (j) broad market fluctuations, including weakness of the equity market and increases in interest rates;
- (k) general changes in rules and/or regulations with regard to the logistics industry that our Group operates in, including those that affect the demand for our Group’s products and services; and
- (l) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors.

Based on *inter alia*, the abovementioned factors, our Shares may trade at prices that are higher or lower than the NAV per Share. To the extent that there is any retention of operating cash for investment purposes, working capital requirements or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of our Shares. Any failure on our part to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price for our Shares.

In addition, our Shares are not capital-safe products and there is no guarantee that holders of our Shares can realise a higher amount or even the principal amount of their investment. In the event of liquidation of our Company, it is possible that investors may lose all or a part of their investment in our Shares.

RISK FACTORS

There has been no prior market for our Shares, and the Placement may not result in an active or liquid market for our Shares

Prior to the Placement, there has been no public market for our Shares. Although we have applied to the SGX-ST for the dealing and quotation of our Shares on Catalist, there is no assurance that an active trading market for our Shares will develop or, if developed, will be sustained. There is also no assurance that the market price for our Shares will not decline below the Placement Price. The market price of our Shares could be subject to significant fluctuations due to various external factors and events including the liquidity of our Shares in the market, difference between our actual financial or operating results and those expected by investors and analysts, the general market conditions and broad market fluctuations.

Negative publicity may adversely affect our share price

Negative publicity involving our Group, any of our Directors, Executive Officers or Controlling Shareholders may adversely affect the market perception or the stock performance of our Company, whether it is justified or not. Some examples of negative publicity may include, *inter alia*, unsuccessful attempts in joint ventures, takeovers or involvement in insolvency proceedings.

We may not be able to pay dividends to Shareholders

The declaration and payment of future dividends will depend on our operating results, financial position, other cash requirements including capital expenditure, the terms of borrowing arrangements (if any) and other factors deemed relevant by our Directors. There is no assurance that dividend distributions will be made by our Company in the future. Further, in the event that we are required to enter into any loan arrangements with any financial institutions, covenants in the loan agreements may also limit when and how much dividends we can declare and pay out.

For a description of our dividend policy, please refer to the section entitled “*Dividend Policy*” of this Offer Document.

Investors in our Shares would face immediate and substantial dilution in the NAV per Share and may experience future dilution

The Placement Price of our Placement Shares is substantially higher than our Group’s NAV per Share of 9.57 cents based on the post-Placement share capital and after adjusting for the estimated net proceeds from the issue of the Placement Shares. If we are liquidated immediately following this Placement, each investor subscribing to this Placement would receive less than the price they paid for their Shares. Please refer to the section entitled “*Dilution*” of this Offer Document for more information.

In addition, we may issue Performance Shares under our LHN Logistics Performance Share Plan. To the extent that such Performance Shares are issued, there may be further dilution to investors participating in the Placement. Please refer to the sections entitled “*The LHN Logistics Performance Share Plan*” and “*Appendix C – Rules of the LHN Logistics Performance Share Plan*” of this Offer Document for more information.

PLACEMENT STATISTICS

PLACEMENT PRICE **20.00 cents**

NAV

NAV per Share based on the audited combined balance sheets of our Group as at 30 September 2021 after adjusting for the Restructuring Exercise, the Share Split and the allotment and issue of the PPCF Shares (the “**Adjusted NAV**”):

- | | |
|---|------------|
| (a) before adjusting for the estimated net proceeds from the allotment and issue of Placement Shares and based on our Company’s pre-Placement share capital of 142,440,800 Shares | 8.73 cents |
| (b) after adjusting for the estimated net proceeds from the allotment and issue of Placement Shares and based on our Company’s post-Placement share capital of 167,678,800 Shares | 9.57 cents |

Premium of Placement Price over the Adjusted NAV per Share as at 30 September 2021:

- | | |
|---|--------|
| (a) before adjusting for the estimated net proceeds from the allotment and issue of Placement Shares and based on our Company’s pre-Placement share capital of 142,440,800 Shares | 129.1% |
| (b) after adjusting for the estimated net proceeds from the allotment and issue of Placement Shares and based on our Company’s post-Placement share capital of 167,678,800 Shares | 109.0% |

EPS

EPS of our Group for FY2021 based on our Company’s post-Placement share capital of 167,678,800 Shares 1.98 cents

EPS of our Group for FY2021, assuming the Service Agreements had been in place since 1 October 2020 and based on our Company’s post-Placement share capital of 167,678,800 Shares 1.78 cents

PRICE EARNINGS RATIO

Price earnings ratio based on the Placement Price and the audited EPS of our Group for FY2021 10.1 times

Price earnings ratio based on the Placement Price and the audited EPS of our Group for FY2021, assuming the Service Agreements had been in place since 1 October 2020 11.2 times

NET OPERATING CASH FLOW

Net operating cash flow per Share of our Group for FY2021 based on our Company’s post-Placement share capital of 167,678,800 Shares 3.62 cents

Net operating cash flow per Share of our Group for FY2021, assuming the Service Agreements had been in place since 1 October 2020 and based on our Company’s post-Placement share capital of 167,678,800 Shares 3.38 cents

PLACEMENT STATISTICS

PRICE TO NET OPERATING CASH FLOW RATIO

Ratio of Placement Price to net operating cash flow per Share of our Group for FY2021 based on our Company's post-Placement share capital of 167,678,800 Shares 5.5 times

Ratio of Placement Price to net operating cash flow per Share of our Group for FY2021, assuming the Service Agreements had been in place since 1 October 2020 and based on our Company's post-Placement share capital of 167,678,800 Shares 5.9 times

MARKET CAPITALISATION

Market capitalisation based on our Company's Placement Price and post-Placement share capital of 167,678,800 Shares S\$33.54 million

USE OF PROCEEDS AND LISTING EXPENSES

Use of Proceeds

The estimated net proceeds to be raised by our Company from the Placement, after deducting the placement commission and aggregated estimated cash expenses in relation to the Placement of approximately S\$1.4 million, will be approximately S\$3.6 million.

The following table sets out the breakdown of the use of gross proceeds to be raised by our Company:

Use of proceeds	Amount in aggregate (S\$'000)	Estimated amount allocated for each dollar of the gross proceeds raised from the Placement (cents)	As a percentage of the gross proceeds raised from the Placement (%)
Partially financing the construction of the ISO tank depot at 7 Gul Avenue ⁽¹⁾	3,247	64.3	64.3
Expansion of transportation fleet and acquisition of moving equipment ⁽²⁾	361	7.2	7.2
Net proceeds from the Placement	3,608	71.5	71.5
Estimated listing expenses payable in cash by our Company⁽³⁾			
Listing and application fees	65	1.3	1.3
Professional fees ⁽⁴⁾	1,163	23.0	23.0
Placement commission ⁽⁵⁾	177	3.5	3.5
Miscellaneous expenses ⁽⁶⁾	35	0.7	0.7
Total	1,440	28.5	28.5
Gross proceeds from the Placement	5,048	100.0	100.0

Notes:

- (1) As described in the section entitled “*General Information on Our Group – Business Strategies and Future Plans*” of this Offer Document, our Company intends to construct an ISO tank depot at our logistics property located at 7 Gul Avenue to provide chemical cleaning and repair services for ISO tanks, empty ISO tank storage services and laden ISO tank storage services for hazardous substances, and petroleum and flammable materials. As at the Latest Practicable Date, the aggregate construction cost is expected to be approximately S\$14.8 million. Our Group intends to fund the construction cost through a combination of bank borrowings, net proceeds from the Placement and internal cash flow. As at the Latest Practicable Date, our Group has not paid for any of the construction cost. As at the date of this Offer Document, our Group has procured an additional facility from United Overseas Bank Limited to partially fund the construction cost of the ISO tank depot, the details of which are set out in the section entitled “*Capitalisation and Indebtedness – Credit Facilities*” of this Offer Document. As at the date of this Offer Document, our Group has not drawn down on such facility. Our Group intends to use S\$3.2 million of the net proceeds from the Placement to repay the amounts owing under the drawn down facility (if any) and/or to directly finance part of the construction cost. Subject to the requisite government approvals being obtained and barring any unforeseen circumstances, construction of the ISO tank depot is scheduled to commence in April 2022 and to complete within 12 months.
- (2) As disclosed in the section entitled “*General Information on Our Group – Business Strategies and Future Plans*” of this Offer Document, our Group intends to increase the scale of its operations by growing its fleet of prime movers and trailers. Our Group may also acquire additional moving equipment, such as reach stackers and forklifts. In connection with the new ISO tank depot at 7 Gul Avenue in Singapore, our Group also intends to acquire ISO tank washing equipment. While our Group’s acquisition of such new transportation vehicles and equipment will be financed through hire purchase arrangements, our Group will be required to make an upfront cash payment of between 10% to 20% (including GST) of the purchase price. As such, our Group intends to use a portion of the net proceeds from the Placement to fund such upfront payments. As at the Latest Practicable Date, our Group has not committed to the purchase of any such new transportation vehicles and equipment. None of such new transportation vehicles and equipment will be purchased by our Group from Interested Persons.
- (3) Of the total estimated listing expenses payable in cash, approximately S\$0.3 million will be capitalised against share capital and the balance of S\$1.1 million will be charged to the profit or loss.
- (4) Includes, amongst others, the estimated audit and legal fees, fees for the Sponsor, Issue Manager, the Co-Placement Agents and other professionals. This excludes the portion of the management fees payable to the Sponsor and Issue Manager which will be satisfied in full by the allotment and issuance of 1,500,000 PPCF Shares pursuant to the Sponsorship and Management Agreement.

USE OF PROCEEDS AND LISTING EXPENSES

- (5) The amount of placement commission per Placement Share, agreed upon between the Co-Placement Agents and our Company is 3.5% of the Placement Price payable for each Placement Share successfully subscribed for. Please refer to the section entitled “*Plan of Distribution – Management and Placement Agreements*” of this Offer Document for further details.
- (6) Includes the estimated cost of production of this Offer Document and other marketing expenses and certain other expenses incurred or to be incurred in connection with the Placement. These are estimated expenses and the actual amounts may differ.

Further details of our use of proceeds may be found in the section entitled “*General Information on our Group – Business Strategies and Future Plans*” of this Offer Document. In particular, our future plans may be funded, apart from the net proceeds raised from the issue of the Placement Shares, either through internally generated funds and/or external borrowings.

The foregoing represents our best estimate of the allocation of our net proceeds from the issue of the Placement Shares based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates and we may find it necessary or advisable to re-allocate our net proceeds within the categories described above or to use portions of our net proceeds for other purposes. In the event that we decide to re-allocate our net proceeds from the issue of the Placement Shares for other purposes, we will publicly announce our intention to do so through an SGXNET announcement to be posted on the internet at the SGX-ST’s website at <http://www.sgx.com>. In addition, we will make periodic announcements on the use of the net proceeds from the issue of the Placement Shares as and when the funds are materially disbursed, and provide a status report on the use of the net proceeds from the issue of the Placement Shares in our financial results announcements and annual report(s). The announcement will state whether the use of net proceeds is in accordance with the stated use and the percentage allocated as disclosed above.

Pending the deployment of the net proceeds as aforesaid, the funds may be added to our working capital, placed as deposits with banks or financial institutions, or used for investment in short-term deposits, money market or debt instruments, as our Directors may deem appropriate in their absolute discretion.

In the event that any part of our proposed use of net proceeds raised from the issue of the Placement Shares does not materialise or proceed as planned, our Directors will carefully evaluate the situation and may reallocate the net proceeds to other purposes and/or hold such funds on short-term deposits for so long as our Directors deem it to be in the interests of our Company. Any change in the use of the net proceeds will be subject to the Catalist Rules and appropriate announcements will be made by our Company on SGXNET.

In the event that the amount set aside to meet our Company’s estimated expenses in relation to the Placement is in excess of the actual expenses incurred, such amount will be made available for our working capital purposes. Where any of the net proceeds raised from the issue of the Placement Shares have been used for working capital purposes, our Company will disclose a breakdown with specific details on how the net proceeds have been applied in the announcements and status reports to be made by our Company on SGXNET.

In the reasonable opinion of our Directors, there are no minimum amounts which must be raised by our Company from the issue of the Placement Shares.

Save as disclosed above, none of the net proceeds raised from the issue of the Placement Shares will be used to discharge, reduce or retire any indebtedness of our Group.

Save as disclosed above, none of the net proceeds raised from the issue of the Placement Shares will be used, directly or indirectly, to acquire or refinance the acquisition of any asset, business or entity.

DIVIDEND POLICY

Statements contained in this section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties and should under no circumstances be regarded as a representation, warranty or prediction by us, the Sponsor and Issue Manager or the Co-Placement Agents or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof.

Past Dividends

Our Company was incorporated on 24 August 2021 and has not declared or paid any dividends on our Shares since incorporation.

Save as disclosed below, none of our subsidiaries has declared or paid any dividends in respect of each of the financial years during the Period Under Review and the period from 1 October 2021 to the Latest Practicable Date:

Subsidiary	Net dividends paid in respect of						1 October 2021 to the Latest Practicable Date	
	FY2019		FY2020		FY2021		Total (S\$'000)	Per share (S\$)
	Total (S\$'000)	Per share (S\$)	Total (S\$'000)	Per share (S\$)	Total (S\$'000)	Per share (S\$)		
HNL	3,000 ⁽¹⁾	4.00 / 2.00 ⁽¹⁾	600 ⁽²⁾	1.20	1,000 ⁽³⁾	2.00	–	–
HLA Container Services	–	–	300 ⁽⁴⁾	0.375	500 ⁽⁵⁾	0.625	–	–
HLA Container Services (Thailand)	–	–	–	–	247 ⁽⁶⁾	0.77	–	–

Notes:

- (1) On 14 June 2019, HNL declared a one-tier tax exempt interim dividend of S\$4.00 per ordinary share in an aggregate of S\$2,000,000 to be paid out of the retained profits of HNL to its registered shareholder, LHNGPL, in respect of FY2019. The dividend was paid out on 20 June 2019. On 20 September 2019, HNL declared a one-tier tax exempt interim dividend of S\$2.00 per ordinary share in an aggregate of S\$1,000,000 to be paid out of the retained profits of HNL to its registered shareholder, LHNGPL, in respect of FY2019. The dividend was paid out on 24 September 2019.
- (2) On 21 January 2020, HNL declared a one-tier tax exempt interim dividend of S\$1.20 per ordinary share in an aggregate of S\$600,000 to be paid out of the retained profits of HNL to its registered shareholder, LHNGPL, in respect of FY2020. The dividend was paid out on 21 January 2020.
- (3) On 18 February 2021, HNL declared a one-tier tax exempt interim dividend of S\$2.00 per ordinary share in an aggregate of S\$1,000,000 to be paid out of the retained profits of HNL to its registered shareholder, LHNGPL, in respect of FY2021. The dividend was paid out on 18 February 2021.
- (4) On 14 January 2020, HLA Container Services declared a one-tier tax exempt interim dividend of S\$0.375 per ordinary share in an aggregate of S\$300,000 to be paid out of the retained profits of HLA Container Services to its registered shareholders, LHNGPL and Mr. Hew Chee Fatt in respect of FY2020. The dividend was paid out on 30 January 2020.
- (5) On 20 May 2021, HLA Container Services declared a one-tier tax exempt interim dividend of S\$0.625 per ordinary share in an aggregate of S\$500,000 to be paid out of the retained profits of HLA Container Services to its registered shareholders, LHNGPL and Mr. Hew Chee Fatt in respect of FY2021. The dividend was paid out on 21 May 2021.
- (6) On 26 July 2021, HLA Container Services (Thailand) declared an interim dividend of THB 18.75 per ordinary share in an aggregate of THB6,000,000 to be paid out of the retained profits of HLA Container Services (Thailand) to its registered shareholders, HLA Container Services, HLA Holdings (Thailand) and Mr. Hew Chee Fatt in respect of FY2021. The dividend was paid out on 26 July 2021.

DIVIDEND POLICY

Dividend Policy

The form, frequency and amount of future dividends on our Shares that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors:

- (a) the level of our cash and retained earnings;
- (b) our actual and projected financial performance;
- (c) our projected levels of capital expenditure and expansion plans;
- (d) our working capital requirements and general financing condition;
- (e) the ability of our subsidiaries to declare and pay any dividends to our Company;
- (f) restrictions on payment of dividends imposed on us by our financing arrangements (if any) and other contractual restrictions binding on us; and
- (g) the financial, regulatory or general economic conditions and any other risk factors that may be applicable to us and/or our industry.

In addition, our Company is a holding company and depends on the receipt of dividends and other distributions from our subsidiaries to pay dividends on our Shares.

Following the completion of the Placement, and subject to the aforementioned factors, we are committed to delivering dividends that increase over time with growth in the underlying earnings. Following the completion of the Placement, **our Directors intend to recommend and distribute dividends of not less than 40.0% of our Group's profit attributable to equity holders of our Company after adding back listing expenses and excluding non-recurring, one-off and exceptional items**, whether as an annual dividend or an interim dividend for FY2022. In addition, **our Directors intend to recommend and distribute dividends of not less than 40.0% of our Group's profit attributable to equity holders of our Company excluding non-recurring, one-off and exceptional items**, whether as an annual dividend or an interim dividend for the subsequent two financial years comprising FY2023 and FY2024 (together with proposed dividends for FY2022, collectively known as "**Proposed Dividends**") as we wish to reward Shareholders for participating in our Group's growth.

Investors should note that the foregoing statement on the Proposed Dividends is merely a statement of our present intention and shall not constitute a legally binding obligation on our Company or a legally binding statement in respect of our future dividends, and may be subject to modification (including reduction or non-declaration thereof) in our Directors' sole and absolute discretion. Investors should not treat the Proposed Dividends as an indication of our Group's future dividend policy.

Subject to our Constitution and in accordance with the Companies Act, our Company may declare an annual dividend subject to the approval of Shareholders in a general meeting, but no dividend or distribution shall be declared in excess of the amount recommended by our Directors. Subject to our Constitution and in accordance with the Companies Act, our Directors may also from time to time declare an interim dividend without the approval of Shareholders. All dividends are paid *pro rata* among Shareholders in proportion to the amount paid up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provide otherwise. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

DIVIDEND POLICY

The amount of dividends that may be declared and paid by us should not be taken as an indication of the dividends payable in the future. No inference shall or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends in any of the periods discussed. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future. Please refer to the section “*Risk Factors – Risks Relating to an Investment in our Shares – We may not be able to pay dividends to Shareholders*” of this Offer Document for further details.

Information relating to taxes payable on dividends is set out in the section entitled “*Taxation*” of this Offer Document.

SHARE CAPITAL

SHARE CAPITAL

Our Company was incorporated on 24 August 2021 in Singapore under the Companies Act as an investment holding private limited company under the name of “LHN Logistics Pte. Ltd.”. Our Company’s registration number is 202129609C. Our Company was converted into a public company limited by shares and renamed as “LHN Logistics Limited” on 4 April 2022.

As at the date of incorporation and as at the Latest Practicable Date, our issued and paid-up share capital is S\$1.00, comprising one ordinary Share.

Pursuant to the completion of the Restructuring Exercise (but before the Share Split), the issued and paid-up share capital of our Company was increased to S\$12,439,515 comprising 1,409,408 Shares.

Pursuant to the completion of the Share Split, the resultant issued and paid-up share capital of our Company was S\$12,439,515 comprising 140,940,800 Shares.

On 28 March 2022, LHNGPL (as the sole Shareholder) approved by way of written resolutions, *inter alia*, the following:

- (a) the Share Split, pursuant to which one Share in the issued and paid-up share capital of our Company were subdivided into 100 Shares;
- (b) the conversion of our Company into a public limited company and the consequential change of our name to “LHN Logistics Limited”;
- (c) the adoption of a new Constitution;
- (d) the allotment and issuance of the Placement Shares which are the subject of the Placement which when fully paid, allotted and issued, will rank *pari passu* in all respects with the existing issued Shares;
- (e) the allotment and issuance of 1,500,000 PPCF Shares to PPCF in partial satisfaction of their management fees as the Sponsor and Issue Manager which when fully paid, allotted and issued, will rank *pari passu* in all respects with the existing issued Shares;
- (f) the adoption of the LHN Logistics Performance Share Plan, details of which are set out in the sections entitled “*The LHN Logistics Performance Share Plan*” and “*Appendix C – Rules of the LHN Logistics Performance Share Plan*” of this Offer Document;
- (g) the authorisation of our Directors to allot and issue Performance Shares upon the grant of Awards under the LHN Logistics Performance Share Plan;
- (h) the participation in the LHN Logistics Performance Share Plan by Mr. Kelvin Lim, our Executive Chairman and indirect Controlling Shareholder;
- (i) the listing and quotation of all the issued Shares, the Placement Shares to be allotted and issued pursuant to the Placement, the PPCF Shares and the Performance Shares to be allotted and issued (if any) on Catalist;
- (j) authorisation for our Directors, pursuant to Section 161 of the Companies Act and the Catalist Rules to:
 - (i) issue Shares whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

SHARE CAPITAL

at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit; and

(iii) (notwithstanding such authority may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by our Directors while such authority was in force, provided that:

(1) the aggregate number of Shares issued pursuant to such authority (including Shares issued in pursuance to any Instruments made or granted pursuant to this mandate), does not exceed 100.0% of the total number of issued Shares excluding treasury Shares and subsidiary holdings of our Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to Shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) does not exceed 50.0% of the total number of issued Shares excluding treasury Shares and subsidiary holdings of our Company (as calculated in accordance with sub-paragraph (2) below); and

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares post-Placement following the completion of the Listing (excluding treasury Shares and subsidiary holdings of our Company), after adjusting for:

(aa) new Shares arising from the conversion or exercise of any convertible securities;

(bb) new Shares arising from exercising share options or vesting of share awards, provided the share options or share awards were granted in compliance with the Catalist Rules; and

(cc) any subsequent bonus issue, consolidation or subdivision of Shares,

provided further that adjustments in accordance with sub-paragraphs (2)(aa) and (bb) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate,

provided that in exercising such authority, our Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of our Company, and (unless revoked or varied by our Company in a general meeting) such the authority conferred by this mandate shall continue in force until (a) the conclusion of the next annual general meeting of our Company; or (b) the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier;

(k) the adoption of the general mandate for Interested Person Transactions, details of which are set out in the section entitled "*Interested Person Transactions – General Mandate for Interested Person Transactions*" of this Offer Document; and

(l) the adoption of the Share Buyback Mandate, details of which are set out in the section entitled "*Share Buyback Mandate*" of this Offer Document.

As at the date of this Offer Document, there is only one class of Shares in the capital of our Company, being the Shares. A summary of the Constitution of our Company relating to, among others, the voting rights and privileges of Shareholders are set out in the section entitled "*Appendix B – Selected Extracts of Our Constitution*" of this Offer Document. There is no restriction on the transfer of fully-paid Shares in scripless form, except where required by law or the Catalist Rules.

SHARE CAPITAL

There are no founder, management, deferred or unissued Shares reserved for the issuance for any purpose. The PPCF Shares and the Placement Shares will have the same interest and voting rights as our existing Shares that were issued prior to the Placement, and there are no restrictions on the free transferability of our Shares, save as described in the section “*Shareholders – Moratorium*” of this Offer Document or except where required by law or the Catalyst Rules.

As at the Latest Practicable Date, no person has, or has the right to be given, an option to subscribe for or purchase any securities or securities-based derivatives contracts of our Company. As at the Latest Practicable Date, no participant has been identified and/or granted an Award for any Performance Shares by our Remuneration Committee pursuant to the LHN Logistics Performance Share Plan.

There are no Shares that are held by or on behalf of our Company or by our subsidiaries.

As at the date of this Offer Document, following the allotment and issuance of the PPCF Shares, the issued and paid-up share capital of our Company is S\$12,739,515 comprising 142,440,800 Shares. Upon the allotment and issuance of the Placement Shares, the resultant issued and paid-up share capital of our Company will be increased to S\$17,446,233 comprising 167,678,800 Shares.

CHANGES IN ISSUED SHARE CAPITAL

Details of the changes in the issued and paid-up share capital of our Company since incorporation and the resultant issued and paid-up share capital of our Company immediately after the completion of the Placement are as follows:

Purpose	Number of issued Shares	Issued and paid-up Share capital
Issued and fully paid-up Shares at incorporation	1	S\$1.00
Issue of new Shares pursuant to the Restructuring Exercise ⁽¹⁾	1,409,407	S\$12,439,514
Post-Restructuring Exercise issued and paid-up share capital	1,409,408	S\$12,439,515
Post-Share Split	140,940,800	S\$12,439,515
Issue of the PPCF Shares	1,500,000 ⁽²⁾	S\$300,000
Pre-Placement issued and paid-up share capital	142,440,800	S\$12,739,515
Placement Shares issued pursuant to the Placement	25,238,000	S\$4,706,718 ⁽³⁾
Post-Placement issued and paid-up share capital	167,678,800	S\$17,446,233

Notes:

- (1) Pursuant to the Restructuring Exercise, our Company issued and allotted an aggregate of 1,409,407 Shares to LHNGPL as consideration for the acquisition of 100% of the issued and paid-up share capital of HNL, and 60% of the issued and paid-up share capital of HLA Container Services and HLA Holdings, from LHNGPL. Please refer to the section entitled “*Restructuring Exercise*” of this Offer Document for more details.
- (2) Pursuant to the Sponsorship and Management Agreement, 1,500,000 PPCF shares were allotted and issued to PPCF in partial satisfaction of their management fees as the Sponsor and Issue Manager.
- (3) Includes a set-off of our Company’s estimated listing expenses payable in cash of approximately S\$0.3 million against our share capital, which excludes the remaining listing expenses payable in cash of approximately S\$1.1 million which will be accounted for as an expense in the profit or loss of our Group. For the avoidance of doubt, this excludes the portion of the management fees payable to the Sponsor and Issue Manager which will be satisfied in full by the allotment and issuance of 1,500,000 PPCF Shares pursuant to the Sponsorship and Management Agreement.

Save as disclosed above, there have been no other changes in the share capital of our Company since the date of its incorporation.

SHARE CAPITAL

Details of the changes in the issued and paid-up share capital of our subsidiary, HLA Container Services (Thailand), within the three years preceding the Latest Practicable Date are as follows:

HLA Container Services (Thailand)

Date of issue / capital reduction	Number of shares issued / reduced	Subscription price per share	Purpose of issue or investment / capital reduction	Resultant paid-up share capital
12 July 2019	Issuance of 200,000 shares	THB 25 payable in cash	Additional investment for potential expansion of business	THB 7,000,000
2 October 2019	Capital reduction of 80,000 shares	THB 25	Reduction of excess share capital as the potential expansion of business did not proceed as planned	THB 5,000,000
18 March 2021	Issuance of 120,000 shares	THB 25 payable in cash	Additional investment for potential expansion of business	THB 8,000,000

Save as disclosed above, there has not been any change in the issued and paid-up share capital of our subsidiaries or Associated Companies within the three years preceding the Latest Practicable Date.

Save as disclosed above and in the section entitled “*Restructuring Exercise*” of this Offer Document, no shares or debentures were issued or agreed to be issued by our Company or our subsidiaries or our Associated Companies for a consideration other than cash within the period of three years prior to the date of lodgement of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority.

The issued and paid-up share capital and Shareholders’ equity of our Company as at the date of incorporation and after adjustments to reflect the Restructuring Exercise, the Share Split, and the allotment and issuance of the PPCF Shares and the Placement Shares pursuant to the Placement are set forth below.

This should be read in conjunction with the section entitled “*Appendix A – Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Years Ended 30 September 2019, 2020 and 2021*” of this Offer Document.

	As at incorporation	After the Restructuring Exercise, the Share Split and the allotment and issuance of the PPCF Shares	After the Placement
Issued and fully paid-up shares (number of shares)	1	142,440,800	167,678,800
Issued and fully paid-up share capital (S\$)	1	12,739,515	17,446,233 ⁽¹⁾
Equity attributable to equity holders of our Company (S\$)	1	12,739,515	17,446,233⁽²⁾

Notes:

- (1) This includes a set-off of our Company’s estimated listing expenses of approximately S\$0.3 million against our share capital.
- (2) This includes our Company’s estimated listing expenses payable in cash of approximately S\$1.1 million to be charged directly to the profit or loss of our Group. For the avoidance of doubt, this excludes the portion of the management fees payable to the Sponsor and Issue Manager which will be satisfied in full by the allotment and issuance of 1,500,000 PPCF Shares pursuant to the Sponsorship and Management Agreement.

SHARE BUYBACK MANDATE

Background

Under the Companies Act, companies are allowed to purchase or otherwise acquire their own shares if their constitution expressly permits them to do so, provided that any such purchase or acquisition is made in accordance with and in the manner prescribed by their constitution, the Companies Act, and such other laws and regulations as may for the time being be applicable (“**Share Buybacks**”). Regulation 6 of the Constitution expressly permits our Company to purchase or otherwise acquire its issued Shares. As our Company will be listed on the Catalist, apart from the Companies Act, it is also required to comply with Part XI of Chapter 8 of the Catalist Rules, which relates to the purchase or acquisition by an issuer of its own shares.

It is a requirement under the Companies Act and the Catalist Rules that a company which wishes to purchase or otherwise acquire its own shares must obtain the approval of its shareholders at a general meeting. By subscribing for the Placement Shares, investors shall be deemed to have acknowledged and approved the Share Buyback Mandate subject to the terms and conditions set out below.

Rationale for the Share Buyback Mandate

Our Company is proposing to undertake the purchase or acquisition of its Shares following the proposed adoption of the Share Buyback Mandate for the following reasons:

- (a) in managing the business of our Group, the management of our Company and our Group strive to increase Shareholders’ value by improving, amongst others, the return on equity of our Group, which the Share Buybacks may enhance;
- (b) Share Buybacks allow our Company to mitigate short-term market volatility in the price of its Shares, offset the effects of short-term price speculation, and bolster Shareholders’ confidence. For illustration purposes, our Company may undertake Share Buybacks, in the event our Directors are of the view that the price per Share at such time is undervalued taking into consideration, among others, the future earnings and NAV per Share of our Company;
- (c) to the extent that our Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, Share Buybacks facilitate the efficient return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner and allow our Company greater flexibility to manage its capital and maximise returns to Shareholders;
- (d) Shares purchased or acquired under the Share Buyback Mandate may be held by our Company as treasury shares to satisfy our Company’s obligations to furnish Shares to participants in any share-based incentive schemes we may implement from time to time, thus giving our Company greater flexibility to select the method of providing Shares to employees that is most beneficial to our Company and Shareholders; and
- (e) Directors may utilise Shares purchased or acquired under the Share Buyback Mandate and held as treasury shares to be sold for cash or transferred as consideration for the acquisition of shares in or assets of another company or assets of a person, which may be less dilutive in respect of Shareholder’s interests in the share capital of our Company than if new Shares were issued for such purposes.

Shareholders should note that notwithstanding the above, Share Buybacks pursuant to the Share Buyback Mandate will only be undertaken when our Directors are of the view that such purchases or acquisition of Shares are of benefit to our Company and/or Shareholders.

SHARE BUYBACK MANDATE

Terms of the Share Buyback Mandate

Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by our Company. The total number of Shares that may be purchased or acquired is limited to the number of Shares representing not more than 10% of the post-Placement issued share capital of our Company following the completion of the Listing (such date on which the Listing is completed, the “**Approval Date**”), unless our Company has effected a reduction of its share capital in accordance with the Companies Act at any time during the SBB Relevant Period (as defined below), in which event the total number of Shares of our Company shall be taken to be the total number of Shares of our Company as altered (the “**Maximum Percentage**”). For purposes of calculating the Maximum Percentage, any of the Shares which are held as treasury shares or subsidiary holdings will be disregarded. As at the Latest Practicable Date, our Company has no treasury shares and subsidiary holdings.

For illustrative purposes only, assuming that on the Approval Date our Company’s issued and paid-up share capital is 167,678,800 Shares, that no reduction of share capital in accordance with the Companies Act has taken place at any time during the SBB Relevant Period, and that our Company has no treasury shares and subsidiary holdings, the maximum number of Shares which may be purchased or acquired by our Company pursuant to the Maximum Percentage under the proposed Share Buyback Mandate is 8,470,120 Shares.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the Maximum Percentage, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be undertaken up to the Maximum Percentage as authorised. In particular, our Directors will not undertake any Share Buybacks under circumstances where doing so would have an adverse effect on the free float, liquidity, orderly trading of the Shares and/or financial position of our Company and/or our Group.

Duration of Authority

Share Buybacks under the Share Buyback Mandate may be made, at any time and from time to time, commencing on and from the Approval Date and expiring on the earlier of:

- (a) the conclusion of the next annual general meeting (“**AGM**”) of our Company or the date by which such AGM is required by the applicable law in Singapore or the Constitution to be held;
- (b) the date on which the Share Buybacks are carried out to the full extent mandated; or
- (c) the date on which the authority conferred in the Share Buyback Mandate is varied or revoked by Shareholders in a general meeting.

(referred to as the “**SBB Relevant Period**”).

The Share Buyback Mandate may be renewed at each AGM or any other general meeting of our Company.

Manner of Share Buybacks

If and when circumstances permit, our Directors may decide to effect Share Buybacks by way of either:

- (a) an on-market purchase, transacted on the SGX-ST through the ready market or any other stock exchange on which the Shares may for the time being be listed and quoted (as the case may be), through one or more duly licensed stockbrokers appointed by our Company for such purpose (“**Market Purchase**”); and/or
- (b) an off-market purchase (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by our Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and Catalyst Rules (“**Off-Market Purchase**”).

SHARE BUYBACK MANDATE

In an Off-Market Purchase, our Directors may impose such terms and conditions, which are consistent with the Share Buyback Mandate, the Catalist Rules and the Companies Act, as they consider fit in the interests of our Company, in connection with or in relation to such equal access scheme(s). Under the Companies Act, an equal access scheme must satisfy all the following conditions:

- (a) offers for the Share Buybacks must be made to every person who holds issued Shares to purchase or acquire the same percentage of their Shares on a *pro rata* basis;
- (b) each person as set out in sub-paragraph (a) must be given a reasonable opportunity to accept the offers made; and
- (c) the terms of the offers must be the same, except that there shall be disregarded:
 - (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (ii) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Catalist Rules provide that, in making an Off-Market Purchase, our Company must issue an offer document to all Shareholders which must contain at least the following information in respect of each Off-Market Purchase:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptance of the offer;
- (c) the reasons for the proposed Share Buyback;
- (d) the consequences, if any, of the Share Buyback by our Company arising under the Singapore Code on Take-overs and Mergers (the “**Takeover Code**”) or other applicable takeover rules;
- (e) whether the Share Buyback, if effected, would have any effect on the listing of the Shares on the SGX-ST;
- (f) details of any Share Buybacks (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme) made by our Company in the previous 12 months, setting out the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by our Company will be cancelled or kept as treasury shares.

Maximum Purchase Price

The purchase price of the Shares (excluding brokerage, commissions, stamp duties, applicable goods and services tax, clearance fees and other related expenses of the Share Buyback) under a Share Buyback will be determined by our Directors, but in any case cannot exceed, in respect of each Share:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and
- (b) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as defined below) of the Shares,

(the “**Maximum Price**” in either case).

SHARE BUYBACK MANDATE

For the purposes above,

“Average Closing Price” means the average of the closing market prices of the Shares over the last five Market Days on the SGX-ST on which transactions in the Shares were recorded (a) (in the case of a Market Purchase) immediately preceding the day of the Market Purchase or, (b) (in the case of an Off-Market Purchase) the day of the making of the offer pursuant to the Off-Market Purchase, being the day on which our Company announces its intention to make an Off-Market Purchase from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase, and in either case, deemed to be adjusted for any corporate action that occurs during the relevant five Market Day period and the day on which such purchases are made.

“Market Day” means a day on which the SGX-ST is open for trading in securities.

Status of Purchased Shares and Cancellation

At the time of each Share Buyback, our Company may decide whether the Shares purchased will be (a) cancelled; (b) held as treasury shares in accordance with the Companies Act; or (c) partly cancelled and partly kept as treasury shares, depending on the needs of our Company and as our Directors deem fit in the interests of our Company at that time.

A Share purchased or acquired by our Company under the Share Buyback Mandate shall be deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation), unless such Share is held by our Company as a treasury share in accordance with the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by our Company under the Share Buyback Mandate, which are not held as treasury shares, and deemed cancelled. All such cancelled Shares will also be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by our Company as soon as reasonably practicable following settlement of any such Share Buyback.

Purchased Shares may be held as Treasury Shares

Under the Companies Act, Shares purchased or acquired by our Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

Maximum Holdings

The aggregate number of Shares held by our Company as treasury shares following Share Buybacks cannot at any time exceed 10% of the total number of issued Shares at that time.

Voting and Other Rights

Pursuant to the Companies Act, our Company cannot exercise any right in respect of treasury shares and any purported exercise of such right is void. In particular, our Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, in respect of treasury shares, and our Company shall be treated as having no right to vote in respect of the treasury shares and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of our Company's assets (including any distribution of assets to members on a winding up) may be made to our Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. In addition, the subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury shares before the subdivision or consolidation, as the case may be.

SHARE BUYBACK MANDATE

Disposal and Cancellation

Where any Shares purchased or acquired under Share Buybacks are held by our Company as treasury shares, our Company may at any time:

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be allowed under the Companies Act.

Under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details including the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued Shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use, and the value of the treasury shares if they are sold, transferred, cancelled and/or used. Our Company will make the foregoing announcements required under the Catalist Rules in respect of any sale, transfer, cancellation and/or use of the treasury shares as and when appropriate.

Source of Funds for Share Buyback

For the purposes of purchasing Shares under the Share Buyback Mandate, our Company may only apply funds legally available for such purchase in accordance with its Constitution and the applicable laws in Singapore. Our Company may not purchase or acquire Shares for a consideration to be satisfied in any manner other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the Catalist Rules. Payment of consideration in respect of Share Buybacks by our Company may be made out of our Company's profits or capital so long as our Company is solvent. Our Company may use internal resources to fund the Share Buybacks pursuant to the Share Buyback Mandate.

Our Directors do not propose to exercise the Share Buybacks in a manner and to such extent that the financial position of our Group would be materially adversely affected. The purchase of Shares under the Share Buyback Mandate will only be effected after considering relevant factors such as working capital requirements, availability of financial resources, expansion plans of our Group and the prevailing market conditions.

Financial Effects of the Share Buyback Mandate

Bases and Assumptions

Shareholders should note that the financial effects illustrated below are for illustration purposes only. In particular, it is important to note that the financial analyses set out below are based on the audited combined financial statements for FY2021 and are not necessarily representative of future financial performance of our Company and/or Group. While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the Maximum Percentage, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be undertaken up to the full 10% limit of the Maximum Percentage as authorised.

SHARE BUYBACK MANDATE

It is not possible for our Company to realistically calculate or quantify the impact or financial effects of any potential Share Buyback(s) as such effects would depend on factors such as the aggregate number of Shares purchased or acquired under the Share Buyback Mandate, the purchase prices paid at the relevant time, and the amount (if any) borrowed by our Company to fund the Share Buybacks(s), whether the purchase or acquisition is made out of profits or capital, and whether the Shares so purchased or acquired are held in treasury or cancelled. It should be noted that where the purchase or acquisition is made out of profits, the purchase price paid by our Company for the Shares (excluding brokerage, commissions, stamp duties, applicable goods and services tax, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by our Company.

As stated, our Directors do not propose to exercise the Share Buyback Mandate in a manner and to such extent that the liquidity and capital adequacy position of our Group would be materially and adversely affected. The Share Buybacks will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of our Group, and prevailing market conditions. The proposed Share Buyback Mandate will be exercised with a view to enhance the EPS and/or NTA per Share of our Group.

For illustrative purposes only, the financial effects presented below are based on the following assumptions:

- (a) the Placement and the Listing had been completed on 1 October 2020;
- (b) the Share Buyback Mandate had been effective on 1 October 2020;
- (c) the Average Closing Price is equal to the Placement Price;
- (d) the issued share capital of our Company as at 30 September 2021 is 167,678,800 Shares;
- (e) the Maximum Percentage which may be acquired by our Company pursuant to the Share Buyback Mandate is 8,470,120 Shares;
- (f) in the case of Market Purchases by our Company and assuming that our Company purchases or acquires 8,470,120 Shares at the Maximum Price of S\$0.21 for each Share (being the price equivalent to 105% of the Placement Price), the maximum amount of funds required for the purchase or acquisition of 8,470,120 Shares is approximately S\$1,778,725;
- (g) in the case of Off-Market Purchases by our Company and assuming that our Company purchases or acquires 8,470,120 Shares at the Maximum Price of S\$0.24 for each Share (being the price equivalent to 120% of the Placement Price), the maximum amount of funds required for the purchase or acquisition of 8,470,120 Shares is approximately S\$2,032,829;
- (h) the Share Buybacks are funded solely by internal cash/resources of our Group; and
- (i) transaction costs incurred during the Share Buybacks pursuant to the Share Buyback Mandate are assumed to be insignificant and have thus been ignored for the purpose of computing the financial effects.

Based on the above assumptions, the financial effects of:

- (a) the acquisition of the Maximum Percentage by our Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buyback Mandate by way of purchases made entirely out of capital, such Shares being thereafter cancelled ("**Scenario A**"); and
- (b) the acquisition of the Maximum Percentage by our Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buyback Mandate by way of purchases made entirely out of capital, such Shares being thereafter held by our Company as treasury shares ("**Scenario B**"),

SHARE BUYBACK MANDATE

on the audited combined financial results of our Group and our Company for FY2021, are set out below:

Scenario A

	Group			Company		
	Before Share Buyback	After Share Buyback		Before Share Buyback	After Share Buyback	
		After Market Purchase	After Off-Market Purchase		After Market Purchase	After Off-Market Purchase
(S\$'000)						
Share capital	17,446	15,667	15,413	17,446	15,667	15,413
Exchange translation reserve	(25)	(25)	(25)	–	–	–
Revaluation reserve	921	921	921	–	–	–
Retained profits	8,736	8,736	8,736	(1,399)	(1,399)	(1,399)
Capital and reserves attributable to equity holders of our Company	27,078	25,299	25,045	16,047	14,268	14,014
NTA ⁽¹⁾	27,078	25,299	25,045	16,047	14,268	14,014
Current assets	14,634	12,855	12,601	3,608	1,829	1,575
Current liabilities	6,970	6,970	6,970	–	–	–
Working capital	7,664	5,885	5,631	3,608	1,829	1,575
Total borrowings	11,869	11,869	11,869	–	–	–
Cash and cash equivalents	8,729	6,950	6,696	3,608	1,829	1,575
Total number of issued Shares ('000)	167,679 ⁽⁵⁾	159,209	159,209	167,679 ⁽⁵⁾	159,209	159,209
Weighted average no. of Shares ('000)	167,679	159,209	159,209	167,679	159,209	159,209
Total comprehensive income attributable to equity holders of our Company	2,818	2,818	2,818	(1,399)	(1,399)	(1,399)
Financial ratios						
NTA per Share (cents) ⁽²⁾	16.15	15.89	15.73	9.57	8.96	8.80
Gearing (times) ⁽³⁾	0.30	0.32	0.32	–	–	–
Current ratio (times)	2.10	1.84	1.81	n.a.	n.a.	n.a.
EPS (cents) ⁽⁴⁾	1.68	1.77	1.77	(0.83)	(0.88)	(0.88)

Notes:

- (1) NTA refers to net assets less intangible assets and non-controlling interests.
- (2) NTA per Share equals to NTA divided by the number of Shares outstanding as at 1 October 2020.
- (3) Gearing equals to interest-bearing debt divided by total capital. Total capital is calculated as interest-bearing debt plus total shareholders' equity.
- (4) EPS equals to profit attributable to equity holders of our Company divided by the weighted average number of Shares during FY2021.
- (5) Assuming an issued share capital of 167,678,800 Shares as at 30 September 2021.

SHARE BUYBACK MANDATE

Scenario B

	Group			Company		
	Before Share Buyback	After Share Buyback		Before Share Buyback	After Share Buyback	
		After Market Purchase	After Off-Market Purchase		After Market Purchase	After Off-Market Purchase
(S\$'000)						
Share capital	17,446	17,446	17,446	17,446	17,446	17,446
Treasury shares	–	(1,779)	(2,033)	–	(1,779)	(2,033)
Exchange translation reserve	(25)	(25)	(25)	–	–	–
Revaluation reserve	921	921	921	–	–	–
Retained profits	8,736	8,736	8,736	(1,399)	(1,399)	(1,399)
Capital and reserves attributable to equity holders of our Company	27,078	25,299	25,045	16,047	14,268	14,014
NTA ⁽¹⁾	27,078	25,299	25,045	16,047	14,268	14,014
Current assets	14,634	12,855	12,601	3,608	1,829	1,575
Current liabilities	6,970	6,970	6,970	–	–	–
Working capital	7,664	5,885	5,631	3,608	1,829	1,575
Total borrowings	11,869	11,869	11,869	–	–	–
Cash and cash equivalents	8,729	6,950	6,696	3,608	1,829	1,575
Total number of issued Shares (excluding treasury shares) ('000)	167,679	159,209	159,209	167,679	159,209	159,209
Treasury shares ('000)	–	8,470	8,470	–	8,470	8,470
Weighted average no. of Shares ('000)	167,679 ⁽⁵⁾	159,209	159,209	167,679 ⁽⁵⁾	159,209	159,209
Total comprehensive income attributable to equity holders of our Company	2,818	2,818	2,818	(1,399)	(1,399)	(1,399)
Financial ratios						
NTA per Share (cents) ⁽²⁾	16.15	15.89	15.73	9.57	8.96	8.80
Gearing (times) ⁽³⁾	0.30	0.32	0.32	–	–	–
Current ratio (times)	2.10	1.84	1.81	n.a.	n.a.	n.a.
EPS (cents) ⁽⁴⁾	1.68	1.77	1.77	(0.83)	(0.88)	(0.88)

Notes:

- (1) NTA refers to net assets less intangible assets and non-controlling interests.
- (2) NTA per Share equals to NTA divided by the number of Shares outstanding as at 1 October 2020.
- (3) Gearing equals to interest-bearing debt divided by total capital. Total capital is calculated as interest-bearing debt plus total shareholders' equity.
- (4) EPS equals to profit attributable to equity holders of our Company divided by the weighted average number of Shares during FY2021.
- (5) Assuming an issued share capital of 167,678,800 Shares as at 30 September 2021.

SHARE BUYBACK MANDATE

Shareholders should note that the financial effects set out above, based on the respective aforesaid assumptions, are for illustrative purposes only. In particular, it is important to note that the above analysis is based on our Group and our Company's audited combined financial statements for FY2021, and is not representative of the future financial performance of our Group and/or our Company.

Other Applicable Catalyst Rules and Legislation

Reporting Requirements under Catalyst Rules

The Catalyst Rules specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which it purchased or acquired any of its shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement must be in the form of Appendix 8D (Daily Share Buy-back Notice) of the Catalyst Rules. Our Company will make the above announcements pursuant to the Catalyst Rules as and when appropriate.

In addition, within 30 days of the passing of a Shareholders' ordinary resolution to approve any Share Buyback, our Company shall lodge a copy of such resolution with ACRA.

Our Company shall notify ACRA, using the prescribed form, within 30 days of a Market Purchase or otherwise. Such notification shall include details of the Share Buyback, such as the date of the Share Buyback, the total number of Shares purchased or acquired, the number of Shares cancelled, the number of Shares held as treasury shares, our Company's issued share capital before and after the Share Buyback, the amount of consideration paid by our Company for the Share Buyback, whether the Shares were purchased or acquired out of the profits or the capital of our Company, and such other particulars as may be required by ACRA in the prescribed form.

Restrictions on Share Buybacks

While the Catalyst Rules do not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time on the basis that the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, our Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buyback Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of our Board until such price-sensitive information has been publicly announced.

Further, in conformity with the best practices on dealing with securities under the Catalyst Rules, our Company will not purchase or acquire any Shares during the period commencing one month immediately preceding the announcement of our Company's half-year and full year financial statements.

Free Float

Our Company will ensure that any Shares purchased or acquired by our Company under the Share Buyback Mandate will not result in a fall in the percentage of Shares held by the public (as defined in the Catalyst Rules) to below 10% of the total number of issued Shares (excluding treasury shares, preference shares and convertible equity securities). For the purposes above, the Catalyst Rule defines the public as persons other than our Directors, CEO of our Company, Substantial Shareholders or Controlling Shareholders of our Company and our subsidiaries, as well as the Associates of such persons.

Our Company does not have any individual shareholding limit or foreign shareholding limit. On completion of the Listing, 25,238,000 Shares, representing approximately 15.0% of the total number of issued Shares will be held by the public. In the event that our Company should, pursuant to the Share Buyback Mandate, purchase or acquire Shares up to the Maximum Percentage, approximately 16,767,880 Shares representing 10.0% of the Shares (excluding treasury shares) would continue to be in the hands of the public.

SHARE BUYBACK MANDATE

Accordingly, our Directors are of the view that on completion of the Listing, there will be a sufficient number of Shares in issue held by the public which would permit our Company to undertake purchases of Shares up to the Maximum Percentage pursuant to the Share Buyback Mandate. Nonetheless, our Directors will at all times ensure that when purchasing any Shares pursuant to the Share Buyback Mandate, at least 10% of the Shares will remain in the hands of the public in accordance with the Catalyst Rules and that such purchases will not (a) affect the listing status of our Company; (b) cause market illiquidity of the Shares; or (c) affect adversely the orderly trading of the Shares.

Take-Over Obligations

Obligation to make a Take-over Offer

Pursuant to the Take-over Code, an increase of a Shareholder's proportionate interest in the voting rights of our Company resulting from a Share Buyback by our Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code.

Rule 14.1 of the Take-over Code requires, *inter alia*, that, except with the consent of the Securities Industry Council ("SIC"), where:

- (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights of a company and such person, or any person(s) acting in concert with him, acquires in any period of six months additional shares carrying more than 1% of the voting rights,

such person shall extend immediately an offer to the holders of any class of shares in the capital which carries votes and in which such person, or persons acting in concert with him, hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, also incur the obligation to extend such offer under the Take-over Code.

Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, amongst others, be presumed to be acting in concert:

- (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (b) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, and any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;

SHARE BUYBACK MANDATE

- (e) a financial or other professional adviser, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to the instructions and companies controlled by any of the foregoing and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons for the purchase of voting rights.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by our Company are set out in Appendix 2 of the Take-over Code.

Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, our Directors and persons acting in concert with them will incur an obligation to make a take-over offer for our Company under Rule 14 if, as a result of our Company purchasing or acquiring Shares, (a) the voting rights of such Directors and their concert parties would increase to 30% or more, or (b) (if the voting rights of such Directors and their concert parties fall between 30% and 50% of our Company's voting rights) the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months, but excluding treasury shares in the calculation of such percentages of voting rights. Consequently, Shareholders who are deemed to be acting in concert with our Directors under the Take-over Code could be obliged to make such an offer under Rule 14.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with our Directors will not be required to make a take-over offer under Rule 14 if, as a result of our Company purchasing or acquiring Shares, (a) the voting rights of such Shareholder in our Company would increase to 30% or more, or (b) (if such Shareholder holds between 30% and 50% of our Company's voting rights) the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

However, Shareholders will be subject to the provisions of Rule 14 of the Take-over Code if they acquire Shares after our Company's Share Buybacks. For the purpose of the Take-over Code, an increase in the percentage of voting rights as a result of the Share Buyback will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than 1% in any period of six months.

Shareholders (including Directors) and their concert parties who hold more than 50% of our Company's voting rights are under no obligation to make a take-over offer if the voting rights of such Shareholders and their concert parties were to increase as a result of our Company purchasing or acquiring Shares. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

If our Company decides to cease the Share Buybacks before we have purchased in full such number of Shares authorised by Shareholders, our Company will promptly inform Shareholders of such cessation. This will assist Shareholders to determine if they can buy any more Shares without incurring an obligation under Rule 14 of the Take-over Code.

SHARE BUYBACK MANDATE

Application of the Take-over Code

Our Controlling Shareholders who are deemed parties acting in concert with each other, namely LHNGPL, LHN Limited, Fragrance, HNG, HN Capital, LHN Capital, Trident Trust, Mr. Lim Hean Nerng, Mr. Kelvin Lim (who is also our Executive Chairman), Ms. Jess Lim and Ms. Lim Bee Li, will control in aggregate approximately 84.1% of the post-Placement issued share capital of our Company.

As set out above, under the Take-over Code, Shareholders (including Directors) and their concert parties who hold more than 50% of our Company's voting rights are under no obligation to make a take-over offer if the voting rights of such Shareholders and their concert parties were to increase as a result of our Company purchasing or acquiring Shares. Accordingly, based on the shareholdings of the foregoing parties acting in concert upon completion of the Listing, Rule 14 of the Take-over Code will not be triggered and no take-over offer is required to be made pursuant to any acquisition or purchases of Shares under the Share Buyback Mandate.

Save as disclosed above and to the best of their knowledge, our Directors are not aware of any fact(s) or factor(s) which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of our Company should or ought to be consolidated, and consequences under Rule 14 of the Take-over Code would ensue as a result of a purchase of Shares by our Company pursuant to the Share Buyback Mandate.

To the best of their knowledge, our Directors are not aware of any Director or Substantial Shareholder (together with persons acting in concert with them) who may become obliged to make a mandatory offer under Rule 14 of the Takeover Code in the event that our Company purchases the maximum number of 8,470,120 Shares under the proposed Share Buyback Mandate.

Shareholders should note that the statements in this Offer Document do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by our Company pursuant to the proposed Share Buyback Mandate are advised to consult their professional advisers and/or the SIC at the earliest opportunity before they acquire any Shares in our Company during the period when the proposed Share Buyback Mandate is in force.

Taxation Implications

Shareholders who are in doubt as to their respective tax positions in respect of, or the tax implications of a Share Buyback by our Company or who may be subject to tax, whether in or outside Singapore, should consult their own professional advisers.

Details of the Shares Bought by our Company in the Previous 12 Months

Our Company has not made any Share Buybacks over the past twelve months preceding the Latest Practicable Date.

SHAREHOLDERS

SHAREHOLDING AND OWNERSHIP STRUCTURE

Our Directors, Executive Officers, Substantial Shareholders, Controlling Shareholders and other Shareholders and their respective shareholdings in our Company as at the Latest Practicable Date, after the Restructuring Exercise but before the Share Split, after the Share Split but immediately before the Placement and immediately after the Placement are set out as follows:

	As at the Latest Practicable Date ⁽¹⁾			After the Restructuring Exercise (before the Share Split) ⁽²⁾			Immediately before the Placement (after the Share Split) ⁽³⁾			Immediately after the Placement ⁽⁴⁾		
	Direct Interest	Deemed Interest	%	Direct Interest	Deemed Interest	%	Direct Interest	Deemed Interest	%	Direct Interest	Deemed Interest	%
	Number of Shares	Number of Shares		Number of Shares	Number of Shares		Number of Shares	Number of Shares		Number of Shares	Number of Shares	
Directors												
Kelvin Lim ⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾	-	1	100.0	-	1,409,408	100.0	-	140,940,800	98.9	-	140,940,800	84.1
Lin Kaixian	-	-	-	-	-	-	-	-	-	-	-	-
Leon Yee	-	-	-	-	-	-	-	-	-	-	-	-
Catherine Tan	-	-	-	-	-	-	-	-	-	-	-	-
Lim Kian Thong	-	-	-	-	-	-	-	-	-	-	-	-
Executive Officers												
Hew Chee Fatt	-	-	-	-	-	-	-	-	-	-	-	-
Khaw Shee Kai	-	-	-	-	-	-	-	-	-	-	-	-
Controlling Shareholders												
Jess Lim ⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾	-	1	100.0	-	1,409,408	100.0	-	140,940,800	98.9	-	140,940,800	84.1
Trident Trust ⁽⁵⁾	-	1	100.0	-	1,409,408	100.0	-	140,940,800	98.9	-	140,940,800	84.1
LHN Capital ⁽⁶⁾	-	1	100.0	-	1,409,408	100.0	-	140,940,800	98.9	-	140,940,800	84.1
HN Capital ⁽⁷⁾	-	1	100.0	-	1,409,408	100.0	-	140,940,800	98.9	-	140,940,800	84.1
HNG ⁽⁸⁾	-	1	100.0	-	1,409,408	100.0	-	140,940,800	98.9	-	140,940,800	84.1
Fragrance ⁽⁹⁾	-	1	100.0	-	1,409,408	100.0	-	140,940,800	98.9	-	140,940,800	84.1
LHN Limited ⁽¹⁰⁾	-	1	100.0	-	1,409,408	100.0	-	140,940,800	98.9	-	140,940,800	84.1
LHNGPL	1	-	-	1,409,408	100.0	-	140,940,800	98.9	-	140,940,800	84.1	-
Lim Bee Lj ⁽¹²⁾	-	1	100.0	-	1,409,408	100.0	-	140,940,800	98.9	-	140,940,800	84.1
Lim Hean Neng ⁽¹¹⁾	-	1	100.0	-	1,409,408	100.0	-	140,940,800	98.9	-	140,940,800	84.1

SHAREHOLDERS

	As at the Latest Practicable Date ⁽¹⁾			After the Restructuring Exercise (before the Share Split) ⁽²⁾			Immediately before the Placement (after the Share Split) ⁽³⁾			Immediately after the Placement ⁽⁴⁾		
	Direct Interest	Deemed Interest	%	Direct Interest	Deemed Interest	%	Direct Interest	Deemed Interest	%	Direct Interest	Deemed Interest	%
	Number of Shares	Number of Shares		Number of Shares	Number of Shares		Number of Shares	Number of Shares		Number of Shares	Number of Shares	
Substantial Shareholders												
Foo Siau Foon ⁽¹⁾	-	1	100.0	-	1,409,408	100.0	-	140,940,800	98.9	-	140,940,800	84.1
Lim Yun Ern ⁽¹⁾	-	1	100.0	-	1,409,408	100.0	-	140,940,800	98.9	-	140,940,800	84.1
Lim Wei Yong Matthew ⁽¹⁾	-	1	100.0	-	1,409,408	100.0	-	140,940,800	98.9	-	140,940,800	84.1
Lim Wei Yee ⁽¹⁾	-	1	100.0	-	1,409,408	100.0	-	140,940,800	98.9	-	140,940,800	84.1
Lin Weichen ⁽¹⁾	-	1	100.0	-	1,409,408	100.0	-	140,940,800	98.9	-	140,940,800	84.1
Lim Wei Kheng (Lin Weiqing) ⁽¹⁾	-	1	100.0	-	1,409,408	100.0	-	140,940,800	98.9	-	140,940,800	84.1
Lim Yu Yang ⁽¹⁾	-	1	100.0	-	1,409,408	100.0	-	140,940,800	98.9	-	140,940,800	84.1
Others Shareholders (other than the new public shareholders)												
PPCF ⁽³⁾	-	-	-	-	-	-	1,500,000	1.1	-	1,500,000	0.9	-
New public shareholders	-	-	-	-	-	-	-	-	-	25,238,000	15.0	-
Total	1	1,409,408	100.0	1,409,408	142,440,800	100.0	142,440,800	100.0	167,678,800	100.0	167,678,800	100.0

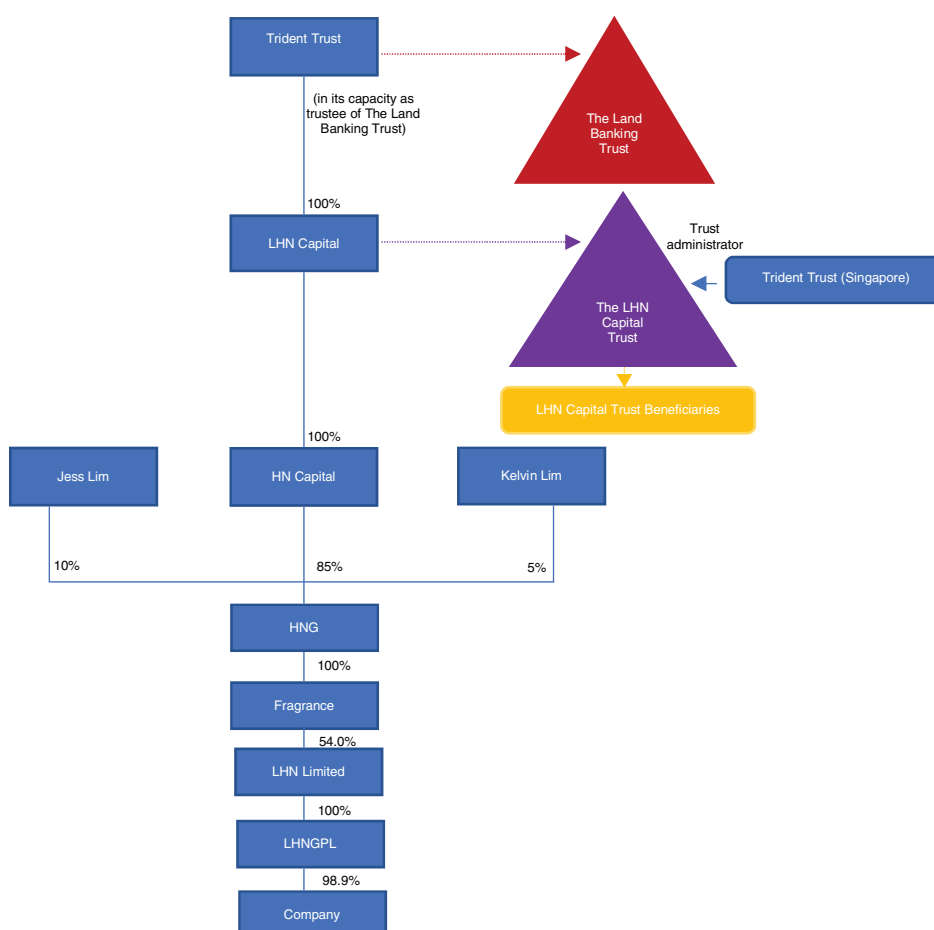
Notes:

- (1) Based on the issued and paid-up share capital of our Company of 1 Share as at the Latest Practicable Date.
- (2) Based on the issued and paid-up share capital of our Company of 1,409,408 Shares after the Restructuring Exercise but before the Share Split.
- (3) Based on the issued and paid-up share capital of our Company of 142,440,800 Shares after the Share Split and issue and allotment of the PPCF Shares but immediately before the Placement.
- (4) Based on the issued and paid-up share capital of our Company of 167,678,800 Shares immediately after the Placement.

SHAREHOLDERS

- (5) Trident Trust, a licensed trust company incorporated in BVI, holds the entire issued and paid-up share capital in LHN Capital in its capacity as trustee of The Land Banking Trust in BVI. LHN Capital, a company incorporated in Singapore, is the trustee of The LHN Capital Trust in Singapore. LHN Capital holds the entire issued and paid-up share capital in HN Capital, a company incorporated in BVI. The Land Banking Trust is a discretionary purpose trust with the principal purpose of (a) promoting the operation of the businesses owned directly or indirectly by LHN Capital (the “**LHN Capital Business**”); and (b) to enable the operation of the LHN Capital Business in accordance with the terms of the business plan. Accordingly, there are no beneficiaries to The Land Banking Trust. The settlors of The Land Banking Trust are Mr. Lim Hean Nerng, Mdm. Foo Siau Foon and Mr. Kelvin Lim. The LHN Capital Trust is a discretionary irrevocable trust pursuant to which the trustee, LHN Capital, has all powers in relation to the property comprised in The LHN Capital Trust as the legal owner of such property, subject to any express restrictions contained in The LHN Capital Trust. The settlors of The LHN Capital Trust are Mr. Lim Hean Nerng, Mdm. Foo Siau Foon and Mr. Kelvin Lim. The beneficial owners of the property in the trust fund are the beneficiaries of The LHN Capital Trust which comprise Mr. Lim Hean Nerng, Mdm. Foo Siau Foon, Mr. Kelvin Lim and Mr. Kelvin Lim’s direct lineal issues (namely, Ms. Lim Yun En, Mr. Lim Wei Yong Matthew, Mr. Lim Wei Yee, Mr. Lin Weichen, Mr. Lim Wei Kheng (Lin Weiqing) and Ms. Lim Yu Yang) (the “**LHN Capital Trust Beneficiaries**”). Trident Trust Company (Singapore) Pte. Limited (“**Trident Trust (Singapore)**”) is the trust administrator of The LHN Capital Trust.

HN Capital, Ms. Jess Lim and Mr. Kelvin Lim hold 85.0%, 10.0% and 5.0% of the entire issued and paid-up share capital in HNG respectively. Mr. Kelvin Lim and Ms. Jess Lim are also directors of HNG. HNG holds the entire issued and paid-up share capital of Fragrance. Mr. Kelvin Lim and Ms. Jess Lim are also directors of Fragrance. Fragrance holds 54.0% of the issued and paid-up share capital of LHN Limited. Mr. Kelvin Lim and Ms. Jess Lim are also directors of LHN Limited. LHN Limited holds the entire issued and paid-up share capital of LHNGPL. After the Placement, LHNGPL has a direct interest in 140,940,800 Shares comprising 84.1% of the issued and paid-up share capital of our Company. The illustration below shows the connections between our Controlling Shareholders immediately before the Placement:



As Trident Trust and its Associates, namely, LHN Capital, HN Capital, HNG, Fragrance and LHN Limited, are entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in LHNGPL, Trident Trust is deemed to have an interest in the issued and paid-up share capital of our Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.

- (6) Mr. Kelvin Lim and Ms. Jess Lim are directors of LHN Capital. In connection with footnote (5) above, as LHN Capital and its Associates, namely, HN Capital, HNG, Fragrance and LHN Limited, are entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in LHNGPL, LHN Capital is deemed to have an interest in the issued and paid-up share capital of our Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.

SHAREHOLDERS

- (7) Mr. Kelvin Lim and Ms. Jess Lim are directors of HN Capital. In connection with footnote (5) above, as HN Capital and its Associates, namely, HNG, Fragrance and LHN Limited, are entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in LHNGPL, HN Capital is deemed to have an interest in the issued and paid-up share capital of our Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.
- (8) Mr. Kelvin Lim and Ms. Jess Lim are directors of HNG. In connection with footnote (5) above, as HNG and its Associates, namely, Fragrance and LHN Limited, are entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in LHNGPL, HNG is deemed to have an interest in the issued and paid-up share capital of our Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.
- (9) Mr. Kelvin Lim and Ms. Jess Lim are directors of Fragrance. In connection with footnote (5) above, as Fragrance and its Associate, namely, LHN Limited, are entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in LHNGPL, Fragrance is deemed to have an interest in the issued and paid-up share capital of our Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.
- (10) Mr. Kelvin Lim and Ms. Jess Lim are directors of LHN Limited. In connection with footnote (5) above, as LHN Limited is entitled to exercise control of not less than 20.0% of the votes attached to the voting shares in LHNGPL, LHN Limited is deemed to have an interest in the issued and paid-up share capital of our Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.
- (11) Section 4(3) of the SFA provides that “where any property held in trust consists of or includes securities and a person knows, or has reasonable grounds for believing, that he has an interest under the trust, he shall be deemed to have an interest in those securities”. In connection with footnote (5) above and pursuant to Section 4(3) of the SFA, The LHN Capital Trust Beneficiaries are deemed to have an interest in the issued and paid-up share capital of our Company held by LHNGPL. Notwithstanding that each of Mr. Lim Hean Nerng, Mdm. Foo Siau Foon and Mr. Kelvin Lim’s direct lineal issues (namely, Ms. Lim Yun En, Mr. Lim Wei Yong Matthew, Mr. Lim Wei Yee, Mr. Lin Weichen, Mr. Lim Wei Kheng (Lin Weiqing) and Ms. Lim Yu Yang), being a beneficiary of The LHN Capital Trust, is deemed to be interested in 15.0% or more of the voting shares of our Company, each of them only receives an economic benefit under The LHN Capital Trust but has no control over the property comprised in The LHN Capital Trust and also does not, in fact, have any voting rights in or exercise control over our Company. Pursuant to the Fourth Schedule of the SFR (the “**Fourth Schedule**”), a controlling shareholder in relation to a corporation means (a) a person who has an interest in the voting shares of the corporation and who exercises control over the corporation; or (b) a person who has an interest in the voting shares of the corporation of an aggregate of not less than 30% of the total votes attached to all voting shares in the corporation, unless he does not exercise control over the corporation. Accordingly, it is not meaningful to consider them as our Controlling Shareholders within the meaning of the Fourth Schedule. As such, Mdm. Foo Siau Foon and each of Mr. Kelvin Lim’s direct lineal issues are considered as Substantial Shareholders because they are deemed interested in the Shares held by LHNGPL, being not less than 5.0% of the total votes attached to all the voting shares of our Company. These same reasons have been set out in the offer document and annual reports of LHN Limited since its listing on the Catalist in 2015. Our Group confirms that there has been no change in the arrangements relating to the structure of The LHN Capital Trust and the rights and benefits accorded to The LHN Capital Trust Beneficiaries since 2015.

As Mr. Lim Hean Nerng was one of the initial founders of LHN Limited and is deemed to be interested in 15.0% or more of the voting shares of LHN Limited through The LHN Capital Trust, he was previously considered to be a controlling shareholder of LHN Limited. However, as at the Latest Practicable Date, the board of directors of LHN Limited has made a reassessment of the status of Mr. Lim Hean Nerng as a controlling shareholder of LHN Limited and has concluded that there is no basis to continue regarding Mr. Lim Hean Nerng as a controlling shareholder of LHN Limited given that Mr. Lim Hean Nerng has retired and has not been involved in the management and affairs of LHN Limited and its subsidiaries and Associated Companies for at least the past seven years. Our Company has deemed Mr. Lim Hean Nerng as our Controlling Shareholder in this Offer Document. Post-Listing, he will be deemed a Substantial Shareholder which is similar to LHN Limited’s classification.

However, Mr. Kelvin Lim, a beneficiary of The LHN Capital Trust, is also a director of LHN Capital, HN Capital, HNG, Fragrance, LHN Limited and our Company. Accordingly, he is deemed to be able to exercise control over our Company and is deemed to be a Controlling Shareholder.

Ms. Jess Lim is Mr. Kelvin Lim’s sibling and is also a director of LHN Capital, HN Capital, HNG, Fragrance and LHN Limited. Accordingly, she is deemed to be able to exercise control over our Company and is deemed to be a Controlling Shareholder.

- (12) With effect upon the listing of LHN Limited’s shares on the Main Board of the Hong Kong Stock Exchange, Ms. Lim Bee Li, as a protector (together with Mr. Kelvin Lim and Ms. Jess Lim, who are also protectors) of The LHN Capital Trust and The Land Banking Trust, is considered a controlling shareholder of LHN Limited under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Accordingly, our Company has taken the view that Ms. Lim Bee Li should also be considered a controlling shareholder of LHN Limited in Singapore. As at the Latest Practicable Date, Ms. Lim Bee Li is deemed to be interested in 54.04% of the total issued share capital of LHN Limited. In connection with footnote (5) above and by virtue of her position as a controlling shareholder of LHN Limited in Singapore, Ms. Lim Bee Li is deemed to have an interest in the issued and paid-up share capital of our Company held by LHNGPL pursuant to Sections 4(4) and 4(5) of the SFA.
- (13) Pursuant to the Sponsorship and Management Agreement and as part of PPCF’s management fees as the Sponsor and Issue Manager, our Company allotted and issued to PPCF 1,500,000 PPCF Shares, representing 1.1% of the issued share capital of our Company immediately prior to the Placement, at the Placement Price for each PPCF Share. After the expiry of the relevant moratorium period as set out in the section entitled “*Shareholders – Moratorium*” of this Offer Document, PPCF may dispose its shareholding interests in our Company at its discretion.

SHAREHOLDERS

Save as disclosed above, there are no family relationships among our Directors, Controlling Shareholders, Substantial Shareholders and Executive Officers.

As at the Latest Practicable Date, our Company has only one class of shares, being our Shares which are in registered form. There is no restriction on the transfer of fully paid Shares in scripless form except where required by law or the Catalist Rules. The Shares held by our Directors, Controlling Shareholders and/or Substantial Shareholders do not carry voting rights that are different from the Placement Shares.

Our Directors are not aware of any arrangement, the operation of which may, at a subsequent date, result in a change in control of our Company. There has been no public takeover offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or the units of a business trust which has occurred between the date of the incorporation of our Company and the Latest Practicable Date.

Save as disclosed in this Offer Document and to the best of the knowledge of our Directors, our Company is not directly or indirectly owned or controlled, whether severally or jointly, by another corporation, any government or other natural or legal person.

There are no Shares in our Company that are held by or on behalf of our Company or by the subsidiaries of our Company.

SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

Save as disclosed above and in the sections entitled “*Share Capital – Changes in Issued Share Capital*”, “*Dilution*” and “*Restructuring Exercise*” of this Offer Document, there were no significant changes in the percentage of ownership of Shares in our Company between the date of incorporation of our Company and the Latest Practicable Date.

MORATORIUM

Controlling Shareholders and their Associates

Under Rule 422 of the Catalist Rules, (a) our Controlling Shareholders and their Associates; and (b) Executive Directors with interest of 5.0% or more as at our Company’s date of admission to Catalist, will be deemed promoters of our Company.

Controlling Shareholder – LHNGPL

As a demonstration of its commitment to our Company, our Controlling Shareholder, LHNGPL, who holds an aggregate of 140,940,800 Shares representing approximately 84.1% of our Company’s enlarged issued and paid-up share capital immediately after the Placement, has undertaken not to, amongst others, sell, transfer, assign, dispose of, or realise or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of its respective shareholdings in our Company immediately after the Placement for a period of six months commencing from our Company’s date of admission to Catalist, and for a period of six months thereafter not to sell, transfer, assign, dispose of, realise or enter into any agreement that directly or indirectly constitute or will be deemed as a disposal of any part of its respective shareholding interests in our Company to below 50.0% of its original shareholdings in our Company.

Indirect Controlling Shareholder – LHN Limited

LHN Limited holds 2,000,000 shares representing 100.0% of the issued and paid-up share capital of LHNGPL. Accordingly, LHN Limited, through LHNGPL, is deemed interested in 140,940,800 Shares representing approximately 84.1% of our Company’s enlarged issued and paid-up share capital immediately after the Placement. LHN Limited has undertaken not to, amongst others, sell, transfer, assign, dispose of, or realise or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of its shareholdings in LHNGPL after the Placement for a period of 12 months commencing from our Company’s date of admission to Catalist

SHAREHOLDERS

Other Shareholders – PPCF

Pursuant to the Sponsorship and Management Agreement and as part of PPCF's management fees as the Sponsor and Issue Manager, our Company allotted and issued to PPCF 1,500,000 PPCF Shares, at the Placement Price to PPCF, representing 0.9% of our Company's enlarged issued and paid-up share capital immediately after the Placement. PPCF has undertaken not to, amongst others, sell, contract to sell, transfer, assign, pledge, dispose of, realise, grant any option to or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of its shareholding interest in our Company immediately after the Placement for a period of three months commencing from the date of our admission to Catalist. Upon completion of the aforesaid relevant moratorium period, PPCF may dispose its shareholding interest in our Company at its discretion.

The respective moratoriums and periods of moratorium for each of the Controlling Shareholders and PPCF who have provided an undertaking as disclosed above is in accordance with Rule 421 and Rule 422 of the Catalist Rules.

DILUTION

Dilution is the amount by which the Placement Price paid by the subscribers of our Shares in this Placement exceeds our NAV per Share of our Group immediately after the Placement. Our Adjusted NAV per Share as at 30 September 2021 before adjusting for the estimated net proceeds due to our Company from the Placement and based on the pre-Placement issued and paid-up share capital of 142,440,800 Shares was 8.73 cents per Share.

Pursuant to the Placement in respect of 25,238,000 Placement Shares at the Placement Price, our Adjusted NAV per Share as at 30 September 2021 after adjusting for the estimated net proceeds due to our Company from the Placement and based on the post-Placement issued and paid-up share capital of 167,678,800 Shares would have been 9.57 cents. This represents an immediate increase in NAV per Share of 0.84 cents to our existing Shareholders and an immediate dilution in NAV per Share of 10.43 cents or approximately 52.2% to our new public Shareholders.

The following table illustrates the dilution in NAV per Share as at 30 September 2021 based on the Placement Price of 20.00 cents per Share:

Placement Price per Share	20.00 cents
NAV per Share adjusted for the Restructuring Exercise, the Share Split and the allotment and issuance of the PPCF Shares (" Adjusted NAV ") based on our Company's pre-Placement share capital of 142,440,800 Shares	8.73 cents
Increase in NAV per Share attributable to existing Shareholders	0.84 cents
Adjusted NAV per Share after the allotment and issuance of the Placement Shares and based on our Company's post-Placement share capital of 167,678,800 Shares	9.57 cents
Dilution in NAV per Share to new public Shareholders	10.43 cents
Dilution in NAV per Share to new public Shareholders (as a percentage of the Placement Price)	52.2%

The following table summarises the total number of Shares acquired by and/or issued to our existing Shareholders from the date of the incorporation of our Company to the date of lodgement of this Offer Document, the total consideration paid by them and the average effective cash cost per Share to them and to the new public Shareholders who subscribe for the Placement Shares pursuant to the Placement:

	Number of Shares	Total consideration (S\$)	Average effective cash cost per Share (cents)
EXISTING SHAREHOLDERS			
Controlling Shareholder			
LHNGPL	140,940,800	12,440,000	8.83
Other Shareholder			
PPCF ⁽¹⁾	1,500,000	300,000	20.00
New public Shareholders	25,238,000	5,047,600	20.00

Note:

- (1) Pursuant to the Sponsorship and Management Agreement and as part of PPCF's management fees as the Sponsor and Issue Manager, our Company allotted and issued to PPCF 1,500,000 PPCF Shares, representing approximately 1.1% of the issued share capital of our Company immediately prior to the Placement, at the Placement Price for each PPCF Share.

RESTRUCTURING EXERCISE

Our Group was formed through the Restructuring Exercise. The rationale for the Restructuring Exercise was to streamline the corporate structure and business activities of our Group for the purposes of the Placement. On 29 March 2022, LHNGPL (as the sole Shareholder) approved by way of written resolutions the Restructuring Exercise and, *inter alia*, the allotment and issue of an aggregate of 1,409,407 Shares to LHNGPL as consideration for the acquisition of 100% of the issued and paid-up share capital of HNL, and 60% of the issued and paid-up share capital of HLA Container Services and HLA Holdings, from LHNGPL. Pursuant to the Restructuring Exercise, our Company became the holding company of our subsidiaries and Associated Companies. The Restructuring Exercise involved the following:

(a) Incorporation of our Company

Our Company was incorporated on 24 August 2021 in Singapore in accordance with the Companies Act as a private company limited by shares with an issued and paid-up share capital of S\$1, comprising one Share held by LHNGPL.

(b) Sale of shares in HNL to our Company by LHNGPL

On 29 March 2022, LHNGPL and our Company entered into a share swap agreement pursuant to which our Company acquired from LHNGPL the entire issued and paid-up share capital of HNL, comprising an aggregate of 500,000 ordinary shares at a deemed cost of S\$9,639,677, which was determined based on the proportionate share of adjusted NAV of HNL and its subsidiaries of approximately S\$9,639,677 as at 30 September 2021 and settled by the issue and allotment of an aggregate of 1,092,183 Shares to LHNGPL, credited as fully paid-up at an issue price of S\$8.83 per Share which was arrived at on a willing buyer willing seller basis.

(c) Sale of shares in HLA Container Services to our Company by LHNGPL

On 29 March 2022, LHNGPL and our Company entered into a share swap agreement pursuant to which our Company acquired from LHNGPL 60% of the issued and paid-up share capital of HLA Container Services comprising an aggregate of 480,000 ordinary shares at a deemed cost of S\$2,478,130, which was determined based on the proportionate share of adjusted NAV of HLA Container Services and its subsidiaries of approximately S\$2,478,130 as at 30 September 2021 and settled by the issue and allotment of an aggregate of 280,774 Shares to LHNGPL, credited as fully paid-up at an issue price of S\$8.83 per Share which was arrived at on a willing buyer willing seller basis.

(d) Sale of shares in HLA Holdings to our Company by LHNGPL

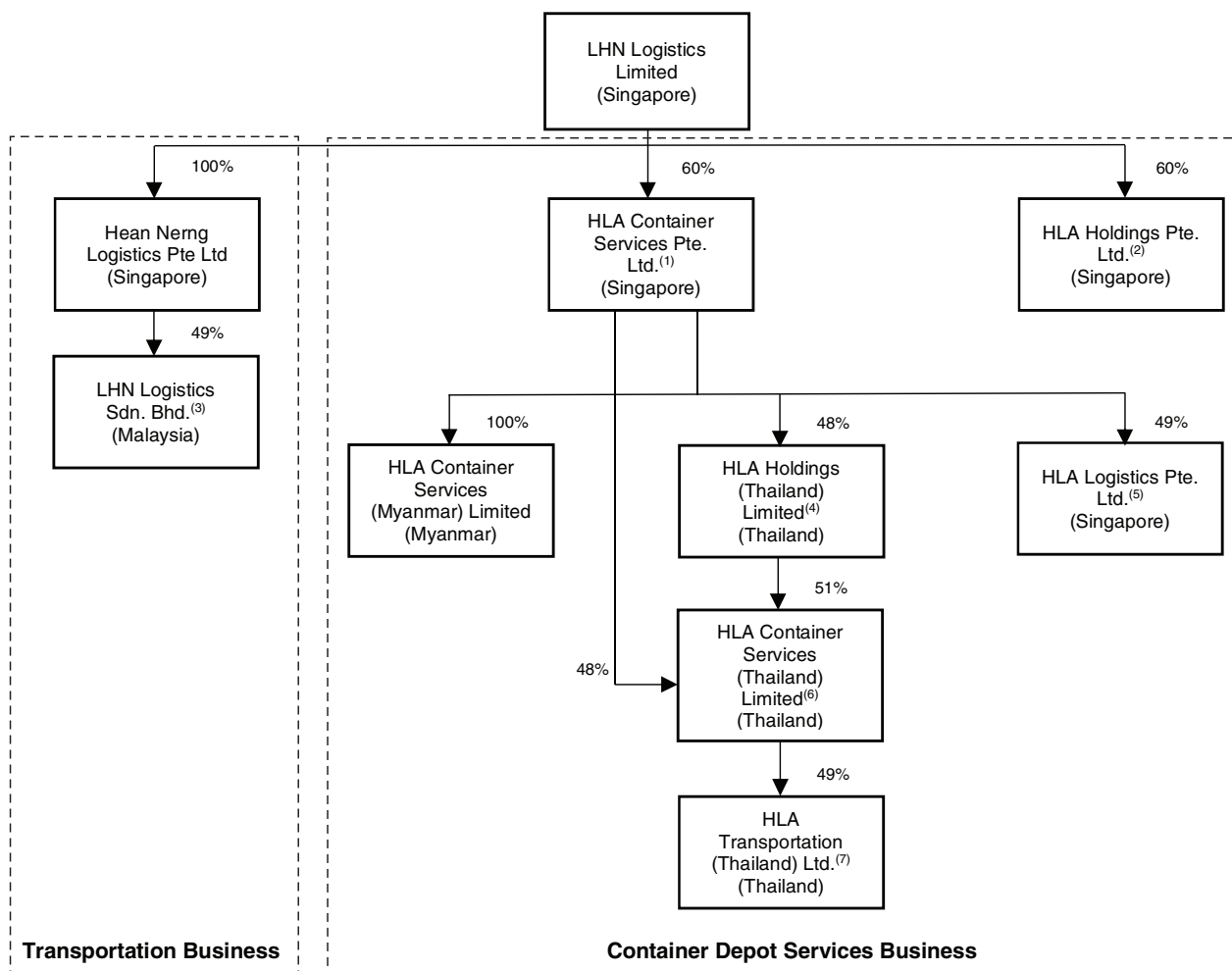
On 29 March 2022, LHNGPL and our Company entered into a share swap agreement pursuant to which our Company acquired from LHNGPL 60% of the issued and paid-up share capital of HLA Holdings comprising an aggregate of 429,408 ordinary shares at a deemed cost of S\$321,707, which was determined based on the proportionate share of adjusted NAV of HLA Holdings of approximately S\$321,707 as at 30 September 2021 and settled by the issue and allotment of an aggregate of 36,450 Shares to LHNGPL, credited as fully paid-up at an issue price of S\$8.83 per Share which was arrived at on a willing buyer willing seller basis.

Please refer to the section entitled “*Group Structure*” of this Offer Document for details of our Group structure upon completion of the Restructuring Exercise.

To the best of our knowledge and based on the due diligence conducted by our respective legal advisers, the respective steps in the Restructuring Exercise have been carried out in compliance with applicable laws and regulations.

GROUP STRUCTURE

Our Group structure immediately after the Restructuring Exercise and as at the date of this Offer Document is as follows:



Notes:

- (1) The remaining 40% of HLA Container Services is owned by Mr. Hew Chee Fatt. Mr. Hew Chee Fatt is a director and shareholder of HLA Holdings, HLA Container Services, HLA Holdings (Thailand) and HLA Container Services (Thailand). He is also our Executive Officer and Managing Director (Container Depot Services Business). HLA Container Services is classified as a non wholly-owned subsidiary of our Company. HLA Container Services was originally set up by the LHN Limited group and Mr. Hew Chee Fatt in 2013 as part of the LHN Limited group's expansion into the provision of container depot services. Other entities in the HLA Group were similarly structured to expand our Container Depot Services Business and the ownership structure of HLA Container Services and HLA Holdings (being 40% owned by Mr. Hew Chee Fatt and 60% owned by the LHN Limited group) has a track record of nine years prior to the spin-off of the logistics business. Our Group's intention for HLA Container Services and HLA Holdings was for them to be joint venture vehicles with Mr. Hew Chee Fatt and Mr. Hew Chee Fatt's involvement with our Group would solely be in our Container Depot Services Business as the Managing Director (Container Depot Services Business). The shareholding proportion between our Group and Mr. Hew Chee Fatt for these entities reflects this relationship of being joint venture partners. Mr. Hew Chee Fatt is solely involved in our Container Depot Services Business which are wholly undertaken by HLA Container Services, HLA Holdings and their subsidiaries. Our Company has ownership of majority voting interest as well as board and management control over HLA Container Services.
- (2) The remaining 40% of HLA Holdings is owned by Mr. Hew Chee Fatt. HLA Holdings is classified as a non wholly-owned subsidiary of our Company. Please refer to Note (1) above for the rationale for Mr. Hew Chee Fatt holding 40% of HLA Holdings. Our Company has ownership of majority voting interest as well as board and management control over HLA Holdings.
- (3) The remaining 51% of LHN Logistics (Malaysia) is owned by Mr. John Puang Chok Sin, an independent third party. LHN Logistics (Malaysia) is classified as an indirect non wholly-owned subsidiary of our Company as HNL has the right to nominate a majority of the board of directors of LHN Logistics (Malaysia). The rationale for the shareholding ownership structure of LHN Logistics (Malaysia) is, pursuant to the Guideline on Licensing Policy issued by the Land Public Transport Agency of Malaysia, the operator licence that is required for operating transportation services in Malaysia under the Land Public Transport Act 2010 will only be granted to companies with at least 51% Malaysian equity and up to 49% foreign equity ownership. With the current ownership structure, LHN Logistics (Malaysia) has obtained the requisite operator licence for transportation services as required for our operations in Malaysia.

GROUP STRUCTURE

As the majority of shares in LHN Logistics (Malaysia) are held by a Malaysian, Mr. John Puang Chok Sin, LHN Logistics (Malaysia) is considered a local "Malaysia" entity pursuant to the Guidelines on the Acquisition of Properties issued by the Economic Planning Unit, Prime Minister Department. Pursuant to the Guidelines on Licensing Policy issued by the Land Public Transport Agency of Malaysia, the operator licence that is required for operating transportation services in Malaysia under the Land Public Transport Act 2010 will only be granted to companies with at least 51% Malaysian equity and up to 49% foreign equity ownership. With the current ownership structure, LHN Logistics (Malaysia) was able to and has obtained the requisite operator licence. Accordingly, the Legal Adviser to our Company as to Malaysia law, Kadir, Andri & Partners, is of the view that the shareholding structure of LHN Logistics (Malaysia) by our Group is in compliance with and not contrary to the applicable laws and regulations regarding foreign ownership restrictions.

- (4) The remaining 52% of HLA Holdings (Thailand) is owned as to 26% by Ms. Somsri Puyatho, 25% by Ms. Pajjit Puyatho, and 1% by Mr. Hew Chee Fatt. Ms. Somsri Puyatho and Ms. Pajjit Puyatho are sisters, and Ms. Somsri Puyatho is an employee of HLA Container Services. They have no other relationship with our Group save for the employment of Ms. Somsri Puyatho and her spouse at HLA Container Services. HLA Holdings (Thailand) is classified as an indirect non wholly-owned subsidiary of our Company as HLA Container Services (i) can exercise as to 53.2% of voting rights in any general meeting; (ii) has the exclusive right to nominate directors; and (iii) has control in appointing members to the board of directors of HLA Holdings (Thailand), pursuant to the articles of association of HLA Holdings (Thailand) and the number of preference shares held by HLA Container Services. The rationale for the shareholding ownership structure of HLA Holdings (Thailand) is, if at least 50% of shares are held by foreigners, it will be deemed a 'foreigner' under the applicable laws of Thailand and a foreign business licence must be obtained from the respective Thai authorities prior to the commencement of its business operations. With the current ownership structure, HLA Holdings (Thailand) is currently deemed a 'Thai' entity and will not be required to obtain a foreign business licence to operate.

Foreign business licences (as governed under the Foreign Business Act B.E. 2545 (A.D. 1999) (as amended) ("**Foreign Business Act**") are required by any foreign company, considered as 'foreigner' under the Foreign Business Act, who wishes to operate a business as listed under the Foreign Business Act, including the service business, locally under Thai laws regardless of the industry they operate in. As our Thai companies are Thai majority-owned, they are not subject to the Foreign Business Act and do not need to separately obtain a foreign business licence to conduct each of their current businesses in Thailand. To clarify, each type of business (whether it is a Thai company or foreign company) that would require licences or permits are governed under different legislation, such as the Land Transport Act B.E. 2522 (A.D. 1979) (as amended) ("**LTA Thailand**") or Occupational Safety, Health and Environment Act B.E. 2554 (A.D. 2011). For example, a foreign company operating in the transportation service business will require similar licences required by the LTA Thailand as compared to a Thai company, save for the fact that the foreign company will first and foremost be subject to the Foreign Business Act and be required to first obtain the foreign business licence prior to applying for the necessary licences from the LTA Thailand.

If at least 50% of shares are held by foreigners, such company will be considered a 'foreigner' under the Foreign Business Act. If more than 50% of shares in HLA Holdings (Thailand) are held by Thai individuals, as described above, HLA Holdings (Thailand) will then be considered as a "Thai" entity. The same basis applies to HLA Container Services (Thailand) and HLA Transportation (Thailand). As such, all of our Group's Thai entities are Thai majority-owned companies. Accordingly, the Legal Adviser to our Company as to Thailand law, The Capital Law Office Limited, is of the view that the shareholding structure of our Group's Thai entities by our Group are in compliance with and not contrary to the applicable laws and regulations regarding foreign ownership restrictions.

- (5) The remaining 51% of HLA Logistics is owned by SEA Medlog. SEA Medlog and its ultimate shareholders are independent third parties. HLA Logistics is classified as an indirect Associated Company of our Company.
- (6) The remaining 1% of HLA Container Services (Thailand) is owned by Mr. Hew Chee Fatt. HLA Container Services (Thailand) is classified as an indirect non wholly-owned subsidiary of our Company as our Company has the right to appoint the majority of the directors on the board of HLA Container Services (Thailand). Please refer to Note (4) above for the rationale for the shareholding ownership structure of HLA Container Services (Thailand) and the requirements relating to foreign business licences and foreign ownership restrictions.
- (7) The remaining 51% of HLA Transportation (Thailand) is owned as to 25% by Ms. Somsri Puyatho, 24% by Ms. Pajjit Puyatho, and 2% by Mr. Hew Chee Fatt. HLA Transportation (Thailand) is classified as an indirect Associated Company of our Company. Please refer to Note (4) above for the rationale for the shareholding ownership structure of HLA Transportation (Thailand) and the requirements relating to foreign business licences and foreign ownership restrictions.

The economic interests of HLA Container Services, HLA Holdings, LHN Logistics (Malaysia), HLA Container Services (Myanmar), HLA Holdings (Thailand), HLA Container Services (Thailand), HLA Logistics and HLA Transportation (Thailand) received by our Group is proportionate to our Group's shareholding interest of such entities.

GROUP STRUCTURE

Our subsidiaries and Associated Companies

The details of our subsidiaries are as follows:

Name of company	Date and place of incorporation	Principal business activities / Principal place of business	Effective ownership interest held by our Group	Effective voting interest held by our Group	Directors	Auditors
HNL	18 June 1997 / Singapore	Freight transport by road and general warehousing / Singapore	100%	100%	<ul style="list-style-type: none"> ● Kelvin Lim ● Jess Lim ● Lin Kaixian 	Pricewaterhouse Coopers LLP
HLA Container Services (Myanmar)	13 September 2018 / Myanmar	Container depot management and related services / Myanmar	60%	60%	<ul style="list-style-type: none"> ● Kelvin Lim ● Jess Lim ● Hew Chee Fatt 	Ngwe Inzaly Audit Firm
HLA Container Services ^{(1) (2)}	22 March 2013 / Singapore	Container depot management services / Singapore	60%	60%	<ul style="list-style-type: none"> ● Kelvin Lim ● Jess Lim ● Hew Chee Fatt 	Pricewaterhouse Coopers LLP
HLA Holdings (Thailand)	22 December 2014 / Thailand	Investment holding company for container depot management and related services / Thailand	28.8% ⁽³⁾	53.2% ⁽³⁾	<ul style="list-style-type: none"> ● Jess Lim ● Hew Chee Fatt 	Pro-Act Services Thailand
HLA Container Services (Thailand)	23 December 2014 / Thailand	Container depot management and related services / Thailand	43.5% ⁽⁴⁾	43.5% ⁽⁴⁾	<ul style="list-style-type: none"> ● Jess Lim ● Hew Chee Fatt 	Pro-Act Services Thailand
HLA Holdings ⁽²⁾	26 November 2008 / Singapore	Container services / Singapore	60%	60%	<ul style="list-style-type: none"> ● Kelvin Lim ● Jess Lim ● Hew Chee Fatt 	Pricewaterhouse Coopers LLP
LHN Logistics (Malaysia)	8 June 2015 / Malaysia	Freight transport by road wholesale of a variety of goods without any particular specialisation / Malaysia	49% ⁽⁵⁾	49% ⁽⁵⁾	<ul style="list-style-type: none"> ● Kelvin Lim ● Jess Lim ● Lin Kaixian ● John Puang ● Chok Sin 	HLB Ler Lum Ptt

Notes:

- (1) HLA Container Services is considered a principal subsidiary of our Group under the Catalist Rules. Notwithstanding that HLA Container Services is not wholly-owned by our Group, our Group has ownership of majority voting interest, as well as board and management control over HLA Container Services and also the ability to control its profit generating activities.
- (2) No chairman has been appointed to the respective boards of HLA Container Services and/or HLA Holdings.
- (3) HLA Holdings (Thailand) is classified as an indirect non wholly-owned subsidiary of our Company as HLA Container Services (i) can exercise as to 53.2% of voting rights in any general meeting; (ii) has the exclusive right to nominate directors; and (iii) has control in appointing members to the board of directors of HLA Holdings (Thailand), pursuant to the articles of association of HLA Holdings (Thailand) and the number of preference shares held by HLA Container Services. There is no restriction in terms of the foreign ownership for the business currently engaged in by HLA Holdings (Thailand) as it is a Thai majority-owned company. Foreign ownership restriction laws only apply when at least 50% of shares in a company are owned by non-Thai national(s). Accordingly, the Legal Adviser to our Company as to Thailand law, The Capital Law Office Limited, is of the view that the effective voting interest and control set out in the articles of association of HLA Holdings (Thailand) is in compliance with the applicable laws.

As at the Latest Practicable Date, as HLA Holdings (Thailand) is not deemed as a principal subsidiary of our Group, there will not be any material adverse impact to our Group's business, financials and operations in the unlikely event that our Group loses majority effective control of HLA Holdings (Thailand).

GROUP STRUCTURE

- (4) HLA Container Services (Thailand) is classified as an indirect non wholly-owned subsidiary of our Company as our Company has the right to appoint the majority of the directors on the board of HLA Container Services (Thailand). There is no restriction in terms of the foreign ownership for the business currently engaged in by HLA Container Services (Thailand) as it is a Thai majority-owned company. Foreign ownership restriction laws only apply when at least 50% of shares in a company are owned by non-Thai national(s). Accordingly, the Legal Adviser to our Company as to Thailand law, The Capital Law Office Limited, is of the view that the effective voting interest and control set out in the articles of association of HLA Container Services (Thailand) is in compliance with the applicable laws.

As at the Latest Practicable Date, as HLA Container Services (Thailand) is not deemed as a principal subsidiary, there will not be any material adverse impact to our Group's business, financials and operations in the unlikely event that our Group loses majority effective control of HLA Container Services (Thailand).

- (5) LHN Logistics (Malaysia) is classified as an indirect non wholly-owned subsidiary of our Company as HNL has the right to nominate a majority of the board of directors of LHN Logistics (Malaysia). The constitution of LHN Logistics (Malaysia) is using the standard template constitution as provided in Companies Act 1965 (as replaced by Companies Act 2016) and the control of LHN Logistics (Malaysia) is based on the shareholding of its respective shareholders. Based on the search result dated 30 March 2022 issued by the Companies Commission Malaysia in respect of LHN Logistics (Malaysia), the voting interest of our Group is 49% while the balance 51% voting interest belongs to Mr. John Puang Chok Sin. As such, our Group is a minority shareholder in LHN Logistics (Malaysia) and based solely on its constitution, it does not appear to have effective controlling interest in respect of LHN Logistics (Malaysia). However, the shareholders' agreement dated 24 April 2018 in respect of LHN Logistics (Malaysia) entered into between our Group and Mr. John Puang Chok Sin comprises a clause pursuant to which Mr. John Puang Chok Sin agrees to grant a power of attorney in favour of our Group such that our Group has the power to exercise corporate decision and activities in respect of LHN Logistics (Malaysia) for certain matters as set out therein. As such, our Group has some degree of control over the operation of LHN Logistics (Malaysia) through the said shareholders agreement. Accordingly, the Legal Advisor to our Company as to Malaysia law, Kadir, Andri & Partners, is of the view that the shareholding structure of LHN Logistics (Malaysia) is in compliance with the relevant Malaysia laws and regulations, including the foreign ownership restrictions laws as imposed by the Land Public Transport Agency of Malaysia through the Guidelines on Licensing Policy.

As at the Latest Practicable Date, as LHN Logistics (Malaysia) is not deemed as a principal subsidiary, there will not be any material adverse impact to our Group's business, financials and operations in the unlikely event that our Group loses majority effective control of LHN Logistics (Malaysia).

The details of our Associated Companies are as follows:

Name of company	Date and place of incorporation	Principal business activities / Principal place of business	Effective ownership interest held by our Group	Effective voting interest held by our Group	Directors	Auditors
HLA Logistics	4 December 2017 / Singapore	Container depot management / Singapore	29.4%	29.4%	<ul style="list-style-type: none"> ● Kelvin Lim ● Hew Chee Fatt ● Lock Keng Tien ● Tan Yock Juee ● Nasir Saleem Haji 	Ernst & Young LLP
HLA Transportation (Thailand)	20 February 2020 / Thailand	Transportation, transfer of goods and passengers / Thailand	21.3%	21.3%	<ul style="list-style-type: none"> ● Hew Chee Fatt ● Somsri Puyatho ● Pajjit Puyatho 	Pro-Act Services Thailand

Save as disclosed above, there are no other subsidiaries, subsidiary entities, Associated Companies or associated entities of our Group.

None of our subsidiaries or Associated Companies is listed on any stock exchange.

SELECTED COMBINED FINANCIAL INFORMATION

The following selected combined financial information should be read in conjunction with the full text of this Offer Document, including the sections entitled “*Management’s Discussion and Analysis of Results of Operations and Financial Position*” and “*Appendix A – Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Years Ended 30 September 2019, 2020 and 2021*” of this Offer Document.

Combined Statements of Comprehensive Income of our Group

(\$S'000)	FY2019 (Audited)	FY2020 (Audited)	FY2021 (Audited)
Revenue	24,937	25,189	27,181
Cost of sales	(15,815)	(17,053)	(18,272)
Gross profit	9,122	8,136	8,909
Other income	736	1,307	1,065
Expenses			
Distribution and marketing expenses	(88)	(59)	(59)
Administrative expenses	(4,994)	(5,214)	(5,109)
Other operating expenses			
- Impairment loss on trade receivable	–	(14)	(34)
- Others	–	(104)	(121)
Finance cost	(294)	(597)	(633)
Share of result of associates, net of tax	508	511	698
Profit before income tax	4,990	3,966	4,716
Income tax expense	(710)	(572)	(732)
Profit for the year	4,280	3,394	3,984
Profit attributable to:			
Equity holders of our Company	3,766	2,853	3,323
Non-controlling interests	514	541	661
	4,280	3,394	3,984
Other comprehensive income/(loss)			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Currency translation differences arising from consolidation	46	(37)	(63)
<u>Items that will not be reclassified subsequently to profit or loss</u>			
Revaluation gain on property, plant and equipment	–	–	921
Other comprehensive income for the year	46	(37)	858
Total comprehensive income for the year	4,326	3,357	4,842
Total comprehensive income attributable to:			
Equity holders of our Company	3,786	2,836	4,217
Non-controlling interests	540	521	625
	4,326	3,357	4,842
Pre-Placement EPS (cents) ⁽¹⁾⁽²⁾	2.64	2.00	2.33
Post-Placement EPS (cents) ⁽³⁾	2.25	1.70	1.98

Notes:

- (1) Had the Service Agreements (as set out in the section entitled “*Directors, Management and Staff – Service Agreements*” of this Offer Document) been in effect since 1 October 2020, the profit for the year, profit attributable to equity holders of our Company and EPS for FY2021 computed based on our Company’s pre-Placement issued and paid-up share capital of 142,440,800 Shares would have been approximately S\$3.6 million, S\$3.0 million and 2.11 cents respectively.
- (2) For illustrative purposes, the pre-Placement EPS for the Period Under Review have been computed based on the profit attributable to equity holders of our Company and our Company’s pre-Placement issued and paid-up share capital of 142,440,800 Shares.
- (3) For illustrative purposes, the post-Placement EPS for the Period Under Review have been computed based on the profit attributable to equity holders of our Company our Company’s post-Placement issued and paid-up share capital of 167,678,800 Shares.

SELECTED COMBINED FINANCIAL INFORMATION

Combined Balance Sheets of our Group

(\$'000)	As at 30 September		
	2019 (Audited)	2020 (Audited)	2021 (Audited)
ASSETS			
Current assets			
Cash and bank deposits	2,402	4,566	5,121
Trade and other receivables	6,010	5,376	5,729
Tax recoverable	402	–	–
Prepayments	332	304	132
Inventory	3	31	44
	9,149	10,277	11,026
Non-current assets			
Property, plant and equipment	2,148	14,615	15,296
Right-of-use assets	8,767	11,841	11,360
Intangible assets	108	40	–
Investment in associates	306	148	238
Deferred income tax assets	50	9	–
	11,379	26,653	26,894
Total assets	20,528	36,930	37,920
LIABILITIES			
Current liabilities			
Trade and other payables	4,225	3,463	2,273
Current income tax liabilities	138	472	449
Bank borrowings	87	1,678	2,234
Lease liabilities	2,211	2,300	2,014
	6,661	7,913	6,970
Non-current liabilities			
Deferred tax liabilities	13	27	157
Bank borrowings	36	10,401	9,635
Lease liabilities	4,914	7,228	6,455
	4,963	17,656	16,247
Total liabilities	11,624	25,569	23,217
NET ASSETS	8,904	11,361	14,703
EQUITY			
Share capital	1,409	1,409	1,409
Reserves	6,058	8,114	11,031
Capital and reserves attributable to equity holders of our Company	7,467	9,523	12,440
Non-controlling interests	1,437	1,838	2,263
Total equity	8,904	11,361	14,703
Pre-Placement NAV per Share (cents) ⁽¹⁾	5.24	6.69	8.73

Note:

- (1) NAV per Share is computed based on the capital and reserves attributable to equity holders of our Company and our Company's pre-Placement issued and paid-up share capital of 142,440,800 Shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following discussion of our results of operations and financial position should be read in conjunction with the full text of this Offer Document, including the section entitled "Appendix A – Independent Auditor's Report and the Audited Combined Financial Statements for the Financial Years Ended 30 September 2019, 2020 and 2021" of this Offer Document.

This discussion contains forward-looking statements which involve risks and uncertainties. Our actual results may differ from those projected in the forward-looking statements. Factors that might cause our future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Offer Document, particularly in the section entitled "Risk Factors" of this Offer Document. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us, the Sponsor and Issue Manager, the Co-Placement Agents or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. Please refer to the section entitled "Cautionary Note On Forward-Looking Statements" of this Offer Document.

OVERVIEW

Our Group is a logistics services group founded in 2003 with an operating history of approximately 19 years as at the Latest Practicable Date and two principal business segments, namely, our Transportation Business and our Container Depot Services Business.

Under our Transportation Business, through our fleet of customised and licensed prime movers and trailers, we provide ISO tank and container transportation services for various petrochemical products, base oils, bitumen and bulk cargo to our customers in Singapore and Malaysia. Under our Container Depot Services Business, we provide container depot management services in Singapore and container depot services to customers in Singapore and Thailand, which include providing our customers with container storage, container surveying, container cleaning, and container repair and maintenance services for general purpose and refrigerated containers.

Please refer to the sections entitled "General Information on our Group – History" and "General Information on our Group – Our Business" of this Offer Document for more details on our Group.

Revenue

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, represents amounts receivable for goods supplied and is stated net of discounts.

Our Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to our Group; and when specific criteria have been met for each of our Group's activities, as described below.

(a) Trucking services

Our Group provides trucking services for both laden and empty containers and ISO tank between ports and our Group's warehouses or other designated destinations.

Revenue from trucking services is recognised over time when our customer simultaneously receives and consumes the benefit provided by our Group's performance on the actual services provided to the end of the reporting period.

(b) Storage services

Our Group provides storage services for both laden and empty container and ISO tank at our Group's warehouses or container depot.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Revenue from storage services is recognised over time when our customer simultaneously receives and consumes the benefit provided by our Group's performance on the actual services provided to the end of the reporting period.

(c) Container repair services

Our Group provides container repair services such as cleaning, maintenance, and/or repair works on all incoming containers at the request of our customers.

Revenue from container repair services is recognised over time when our customer simultaneously receives and consumes the benefit provided by our Group's performance on the actual services provided to the end of the reporting period.

(d) Logistics management

Logistics management focuses mainly on providing a broad range of ancillary services such as port and customs clearance, transport, warehousing and delivery services.

Revenue from logistics management is recognised over time when our customer simultaneously receives and consumes the benefit provided by our Group's performance on the actual services provided to the end of the reporting period.

Revenue

The breakdown of our revenue based on business segments and geographical location are set out in the tables below:

	FY2019		FY2020		FY2021	
	S\$'000	%	S\$'000	%	S\$'000	%
Trucking services	11,116	44.6	11,423	45.4	12,282	45.3
Logistics management	4,166	16.7	4,715	18.7	5,697	20.8
Transportation Business	15,282	61.3	16,138	64.1	17,979	66.1
Storage services	2,941	11.8	2,965	11.8	2,655	9.8
Container repair services	3,021	12.1	2,726	10.8	2,436	9.0
Logistics management	3,693	14.8	3,360	13.3	4,111	15.1
Container Depot Services Business	9,655	38.7	9,051	35.9	9,202	33.9
Total	24,937	100.0	25,189	100.0	27,181	100.0

	FY2019		FY2020		FY2021	
	S\$'000	%	S\$'000	%	S\$'000	%
Singapore	20,114	80.7	20,071	79.7	21,150	77.8
Thailand	4,039	16.2	3,621	14.4	3,975	14.6
Malaysia	784	3.1	1,497	5.9	2,056	7.6
Total	24,937	100.0	25,189	100.0	27,181	100.0

In general, our revenue is mainly dependent on, *inter alia*, the following factors:

- our ability to retain existing customers and attract new customers;
- our ability to compete effectively with our competitors;
- our ability to compete for qualified staff for our Transportation Business and our Container Depot Services Business;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

- our ability to continue our expansion in managing container depots;
- our ability to raise capital for our expansion plans of our logistics management business;
- our ability to expand our fleet of prime movers;
- changes in government policies, laws and regulations relating to the logistics, transportation and container depot management industries that our Group is operating in; and
- the global economic conditions of the logistics industry.

Please refer to the sections entitled “*Risk Factors*”, “*General Information on Our Group – Prospects*” and “*General Information on Our Group – Trend Information and Order Book*” respectively of this Offer Document for more information on the above factors and other factors that may affect our Group’s revenue.

Cost of sales

Our cost of sales amounted to approximately S\$15.8 million, S\$17.1 million and S\$18.3 million in FY2019, FY2020 and FY2021 respectively, representing approximately 63.4%, 67.7% and 67.2% of our total revenue for each corresponding financial year.

Our cost of sales primarily comprised (a) staff costs, (b) upkeep and maintenance, and (c) container depot management charges. Staff costs mainly consist of wages and salaries of our employees who are directly involved in the operation of the container depot, trucking and logistics management services. Upkeep and maintenance costs relate to repair and maintenance of our site, equipment and vehicle, diesel cost and vehicle direct expenses.

In general, our cost of sales is mainly dependent on the following factors:

- (a) changes in upkeep and service-related costs for our Group’s transportation fleet and depot handling equipment;
- (b) changes in utilities and overhead costs;
- (c) changes in direct labour costs and port charges;
- (d) changes in rental prices of the container depots and parking yard for our logistics equipment, including prime movers and pallets;
- (e) changes in fuel prices; and
- (f) fluctuation in exchange rates and interest rates.

Gross profit and gross profit margin

Gross profit is the amount of our revenue in excess of our cost of sales, and gross profit margin is the percentage of revenue that exceeds our cost of sales.

The gross profit of our Group amounted to approximately S\$9.1 million, S\$8.1 million and S\$8.9 million for FY2019, FY2020 and FY2021 respectively, representing gross profit margins of 36.6%, 32.3% and 32.8% for each of the corresponding financial years.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Other income

Other income comprises government grants (including Jobs Support Scheme), lease rebates, other administrative service income, net foreign exchange gains, net gain on disposal of property, plant and equipment ("PPE"), and other miscellaneous income.

Other income amounted to approximately S\$0.7 million, S\$1.3 million and S\$1.1 million in FY2019, FY2020 and FY2021 respectively, representing 3.0%, 5.2% and 3.9% of our Group's revenue for each corresponding financial year.

Distribution and marketing expenses

Distribution and marketing expenses comprise mainly advertising, commission and entertainment expenses.

Distribution and marketing expenses amounted to approximately S\$0.1 million, S\$0.1 million and S\$0.1 million in FY2019, FY2020 and FY2021 respectively, representing 0.4%, 0.2% and 0.2% of our Group's revenue for each corresponding financial year.

Administrative expenses

Administrative expenses comprise mainly employee benefit costs, depreciation of PPE, and other administrative expenses.

Administrative expenses amounted to approximately S\$5.0 million, S\$5.2 million and S\$5.1 million in FY2019, FY2020 and FY2021 respectively, representing 20.0%, 20.7% and 18.8% of our Group's revenue for each corresponding financial year.

Other operating expenses

Other operating expenses comprise mainly bad debt written off, allowance for doubtful debts and foreign exchange losses.

There were no other operating expenses in FY2019 and other operating expenses amounted to approximately S\$0.1 million and S\$0.1 million in FY2020 and FY2021 respectively, representing 0.5% and 0.6% of our Group's revenue for each corresponding financial year.

Finance cost

Finance cost consist mainly of interest expense on bank loans and lease liabilities.

Finance costs amounted to approximately S\$0.3 million, S\$0.6 million and S\$0.6 million in FY2019, FY2020 and FY2021 respectively, representing 1.2%, 2.4% and 2.3% of our Group's revenue for each corresponding financial year.

Share of result of associates, net of tax

Share of result of associates is mainly related to share of operating result from HLA Logistics.

Share of result of associates amounted to approximately S\$0.5 million, S\$0.5 million and S\$0.7 million in FY2019, FY2020 and FY2021 respectively, representing 2.0%, 2.0% and 2.6% of our Group's revenue for each corresponding financial year.

Income tax expense

Our overall effective tax rate was approximately 14.2%, 14.4% and 15.5% for FY2019, FY2020 and FY2021 respectively. The Singapore and Thailand statutory corporate tax rates from FY2019 to FY2021 were 17.0% and 20.0% respectively. The Malaysia statutory corporate tax rates from FY2019 to FY2021 ranged from 17.0% to 24.0%.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our effective tax rates for the Period Under Review were lower than the statutory corporate tax rate of Singapore of 17.0% mainly due to the enhancement in productivity and innovation credit allowances, corporate income tax rebate and tax effects of Singapore statutory stepped income exemptions.

REVIEW OF PAST PERFORMANCE

FY2019 vs FY2020

Revenue

Our revenue remained stable with a slight increase of approximately S\$0.3 million or 1.0%, from approximately S\$24.9 million in FY2019 to approximately S\$25.2 million in FY2020. This was mainly due to the increase in revenue contributed by our Transportation Business of S\$0.9 million from S\$15.3 million in FY2019 to S\$16.2 million in FY2020 due to higher demand (in terms of increase in volume handled) for our service and the expansion of our Transportation Business to Malaysia which was partially offset by a decrease in revenue of S\$0.6 million from S\$9.7 million in FY2019 to S\$9.1 million in FY2020 from our Container Depot Services Business due to the global shortage of shipping containers. Due to COVID-19 which resulted in shipping delays, shipping containers were stranded in key trade locations such as the United States of America and the PRC. As a result, the volume of containers handled by our depots in Singapore and Thailand was reduced.

Cost of sales

Our cost of sales increased by approximately S\$1.2 million or 7.8%, from approximately S\$15.8 million in FY2019 to approximately S\$17.0 million in FY2020. This was mainly due to additional depreciation that arose from the completion of acquisition of the Singapore logistics property located at 7 Gul Avenue and an increase in direct manpower costs, which is in line with higher revenue.

The increase was partially offset by lower container depot management charges and transportation costs.

Gross profit and gross profit margin

Our gross profit decreased by approximately S\$1.0 million or 10.8%, from approximately S\$9.1 million in FY2019 to approximately S\$8.1 million in FY2020. This was mainly due to the increase in depreciation of property and direct manpower costs.

Based on the foregoing, our gross profit margin decreased from 36.6% in FY2019 to 32.3% in FY2020.

Other income

Our other income increased by approximately S\$0.6 million or 77.6%, from approximately S\$0.7 million in FY2019 to approximately S\$1.3 million in FY2020. This was mainly due to the Singapore government's Jobs Support Scheme, cash grants, foreign worker levy rebate and other grants received or to be received from the government arising from the COVID-19 pandemic.

Distribution and marketing expenses

Our distribution and marketing expenses decreased slightly by approximately S\$29,000 or 33.0%, from approximately S\$88,000 in FY2019 to approximately S\$59,000 in FY2020. This was mainly due to lower entertainment and advertising expenses.

Administrative expenses

Our administrative expenses increased by approximately S\$0.2 million or 4.4%, from approximately S\$5.0 million in FY2019 to approximately S\$5.2 million in FY2020. This was mainly due to professional fees incurred relating to the acquisition of 7 Gul Avenue and employee benefits costs.

Other operating expenses

Our other operating expenses increased by approximately S\$0.1 million, from approximately nil in FY2019 to approximately S\$0.1 million in FY2020. This was mainly due to provision of allowance for doubtful debts and foreign exchange losses.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Finance cost

Our finance cost increased by approximately S\$0.3 million or 103.1%, from approximately S\$0.3 million in FY2019 to approximately S\$0.6 million in FY2020. This was mainly due to interest costs that arose from property loan and lease liabilities.

Share of result of associates, net of tax

Share of result of associates increased by approximately S\$3,000 or 0.6%, from approximately S\$508,000 in FY2019 to approximately S\$511,000 in FY2020. This was due to improved operating results from HLA Logistics.

Profit before tax

Our Group's profit before income tax decreased by approximately S\$1.0 million or 20.5% from S\$5.0 million in FY2019 to S\$4.0 million in FY2020 as a result of the foregoing reasons.

Income tax expense

Income tax expense decreased by approximately S\$0.1 million or 19.4% from approximately S\$0.7 million in FY2019 to S\$0.6 million in FY2020 due to lower taxable income generated by our Group in FY2020. Our effective income tax rate increased slightly from 14.2% to 14.4% but remained lower than the 17.0% statutory corporate tax rate of Singapore due to the enhancement in productivity and innovation credit allowances, non-taxable income, corporate income tax rebate and tax effects of Singapore statutory stepped income exemptions.

FY2020 vs FY2021

Revenue

Our revenue increased by approximately S\$2.0 million or 7.9%, from approximately S\$25.2 million in FY2020 to approximately S\$27.2 million in FY2021. This was mainly due to the increase in revenue from our Transportation Business of S\$1.9 million from S\$16.1 million in FY2020 to S\$18.0 million in FY2021 due to higher demand (in terms of increase in volume handled) of our trucking services in both Singapore and Malaysia. Our Container Depot Services Business also recorded a slight increase in revenue of S\$0.1 million from S\$9.1 million in FY2020 to S\$9.2 million in FY2021 due to a slight increase of volume of containers handled by our depots in Singapore and Thailand.

Cost of sales

Our cost of sales increased by approximately S\$1.2 million or 7.1% from approximately S\$17.1 million in FY2020 to approximately S\$18.3 million in FY2021. The increase was mainly due to higher container depot management charges, additional depreciation that arose from the additional fleet, an increase of the cost of upkeep and maintenance and an increase in direct manpower cost, which is in line with higher revenue.

The increase was partially offset by lower rental expenses and transportation cost.

Gross profit and gross profit margin

Our gross profit increased by approximately S\$0.8 million or 9.5% from approximately S\$8.1 million in FY2020 to approximately S\$8.9 million in FY2021 mainly due to the savings from the lower rental expenses after the completion of the acquisition of 7 Gul Avenue as well as the higher revenue generated from our Transportation Business. The increase was partially offset by a slight decrease in the revenue from our Container Depot Services Business and higher direct manpower and maintenance cost.

Based on the foregoing, our gross profit margin increased slightly from 32.3% in FY2020 to 32.8% in FY2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Other income

Our other income decreased by approximately S\$0.2 million or 18.5%, from approximately S\$1.3 million in FY2020 to approximately S\$1.1 million in FY2021. This was mainly due to lower COVID-19 grants received from government in FY2021 as compared to FY2020.

The decrease was partially offset by higher other administrative service income and net gain on disposal of property, plant and equipment.

Distribution and marketing expenses

Our distribution and marketing expenses remained stable in FY2021.

Administrative expenses

Our administrative expenses decreased by approximately S\$0.1 million or 2.0%, from approximately S\$5.2 million in FY2020 to approximately S\$5.1 million in FY2021. This was mainly due to higher professional fees incurred in FY2020 for the acquisition of 7 Gul Avenue in FY2021 and lower employee benefit costs.

The decrease was partially offset by higher management fees incurred and other maintenance expenses.

Finance cost

Our finance cost increased by approximately S\$36,000 or 6.0%, from approximately S\$597,000 in FY2020 to approximately S\$633,000 in FY2021. This was mainly due to higher interest amount paid on lease liabilities.

The increase was partially offset by lower bank borrowing interest amount incurred in FY2020 as compared to FY2021.

Share of result of associates, net of tax

Share of result of associates increased by approximately S\$0.2 million or 36.6%, from approximately S\$0.5 million in FY2020 to approximately S\$0.7 million in FY2021. This was due to improved operating results from HLA Logistics.

Profit before tax

Our Group's profit before income tax increased by approximately S\$0.7 million or 18.9% from S\$4.0 million in FY2020 to S\$4.7 million in FY2021 as a result of the foregoing reasons.

Income tax expense

Income tax expense increased by approximately S\$0.1 million or 28.0% from approximately S\$0.6 million in FY2020 to S\$0.7 million in FY2020 due to higher taxable income generated by our Group in FY2021. Our effective income tax rate increased from 14.4% to 15.5% but remained lower than the 17.0% statutory corporate tax rate of Singapore due to the enhancement in productivity and innovation credit allowances, non-taxable income, corporate income tax rebate and tax effects of Singapore statutory stepped income exemptions.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

REVIEW OF FINANCIAL POSITION

As at 30 September 2019

Current assets

As at 30 September 2019, our current assets of approximately S\$9.1 million accounted for 44.6% of our total assets. Our current assets consist of trade and other receivables of approximately S\$6.0 million, tax recoverable of approximately S\$0.4 million, cash and bank deposits of approximately S\$2.4 million and prepayments of approximately S\$0.3 million.

As at 30 September 2019, our trade and other receivables of approximately S\$6.0 million accounted for 65.6% of total current assets. Our trade and other receivables comprised mainly trade receivables from external parties, deposit with external parties related to the acquisition of 7 Gul Avenue, purchasing of equipment & rental deposit, deposits with related parties for rental deposit and accrued revenue.

As at 30 September 2019, our cash and bank deposits of approximately S\$2.4 million accounted for 26.3% of total current assets.

As at 30 September 2019, our prepayments of approximately S\$0.3 million accounted for 3.6% of total current assets.

As at 30 September 2019, our tax recoverable of approximately S\$0.4 million accounted for 4.5% of total assets.

Non-current assets

As at 30 September 2019, our non-current assets of approximately S\$11.4 million accounted for 55.4% of our total assets. Our non-current assets consisted of right-of-use assets of approximately S\$8.8 million, PPE of approximately S\$2.1 million, investment in associates of approximately S\$0.3 million, intangible assets of approximately S\$0.1 million and deferred tax assets of approximately S\$0.1 million.

As at 30 September 2019, our right-of-use assets of approximately S\$8.8 million accounted for 77.0% of total non-current assets. Our right-of-use assets was recognised due to adoption of SFRS(I)16 and comprised (i) logistics equipment of approximately S\$3.4 million; (ii) machinery of approximately S\$2.7 million; (iii) leasehold land of approximately S\$1.8 million; (iv) furniture and fitting of approximately S\$0.4 million; and (v) motor vehicle of approximately S\$0.4 million.

As at 30 September 2019, our PPE of approximately S\$2.1 million accounted for 18.9% of total non-current assets. Our PPE comprised mainly (i) renovation of approximately S\$1.2 million; (ii) logistics equipment of approximately S\$0.5 million and (iii) motor vehicle of approximately S\$0.2 million.

As at 30 September 2019, our investment in associates of approximately S\$0.3 million accounted for 2.7% of total non-current assets. Our investment in associates comprised investment in HLA Logistics.

As at 30 September 2019, our intangible assets of S\$0.1 million accounted for 0.9% of total non-current assets. Our intangible assets comprised customer contracts relating to the business of forwarding and haulage services.

As at 30 September 2019, our deferred tax assets of S\$0.1 million accounted for 0.4% of total non-current assets and were due to tax incentive granted from IRAS.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Current liabilities

As at 30 September 2019, our current liabilities of approximately S\$6.7 million accounted for 57.3% of our total liabilities. Our current liabilities comprised trade and other payables of approximately S\$4.2 million, lease liabilities of approximately S\$2.2 million, current income tax liabilities of approximately S\$0.1 million and bank borrowings of approximately S\$0.1 million.

As at 30 September 2019, our trade and other payables of approximately S\$4.2 million accounted for 63.4% of our total current liabilities. Our trade and other payables comprised mainly trade payables to third parties, accruals and amount owing to related corporations which is the approximate consideration payable for the transfer of tax losses from the related corporation.

As at 30 September 2019, our lease liabilities of approximately S\$2.2 million accounted for 33.2% of our total current liabilities. Our lease liabilities comprised mainly lease agreements which our Group has entered into for the purchase of PPE and right-of-use assets from non-related parties. The lease liabilities are secured by the underlying assets of certain plant and machinery, logistics equipment and motor vehicles, as well as personal guarantees provided by directors of the subsidiaries and corporate guarantees provided by our Group and from a previous shareholder of our Group.

As at 30 September 2019, current income tax liabilities of approximately S\$0.1 million accounted for 2.1% of our current liabilities.

As at 30 September 2019, our current bank borrowings of approximately S\$0.1 million accounted for 1.3% of our total current liabilities. Our bank borrowings comprised mainly secured bank loans which are repayable no later than one year.

Non-current liabilities

As at 30 September 2019, our non-current liabilities of approximately S\$5.0 million accounted for 42.7% of our total liabilities. Our non-current liabilities comprised primarily lease liabilities.

As at 30 September 2019, our non-current lease liabilities of approximately S\$4.9 million accounted for 99.0% of total non-current liabilities. Our lease liabilities comprised mainly lease agreements which our Group has entered into for the purchase of PPE and right-of-use assets from non-related parties. The lease liabilities are secured by the underlying assets of certain plant and machinery, logistics equipment and motor vehicles, as well as personal guarantees provided by directors of our subsidiaries and corporate guarantees provided by our Group and from a previous shareholder of our Group.

Equity

As at 30 September 2019, our capital and reserves attributable to equity holders of our Company amounted to approximately S\$7.5 million comprise reserves of approximately S\$6.1 million and share capital of approximately S\$1.4 million.

As at 30 September 2020

Current assets

As at 30 September 2020, our current assets of approximately S\$10.3 million accounted for 27.8% of our total assets. Our current assets consist mainly of trade and other receivables of approximately S\$5.4 million, cash and bank deposits of approximately S\$4.6 million, prepayments of approximately S\$0.3 million and inventory of approximately S\$31,000.

As at 30 September 2020, our trade and other receivables of approximately S\$5.4 million accounted for 52.3% of total current assets. Our trade and other receivables comprised mainly trade receivables from third parties and related parties, deposits with external parties related to purchasing of equipment and rental deposit, deposits with related parties for rental deposit and accrued revenue.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

As at 30 September 2020, our cash and bank deposits of approximately S\$4.6 million accounted for 44.4% of our total current assets. Our prepayments of approximately S\$0.3 million accounted for approximately 3.0% of our total current assets.

Non-current assets

As at 30 September 2020, our non-current assets of approximately S\$26.7 million accounted for 72.2% of our total assets. Our non-current assets consisted of PPE of approximately S\$14.6 million; right-of-use assets of approximately S\$11.8 million, investment in associates of approximately S\$0.1 million and intangible assets of S\$40,000. The increase in PPE and right-of-use assets are attributed to the purchase of 7 Gul Avenue.

As at 30 September 2020, our PPE of approximately S\$14.6 million accounted for approximately 54.8% of our total non-current assets. Our PPE comprised mainly (i) leasehold building of approximately S\$12.5 million (ii) renovation of approximately S\$1.1 million; (iii) motor vehicle of approximately S\$0.5 million and (iv) logistics equipment of approximately S\$0.4 million.

As at 30 September 2020, our right-of-use assets of approximately S\$11.8 million accounted for 44.4% of our total non-current assets. Our right-of-use assets was recognised due to adoption of SFRS(I)16 and comprised (i) leasehold land of approximately S\$5.3 million; (ii) logistics equipment of approximately S\$3.2 million; (iii) machinery of approximately S\$2.4 million; (iv) motor vehicle of approximately S\$0.7 million and (v) furniture and fitting of approximately S\$0.4 million.

As at 30 September 2020, our investment in associates of approximately S\$0.1 million accounted for 0.6% of our total non-current assets. Our investment in associates comprised investment in HLA Logistics and HLA Transportation (Thailand).

As at 30 September 2020, our intangible assets of S\$40,000 accounted for 0.2% of total non-current assets. Our intangible assets comprised of customer contracts relating to the business of forwarding and haulage services.

Current liabilities

As at 30 September 2020, our current liabilities of approximately S\$7.9 million accounted for 30.9% of our total liabilities. Our current liabilities comprised trade and other payables of approximately S\$3.5 million, lease liabilities of approximately S\$2.3 million, bank borrowings of approximately S\$1.7 million and current income tax liabilities of approximately S\$0.4 million.

As at 30 September 2020, our trade and other payables of approximately S\$3.5 million accounted for 43.8% of our current liabilities. Our trade and other payables comprised mainly trade payables to third parties, accruals, amount owing to related corporations and deferred grant income. Amount owing to related corporations consists of the approximate consideration payable for the transfer of tax losses from related corporations.

As at 30 September 2020, our lease liabilities of approximately S\$2.3 million accounted for approximately 29.1% of our current liabilities. Our lease liabilities comprised mainly lease agreements which our Group has entered into for the purchase of PPE and right-of-use assets from non-related parties. The lease liabilities are secured by the underlying assets of certain plant and machinery, logistics equipment and motor vehicles, as well as personal guarantees provided by directors of our subsidiaries and corporate guarantees provided by our Group and from a previous shareholder of our Group.

As at 30 September 2020, bank borrowings of approximately S\$1.7 million accounted for 21.2% of our current liabilities. Our bank borrowings comprised mainly secured bank loans which are repayable no later than one year.

As at 30 September 2020, current income tax liabilities of approximately S\$0.4 million accounted for 6.0% of our current liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Non-current liabilities

As at 30 September 2020, our non-current liabilities of approximately S\$17.7 million accounted for 69.1% of our total liabilities. Our non-current liabilities comprised bank borrowings and lease liabilities.

As at 30 September 2020, our bank borrowings of approximately S\$10.4 million accounted for 58.9% of total non-current liabilities. Our bank borrowings comprised approximately S\$2.0 million which are repayable later than one year and not later than two years, approximately S\$6.2 million which are repayable later than two years and not later than five years and approximately S\$2.1 million which are repayable later than five years. Our bank borrowings are secured by the leasehold building at 7 Gul Avenue, a corporate guarantee by our Controlling Shareholder, LHNGPL, and a floating charge over our receivables account. Interest is charged between 2.25% and 2.68% per annum and is repriced every 12 months.

As at 30 September 2020, our lease liabilities of approximately S\$7.2 million accounted for 40.9% of total non-current liabilities. Our lease liabilities comprised mainly lease agreements which our Group has entered into for the purchase of PPE and right-of-use assets from non-related parties. The lease liabilities are secured by the underlying assets of certain plant and machinery, logistics equipment and motor vehicles, as well as personal guarantees provided by directors of our subsidiaries and corporate guarantees provided by our Group and our Controlling Shareholder, LHNGPL.

Equity

As at 30 September 2020, our capital and reserves attributable to equity holders of our Company amounted to approximately S\$9.5 million comprise reserves of approximately S\$8.1 million and share capital of approximately S\$1.4 million.

As at 30 September 2021

Current assets

As at 30 September 2021, our current assets of approximately S\$11.0 million accounted for 29.1% of our total assets. Our current assets consist of trade and other receivables of approximately S\$5.7 million, cash and bank deposits of approximately S\$5.1 million, prepayments of approximately S\$0.1 million and inventories of approximately S\$44,000.

As at 30 September 2021, our trade and other receivables of approximately S\$5.7 million accounted for 52.0% of total current assets. Our trade and other receivables comprised mainly trade receivables from third parties and related parties, deposits with external parties for purchasing of equipment and rental deposit, deposits with relation corporation for rental deposit and accrued revenue.

As at 30 September 2021, our cash and bank deposits of approximately S\$5.1 million accounted for 46.4% of total current assets. Our prepayments of approximately S\$0.1 million accounted for 1.2% of total current assets and inventory of approximately S\$44,000 accounted for 0.4% of total current assets.

Non-current assets

As at 30 September 2021, our non-current assets of approximately S\$26.9 million accounted for approximately 70.9% of our total assets. Our non-current assets consisted of PPE of approximately S\$15.3 million; right-of-use assets of approximately S\$11.4 million and investment in associates of approximately S\$0.2 million.

As at 30 September 2021, our PPE of approximately S\$15.3 million accounted for approximately 56.9% of total non-current assets. Our PPE comprised mainly (i) leasehold building of approximately S\$12.4 million (ii) machinery of approximately S\$1.1 million; (iii) renovation of approximately S\$1.0 million; (iv) motor vehicle of approximately S\$0.4 million and (v) logistics equipment of approximately S\$0.2 million.

As at 30 September 2021, our right-of-use assets of approximately S\$11.4 million accounted for 42.2% of total non-current assets. Our right-of-use assets was recognised due to adoption of SFRS(I)16 and comprised mainly (i) leasehold land of approximately S\$4.7 million (ii) logistics equipment of approximately S\$3.3 million and (iii) machinery of approximately S\$2.2 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

As at 30 September 2021, our investment in associates of approximately S\$0.2 million accounted for 0.9% of total non-current assets. Our investment in associates comprised investment in HLA Logistics and HLA Transportation (Thailand).

Current liabilities

As at 30 September 2021, our current liabilities of approximately S\$7.0 million accounted for 30.0% of our total liabilities. Our current liabilities comprised trade and other payables of approximately S\$2.3 million, bank borrowings of approximately S\$2.2 million lease liabilities of approximately S\$2.0 million, and current income tax liabilities of approximately S\$0.5 million.

As at 30 September 2021, our trade and other payables of approximately S\$2.3 million accounted for 32.6% of our current liabilities. Our trade and other payables comprised mainly accruals and trade payables to third parties and related corporations.

As at 30 September 2021, bank borrowings of approximately S\$2.2 million accounted for 32.1% of our current liabilities. Our bank borrowings comprised mainly secured bank loans which are repayable no later than one year.

As at 30 September 2021, our lease liabilities of approximately S\$2.0 million accounted for approximately 28.9% of our current liabilities. Our lease liabilities comprised mainly lease agreements which our Group has entered into for the purchase of PPE and right-of-use assets from non-related parties. The lease liabilities are secured by the underlying assets of certain plant and machinery, logistics equipment and motor vehicles, as well as personal guarantees provided by directors of our subsidiaries and corporate guarantees provided by our Group and from a previous shareholder of our Group.

As at 30 September 2021, current income tax liabilities of approximately S\$0.5 million accounted for 6.4% of our current liabilities.

Non-current liabilities

As at 30 September 2021, our non-current liabilities of approximately S\$16.2 million accounted for 70.0% of our total liabilities. Our non-current liabilities comprised bank borrowings, lease liabilities and deferred tax liabilities.

As at 30 September 2021, our bank borrowings of approximately S\$9.6 million accounted for 59.3% of total non-current liabilities. Our bank borrowings comprised approximately S\$2.4 million which are repayable later than one year and not later than two years, approximately S\$6.8 million which are repayable later than two years and not later than 5 years and approximately S\$0.4 million which are repayable later than five years.

As at 30 September 2021, our lease liabilities of approximately S\$6.5 million accounted for 39.7% of total non-current liabilities. Our lease liabilities comprised mainly lease agreements which our Group has entered into for the purchase of PPE and right-of-use assets from non-related parties. The lease liabilities are secured by the underlying assets of certain plant and machinery, logistics equipment and motor vehicles, as well as personal guarantees provided by directors of our subsidiaries and corporate guarantees provided by our Group and from a previous shareholder of our Group.

As at 30 September 2021, deferred tax liabilities of approximately S\$0.1 million accounted for 1.0% of total non-current liabilities.

Equity

As at 30 September 2021, our capital and reserves attributable to equity holders of our Company amounted to approximately S\$12.4 million comprise reserves of approximately S\$11.0 million and share capital of approximately S\$1.4 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

LIQUIDITY AND CAPITAL RESOURCES

As at the Latest Practicable Date, our Group financed our operations through internal and external sources. Internal sources of funds comprise net cash provided by our Group's operating activities. External sources of funds comprise mainly loans and borrowings from banks and financial institutions, credit granted by suppliers and capital investment from shareholders. The principal uses of these cash sources are to finance working capital requirements, capital expenditures, repayment of credit facilities as well as the expansion of our Group's business operations.

The following table sets out a summary of our Group's cash flows for the Period Under Review.

(S\$'000)	FY2019 (Audited)	FY2020 (Audited)	FY2021 (Audited)
Net cash provided by operating activities	6,421	7,455	6,078
Net cash used in investing activities	(1,257)	(13,168)	(622)
Net cash (used in)/provided by financing activities	(5,507)	7,897	(4,894)
Net (decrease)/increase in cash and cash equivalents	(343)	2,184	562
Cash and cash equivalents at the beginning of the financial year	2,713	2,402	4,566
Effects of exchange rate changes on cash and cash equivalents	32	(20)	(7)
Cash and cash equivalents at the end of the financial year	2,402	4,566	5,121

FY2019

In FY2019, we recorded net cash provided by operating activities of approximately S\$6.4 million, which was a result of operating profit before working capital changes of approximately S\$6.8 million, net working capital outflows of approximately S\$0.2 million and net income tax paid of approximately S\$0.2 million. The net working capital outflows was due to the following:

- (a) a decrease in trade and other payables of approximately S\$0.9 million; and
- (b) partially offset by a decrease in trade and other receivables and prepayments of approximately S\$0.7 million.

Net cash used in investing activities amounted to approximately S\$1.3 million, which was mainly attributable to purchase of PPE of approximately S\$1.8 million. This was partially offset by dividends received from associates amounting to approximately S\$0.4 million and proceeds from disposal of PPE of approximately S\$0.1 million.

Net cash flow used in financing activities amounted to approximately S\$5.5 million, which was mainly attributable to the dividends paid of approximately S\$3.0 million, repayment of lease liabilities of approximately S\$2.1 million, repayment of bank borrowings of approximately S\$0.8 million and interest paid of approximately S\$0.3 million. These were partially offset by proceeds of new bank borrowing of approximately S\$0.7 million.

As a result of the above, there was a net decrease of approximately S\$0.3 million in our cash and cash equivalents from approximately S\$2.7 million as at 30 September 2018 to approximately S\$2.4 million as at 30 September 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

FY2020

In FY2020, we recorded net cash provided by operating activities of approximately S\$7.5 million, which was a result of operating profit before working capital changes of approximately S\$7.3 million, net working capital outflows of approximately S\$0.1 million and net income tax refunded of approximately S\$0.3 million. The net working capital outflows was due to the following:

- (a) a decrease in trade and other payables of approximately S\$0.8 million; and
- (b) partially offset by a decrease in trade and other receivables and prepayments of approximately S\$0.6 million.

Net cash used in investing activities amounted to approximately S\$13.2 million, which was mainly attributable to purchase of PPE of approximately S\$14.0 million, being substantially the leasehold building. This was partially offset by dividends received from associates amounting to approximately S\$0.7 million and proceeds from disposal of PPE of approximately S\$0.1 million.

Net cash flow provided by financing activities amounted to approximately S\$7.9 million, which was mainly attributable to proceeds of new bank borrowings of approximately S\$13.4 million. This was partially offset by repayment of lease liabilities amounting to approximately S\$2.6 million, repayment of borrowings of approximately S\$1.4 million, dividends paid of approximately S\$0.9 million and interest paid of approximately S\$0.6 million.

As a result of the above, there was a net increase of approximately S\$2.2 million in our cash and cash equivalents, from approximately S\$2.4 million as at 30 September 2019 to approximately S\$4.6 million as at 30 September 2020.

FY2021

In FY2021, we recorded net cash provided by operating activities of approximately S\$6.1 million, which was a result of operating profit before working capital changes of approximately S\$7.9 million, net working capital outflows of approximately S\$1.2 million and net income tax paid of approximately S\$0.6 million. The net working capital outflows was due to the following:

- (a) an increase in trade and other receivables and prepayments of approximately S\$0.2 million; and
- (b) a decrease in trade and other payables of approximately S\$1.0 million.

Net cash used in investing activities amounted to approximately S\$0.6 million, which was mainly attributable to purchase of PPE of approximately S\$1.4 million. This was partially offset by dividends received from associates amounting to approximately S\$0.6 million and proceeds from disposal of PPE of approximately S\$0.2 million.

Net cash flow used in financing activities amounted to approximately S\$4.9 million, which was mainly attributable to repayment of borrowings of approximately S\$3.2 million, repayment of lease liabilities of approximately S\$2.6 million, dividends paid of approximately S\$1.5 million and interest paid of approximately S\$0.6 million. This was partially offset by proceeds of new bank borrowings of approximately S\$3.0 million.

As a result of the above, there was a net increase of approximately S\$0.5 million in our cash and cash equivalents, from approximately S\$4.6 million as at 30 September 2020 to approximately S\$5.1 million as at 30 September 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

CAPITAL EXPENDITURE AND DIVESTMENTS AND COMMITMENTS

Capital Expenditure and Divestments

The capital expenditures and divestments made by our Group during the Period Under Review and up to the Latest Practicable Date were as follows:

(\$S'000)	FY2019	FY2020	FY2021	From 1 October 2021 to the Latest Practicable Date
Capital Expenditure				
<u>Property, plant and equipment</u>				
Leasehold building	–	13,385	–	–
Renovation	1,227	100	117	3
Machinery	9	15	1,174	4
Furniture and fittings	19	13	14	–
Office equipment	21	5	1	–
Logistics equipment	419	73	66	–
Motor vehicle	49	343	59	27
Computers	28	16	18	36
Containers	12	11	–	–
Total	1,784	13,961	1,449	70
Capital Divestments (net of depreciation)				
<u>Property, plant and equipment</u>				
Machinery	–	–	7	–
Furniture and fittings	–	–	–	13
Logistics equipment	–	57	80	–
Motor vehicle	–	–	–	44
Containers	–	–	5	–
Total	–	57	92	57

In FY2019, our total capital expenditure incurred was approximately S\$1.8 million primarily comprising approximately S\$1.2 million for renovation works at our depot office in Thailand and approximately S\$0.4 million for logistics equipment. Our capital expenditures were mainly incurred in Thailand, save for certain expenditures relating to the purchase of logistics equipment for use in Singapore.

In FY2020, our total capital expenditure incurred was approximately S\$14.0 million primarily comprising approximately S\$13.4 million for leasehold building, approximately S\$0.3 million for motor vehicles and approximately S\$0.1 million for renovation works at 7 Gul Avenue. Our capital expenditures were mainly for the acquisition of our leasehold property at 7 Gul Avenue in Singapore and motor vehicles which are used in our Transportation Business in Singapore and Malaysia.

In FY2021, our total capital expenditure incurred was approximately S\$1.4 million primarily comprising approximately S\$1.2 million for machinery and approximately S\$0.1 million for renovation works at 7 Gul Avenue. Our capital expenditures were mainly for the purchase of machinery in Singapore for our Container Depot Services Business.

The above capital expenditures were primarily financed by internally generated resources and borrowings.

Save as disclosed above, our Group did not make any material expenditures on or divestments of capital investments (including any interest in another corporation) during the Period Under Review and up to the Latest Practicable Date.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Capital Commitments

As at 30 September 2021 and the Latest Practicable Date, the capital commitments our Group were as follows:

(S\$'000)	As at 30 September 2021	As at the Latest Practicable Date
Property, plant and equipment	1,384	15,760
Total	1,384	15,760

As at 30 September 2021, the capital commitments relate to the balance of the capital expenditure that our Group has committed for property, plant and equipment.

As at the Latest Practicable Date, the capital commitments relate to the balance of the capital expenditure that our Group has committed for the purchase of equipment and/or vehicle and the construction of the ISO tank depot. We expect to finance these capital commitments by internally generated resources and/or loans and borrowings, as well as net proceeds from the Placement. The capital commitment for the purchasing of equipment and/or vehicles has been included in the preparation of our Group's forecasts and projections.

Save as disclosed above, our Group has no material capital commitments as at the Latest Practicable Date.

CONTINGENT LIABILITIES

On 29 June 2016, HLA Container Services entered into a service agreement for the provision of container depot services, including container repair services (the "**Services**"). Owing to a failure by the contracted company (the "**Contracted Company**") to provide the Services required under the service agreement, HLA Container Services commenced arbitration proceedings. In the arbitration proceedings, HLA Container Services alleged that there was a breach of the terms of the service agreement by the Contracted Company for failing to provide the Services. HLA Container Services is seeking recovery of approximately no less than S\$1.4 million and no more than S\$5 million in damages. The Contracted Company made a counterclaim against HLA Container Services for unlawfully prematurely terminating the service agreement and is seeking recovery of approximately S\$550,000 in damages. As at the Latest Practicable Date, the evidential hearing of the arbitration proceedings has concluded and the parties are preparing the closing and reply submissions. As confidentiality obligations ought to be abided by the parties in the process of arbitration and as the arbitration process is ongoing and is confidential, our Group is unable to disclose the name of the Contracted Company.

As at the Latest Practicable Date, save as disclosed above, our Group does not have any contingent liabilities, which may have a material effect on the financial position and profitability of our Group.

SIGNIFICANT INVESTMENT

Except for investments in subsidiaries and associates, our Group did not hold any significant investment in equity interest in any other company for FY2021.

OFF-BALANCE SHEET ARRANGEMENTS

For FY2021, our Group did not have any material off-balance sheet arrangements.

SEASONALITY

Due to the nature of our business, we have not observed any significant seasonal trends within each of the financial periods during the Period Under Review. As at the Latest Practicable Date, our Directors believe that there is no apparent seasonality factor affecting our operations relating to our Transportation Business and our Container Depot Services Business in the regions where we operate.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

INFLATION

Our financial performance for the Period Under Review was not materially affected by inflation on a Group basis.

FOREIGN EXCHANGE MANAGEMENT

Accounting Treatment of Foreign Currencies

(a) Functional and presentation currency

Items included in the financial statements of our Group are measured using the currency of the primary economic environment in which the entity operates (“**functional currency**”). The financial statements is presented in Singapore Dollar (“**S\$**”), which is functional currency and presentation currency of our Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency (“**foreign currency**”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the combined financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the profit or loss within “finance cost”. All other foreign exchange gains and losses impacting profit or loss are presented in the profit or loss within “other income and other operating expenses”.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities’ financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Foreign Exchange Exposure

Our reporting currency is S\$ and our operations are primarily carried out in Singapore. The percentage of our revenue, purchases and expenses denominated in different currencies for the Period Under Review was as follows:

Percentage of revenue denominated in	FY2019	FY2020	FY2021
S\$	80.7%	79.7%	77.8%
THB	16.2%	14.4%	14.6%
MYR	3.1%	6.9%	7.6%
	100.0%	100.0%	100.0%

Percentage of cost of sales denominated in	FY2019	FY2020	FY2021
S\$	80.1%	79.7%	76.3%
THB	16.8%	14.5%	14.6%
MYR	3.1%	5.8%	9.1%
	100.0%	100.0%	100.0%

Percentage of expenses denominated in	FY2019	FY2020	FY2021
S\$	86.1%	81.8%	80.4%
THB	7.8%	10.2%	10.2%
MYR	5.9%	8.0%	8.8%
USD	0.2%	0.1%	0.6%
	100.0%	100.0%	100.0%

Our net foreign exchange loss/(gain) for FY2019, FY2020 and FY2021 were as follows:

	FY2019	FY2020	FY2021
Net foreign exchange loss/(gain) (S\$'000)	(117)	104	118
As a percentage of revenue (%)	0.5%	(0.4)%	(0.4)%
As a percentage of profit before income tax (%)	2.3%	(2.6)%	(2.5)%

At present, we do not have any formal policy for hedging against foreign exchange exposure as our Group's foreign exchange exposure is not material. We will continue to monitor our foreign exchange exposure and may employ hedging instruments to manage our foreign exchange exposure should the need arise. Prior to implementing any formal hedging policies, we will seek the approval of our Board on the policy and put in place adequate procedures which shall be reviewed and approved by our Audit Committee. Thereafter, all hedging transactions entered into by our Group will be in accordance with the set policies and procedures.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

SIGNIFICANT ACCOUNTING POLICY CHANGES

Interpretations and amendments to published standards effective in 2021

Our Group has early adopted Covid-19-Related Rent Concessions (Amendments to SFRS(I) 16 Leases) beyond 30 June 2022. Under the amendment to SFRS(I) 16, the practical expedient allowing our Group to elect to account for rent concessions relating to COVID-19 as if they were not lease modifications in the Covid-19-Related Rent Concessions (Amendments to SFRS(I) 16 Leases) can be applied to any reduction in lease payments affecting payments originally due on or before 30 June 2022. There is no material impact on the early adoption of the amendment.

As required by the listing requirements of SGX-ST, our Group has adopted SFRS(I), including any interpretations, amendments and new standards effective during the Period Under Review, on 1 October 2018. The combined financial statements for the years ended 30 September 2019, 2020 and 2021 are the first set of financial statements our Group prepared in accordance with SFRS(I).

The following new standards, amendments and interpretations to existing SFRS(I)s have been published and are not mandatory for the reporting period beginning 1 October 2020 and have not been early adopted by our Group.

Description	Effective for annual period beginning on or after
Amendments to SFRS(I) 9 Financial Instruments, SFRS(I) 1-39 Financial Instruments: Recognition and Measurement, SFRS(I) 7 Financial Instruments: Disclosures, SFRS(I) 4 Insurance Contracts and SFRS(I) 16 Leases (Interest Rate Benchmark Reform – Phase 2)	1 October 2021
Amendments to SFRS(I) 3 Business Combinations (Reference to the Conceptual Framework), SFRS(I) 1-16 Property, Plant and Equipment (Proceeds before Intended Use), SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)	1 October 2022
SFRS(I) 17 Insurance Contracts; Amendments to SFRS(I) 1: Presentation of Financial Statements on classification of Liabilities as Current or Non-current, SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) Practice Statement 2 (Disclosure of Accounting Policies), SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates), SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 October 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Our management anticipates that the adoption of the above new or amended accounting standards and interpretations are not expected to have a material impact on our Group in the current or future reporting periods and on foreseeable future transactions.

Our Group has no intentions to make changes to its accounting policy in the next 12 months post-Listing that may result in material adjustments to the disclosed financials in this Offer Document, aside from the new standards, amendments and interpretations to existing SFRS(I)s that are mandatory and effective within the next 12 months from 1 October 2021 as disclosed in “Appendix A – Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Years Ended 30 September 2019, 2020 and 2021” of this Offer Document. Our Group does not expect any material impact from adopting these new standards, amendments and interpretations.

CAPITALISATION AND INDEBTEDNESS

The following table, which should be read in conjunction with the sections entitled “*Management’s Discussion and Analysis of Results of Operations and Financial Position*” and “*Appendix A – Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Years Ended 30 September 2019, 2020 and 2021*” of this Offer Document, shows our cash and cash equivalents, and capitalisation and indebtedness, which is prepared based on:

- (a) our audited combined financial statements for the financial year ended 30 September 2021;
- (b) our unaudited combined management accounts as at the Latest Practicable Date, being a date no earlier than 60 days prior to the date of lodgement of this Offer Document; and
- (c) our unaudited combined management accounts as at the Latest Practicable Date as adjusted to give effect to the Restructuring Exercise, the issuance and allotment of the Placement Shares, the PPCF Shares and the application of the net proceeds from the Placement, after deducting listing expenses relating to the Placement.

S\$’000	As at 30 September 2021	As at the Latest Practicable Date	As at the Latest Practicable Date and adjusted to give effect to the Restructuring Exercise, the issuance and allotment of the Placement Shares, the PPCF Shares and the application of the net proceeds from the Placement, after deducting listing expenses relating to the Placement
Cash and bank deposits	5,121	4,757	8,365
Current indebtedness			
Secured and guaranteed	4,248	3,787	3,787
Secured and non-guaranteed	–	–	–
Non-secured and guaranteed	–	–	–
Non-secured and non-guaranteed	–	–	–
Non-current indebtedness			
Secured and guaranteed	16,090	15,525	15,525
Secured and non-guaranteed	–	–	–
Non-secured and guaranteed	–	–	–
Non-secured and non-guaranteed	–	–	–
Total indebtedness	20,338	19,312	19,312
Capital and reserves attributable to equity holders of our Company	12,440	13,169	16,776
Total capitalisation and indebtedness	32,778	32,481	36,088

As at the Latest Practicable Date, save for (a) the changes in working capital; and (b) the changes in holders’ equity and reserves arising from day-to-day operations in the ordinary course of business, there were no material changes to our capitalisation and indebtedness as disclosed above.

CAPITALISATION AND INDEBTEDNESS

Credit Facilities

As at 30 September 2021 and as at the Latest Practicable Date, our Group's banking facilities from the financial institutions are as follows:

Date of Agreement	Financial Institution	Borrower	Guarantor	Nature and Use of Facility	Facility Amount (\$)	Utilised Amount as at 30 September 2021 (\$)	Utilised Amount as at the Latest Practicable Date (\$)	Unutilised Amount as at 30 September 2021 (\$)	Unutilised Amount as at the Latest Practicable Date (\$)	Interest Rate	Maturity Profile
15 August 2018	Citibank, N.A., Singapore Branch ⁽¹⁾	HNL	LHNGPL	Credit facilities/time loan for working capital requirements	3,000,000	–	–	3,000,000	3,000,000	Bank's cost of funds plus 1.75% per annum	Up to six months
7 August 2019	Resona Merchant Bank Asia Limited ⁽²⁾	HNL	LHNGPL	Revolving credit facility to part-finance new asset acquisitions and working capital requirements	2,000,000	–	–	2,000,000	2,000,000	1.25% per annum above cost of funds	Subject to annual review at bank's sole discretion
21 March 2019 ⁽³⁾	United Overseas Bank Limited ⁽³⁾	HNL	LHNGPL	Commercial property loan to finance the acquisition of 7 Gul Avenue (the "Commercial Property Loan")	10,400,000	10,400,000	10,400,000	–	–	First year: 2.48% Second year: 2.68% Third year: 3.58% Revised interest rate (w.e.f. 8 December 2021)	Seven years from 21 March 2019
8 April 2020	United Overseas Bank Limited ⁽³⁾	HNL	LHNGPL	Temporary bridging loan under enterprise financing scheme for working capital requirements	2,000,000	2,000,000	2,000,000	–	–	First year: 1.38% Second year: 1.38% Thereafter: 2.25% below the bank's commercial financing rate	Five years from 8 April 2020

CAPITALISATION AND INDEBTEDNESS

Date of Agreement	Financial Institution	Borrower	Guarantor	Nature and Use of Facility	Facility Amount (\$)	Utilised Amount as at 30 September 2021 (\$)	Utilised Amount as at the Latest Practicable Date (\$)	Unutilised Amount as at 30 September 2021 (\$)	Unutilised Amount as at the Latest Practicable Date (\$)	Interest Rate	Maturity Profile
6 May 2021	United Overseas Bank Limited ⁽³⁾	HNL	LHNGPL	Hire purchase facility for purchase of reach stackers, lifting equipment and other equipment related to the business	500,000	137,340	137,340	362,660	362,660	1.48% per annum	60 months up to 3 July 2026
6 May 2021	United Overseas Bank Limited ⁽³⁾	HNL	LHNGPL	Hire purchase facility for purchase of commercial vehicles	500,000	56,203	56,203	443,797	443,797	1.48% per annum	60 months up to 1 June 2026
27 December 2016	Hong Leong Finance Limited ⁽⁴⁾	HNL	LHNGPL	Hire purchase line for purchase of equipment and commercial vehicles	1,500,000	1,250,147	1,250,147	249,853	249,853	1.58% - 1.60% per annum	60 months up to 12 May 2022
29 June 2017	Hong Leong Finance Limited ⁽⁴⁾	HNL	LHNGPL	Hire purchase line for purchase of equipment and commercial vehicles	1,500,000	1,418,099	1,418,099	81,901	81,901	1.60% - 1.80% per annum	60 months up to 3 July 2023
6 August 2019	Hong Leong Finance Limited ⁽⁴⁾	HNL	LHNGPL	Hire purchase line for purchase of equipment/machinery and vehicles	1,300,000	984,264	984,264	315,736	315,736	1.60% per annum	60 months up to 15 February 2025
24 December 2020	Scania Credit Singapore Pte Ltd	HNL	-	Hire purchase line for purchase of prime movers	166,589	166,589	166,589	-	-	1.5524% per annum	60 months from 24 December 2022
24 December 2020	Scania Credit Singapore Pte Ltd	HNL	-	Hire purchase line for purchase of prime movers	166,589	166,589	166,589	-	-	1.5524% per annum	60 months from 24 December 2022
24 December 2020	Scania Credit Singapore Pte Ltd	HNL	-	Hire purchase line for purchase of prime movers	166,589	166,589	166,589	-	-	1.5524% per annum	60 months from 24 December 2022
24 December 2020	Scania Credit Singapore Pte Ltd	HNL	-	Hire purchase line for purchase of prime movers	166,589	166,589	166,589	-	-	1.5524% per annum	60 months from 24 December 2022

CAPITALISATION AND INDEBTEDNESS

Date of Agreement	Financial Institution	Borrower	Guarantor	Nature and Use of Facility	Facility Amount (\$)	Utilised Amount as at 30 September 2021 (\$)	Utilised Amount as at the Latest Practicable Date (\$)	Unutilised Amount as at 30 September 2021 (\$)	Unutilised Amount as at the Latest Practicable Date (\$)	Interest Rate	Maturity Profile
24 December 2020	Scania Credit Singapore Pte Ltd	HNL	-	Hire purchase line for purchase of reach stacker	237,500	237,500	237,500	-	-	1.7011% per annum	60 months from 24 December 2022
8 July 2021	RHB Bank Berhad	HNL	LHNGPL	Banker's guarantee for customer	65,000	65,000	65,000	-	-	0.75% per annum	15 August 2022
6 October 2021	RHB Bank Berhad	HNL	LHNGPL	Banker's guarantee for customer	180,000	180,000	180,000	-	-	0.75% per annum	31 October 2022
4 May 2017	DBS Bank Ltd. ⁽⁶⁾	HLA Container Services	LHNGPL (60%) and Mr. Hew Chee Fatt (40%)	Overdraft facilities	300,000	-	-	300,000	300,000	Prevailing prime rate plus 1% per annum	Not specified
8 December 2020	Oversea-Chinese Banking Corporation Limited ⁽⁶⁾	HLA Container Services	LHNGPL (60%) and Mr. Hew Chee Fatt (40%)	Temporary bridging loan for working capital requirements	1,000,000	1,000,000	1,000,000	-	-	2.00% per annum	Five years from date of first drawdown
10 August 2017	Hong Leong Finance Limited ⁽⁷⁾	HLA Container Services	LHNGPL (60%) and Mr. Hew Chee Fatt (40%)	Hire purchase facility for purchase of equipment/machinery and commercial vehicles	600,000	554,850	554,850	45,150	45,150	1.60% per annum	48 months up to 1 January 2023
24 July 2018	Hong Leong Finance Limited ⁽⁷⁾	HLA Container Services	LHNGPL (60%) and Mr. Hew Chee Fatt (40%)	Hire purchase facility for purchase of equipment/machinery and commercial vehicles	1,500,000	1,306,800	1,306,800	193,200	193,200	1.60% per annum	48 months up to 28 December 2022
14 February 2019	Pac Lease Berhad	LHN Logistics (Malaysia)	HNL (70%) and Mr. John Puang Chok Sin (30%)	Hire purchase facility for purchase of commercial vehicles and other equipment	419,003.42 (RM1,300,000)	418,996.79 (RM1,299,980)	418,996.97 (RM1,299,980)	6.45 (RM20)	6.45 (RM20)	3.5003% - 3.5150% per annum	60 months up to 21 June 2024

CAPITALISATION AND INDEBTEDNESS

Date of Agreement	Financial Institution	Borrower	Guarantor	Nature and Use of Facility	Facility Amount (\$)	Utilised Amount as at 30 September 2021 (\$)	Utilised Amount as at the Latest Practicable Date (\$)	Unutilised Amount as at 30 September 2021 (\$)	Unutilised Amount as at the Latest Practicable Date (\$)	Interest Rate	Maturity Profile
31 January 2020	Pac Lease Berhad	LHN Logistics (Malaysia)	HNL and Mr. John Puang Chok Sin (jointly and severally)	Hire purchase facility for purchase of commercial vehicles and other equipment	322,310.32 (RM1,000,000)	321,536.78 (RM997,600)	321,536.78 (RM997,600)	773.54 (RM2,400)	773.54 (RM2,400)	3.5050% - 3.5325 % per annum	60 months up to 12 April 2025
1 January 2021	Pac Lease Berhad	LHN Logistics (Malaysia)	HNL and Mr. John Puang Chok Sin (jointly and severally)	Hire purchase facility to purchase prime movers and trailers	225,617.22 (RM700,000)	219,171.01 (RM680,000)	219,171.01 (RM680,000)	6,446.21 (RM20,000)	6,446.21 (RM20,000)	3.5000% - 3.5050 % per annum	60 months up to 11 April 2026
23 August 2021	Pac Lease Berhad	LHN Logistics (Malaysia)	HNL and Mr. John Puang Chok Sin (jointly and severally)	Hire purchase facility to purchase prime movers and trailers	257,848.26 (RM800,000)	-	147,940.44 (RM459,000)	257,848.26 (RM800,000)	109,907.82 (RM341,000)	3.5059 % per annum	60 months up to 6 November 2026
2 March 2021	Mitsubishi HC Capital Malaysia Sdn. Bhd. (formerly known as Hitachi Capital Malaysia Sdn Bhd) ⁽⁸⁾	LHN Logistics (Malaysia)	HNL and Mr. John Puang Chok Sin (jointly and severally)	Hire purchase facility to purchase trailers	257,848.26 (RM800,000) in aggregate	82,021.53 (RM254,480)	82,021.53 (RM254,480)	175,826.73 (RM545,520)	175,826.73 (RM545,520)	3.4% per annum	60 months up to 18 April 2025
15 July 2021	RHB Bank Berhad	LHN Logistics (Malaysia)	-	Banker's guarantee relating to payment of port dues and charges	9,669.31 (RM30,000)	9,669.31 (RM30,000)	9,669.31 (RM30,000)	-	-	Bank's prevailing rate	31 August 2022
14 July 2021	RHB Bank Berhad	LHN Logistics (Malaysia)	-	Banker's guarantee relating to provision of port services and/or facilities	8,057.76 (RM25,000)	8,057.76 (RM25,000)	8,057.76 (RM25,000)	-	-	Bank's prevailing rate	31 August 2022
	Total				28,749,210.55	21,316,012.18	21,463,952.80	7,433,198.19	7,285,257.75		

Notes:

(1) The terms of the banking facilities provided by Citibank, N.A., Singapore Branch to HNL contain a provision whereby any divestment of all or any part of LHNGPL's shareholding, direct or indirect, in HNL will result in an event of default. We have obtained consent from Citibank N.A., Singapore Branch for the change in shareholding structure of HNL pursuant to the Restructuring Exercise.

CAPITALISATION AND INDEBTEDNESS

- (2) The terms of the banking facilities provided by Resona Merchant Bank Asia Limited to HNL contain a provision whereby any reconstruction, amalgamation or reorganisation of HNL has to be done on terms approved by the bank before such step is taken. We have obtained consent from Resona Merchant Bank Asia Limited for the change in shareholding structure of HNL pursuant to the Restructuring Exercise.
- (3) The terms of the banking facilities provided by United Overseas Bank Limited to HNL contain provisions whereby any direct or indirect change in control in the shareholding or management of HNL will require prior written consent from the bank. We have obtained consent from United Overseas Bank Limited for the change in shareholding structure of HNL pursuant to the Restructuring Exercise.
- (4) The terms of the banking facilities provided by Hong Leong Finance Limited to HNL contain provisions whereby any change in shareholding or in the composition of the board of directors of HNL will require prior written consent from the bank. We have obtained consent from Hong Leong Finance Limited for the change in shareholding structure of HNL pursuant to the Restructuring Exercise.
- (5) The terms of the banking facilities provided by DBS Bank Ltd. to HLA Container Services whereby HLA Container Services shall remain at least 60% owned by LHNGPL at all times and that prior written consent from the bank is required for any merger, demerger, re-organisation, amalgamation, reconstruction, take-over or any other schemes of compromise or arrangement affecting HLA Container Services' constitution. We have obtained consent from DBS Bank Ltd. for the change in shareholding structure of HLA Container Services pursuant to the Restructuring Exercise.
- (6) The terms of the banking facilities provided by Oversea-Chinese Banking Corporation Limited to HLA Container Services contain provisions whereby prior written consent from the bank is required for any re-organisation, amalgamation, reconstruction, take-over, change of shareholders or any other schemes of compromise or arrangement affecting HLA Container Services' present constitution. We have obtained consent from Oversea-Chinese Banking Corporation Limited for the change in shareholding structure of HLA Container Services pursuant to the Restructuring Exercise.
- (7) The terms of the banking facilities provided by Hong Leong Finance Limited to HLA Container Services contain provisions whereby any change in shareholding or in the composition of the board of directors of HLA Container Services will require prior written consent from the bank. We have obtained consent from Hong Leong Finance Limited for the change in shareholding structure of HLA Container Services pursuant to the Restructuring Exercise.
- (8) The terms of the banking facilities provided by Mitsubishi HC Capital Malaysia Sdn. Bhd. to LHN Logistics (Malaysia) contain provisions whereby prior written consent is required for any re-organisation, amalgamation, reconstruction, take-over or substantial change in shareholders of LHN Logistics (Malaysia). We have obtained consent from Mitsubishi HC Capital Malaysia Sdn. Bhd. for the change in shareholding structure of LHN Logistics (Malaysia) pursuant to the Restructuring Exercise.
- (9) On 23 March 2022, our Group procured a banking facility from United Overseas Bank Limited to, *inter alia*, partially fund the construction cost of the ISO tank depot located at 7 Gul Avenue (the "New UOB Facility"). Details of the New UOB Facility are as set out in the following page of this Offer Document. The aggregate amount available under the New UOB Facility is S\$19,760,000, which includes a sum of S\$8,571,000, being the outstanding amount payable under the Commercial Property Loan as at 23 March 2022 (the "Outstanding Commercial Property Loan"). As a result, the Outstanding Commercial Property Loan under the New UOB Facility has, as at the date of this Offer Document, effectively replaced the Commercial Property Loan on the same terms and conditions. As such, the corporate guarantee granted by LHNGPL for up to an amount of S\$10,400,400 in respect of the Commercial Property Loan will continue to apply to the New UOB Facility (which includes the Outstanding Commercial Property Loan). Please refer to the section entitled "*Interested Person Transactions - Present and On-Going Interested Person Transactions - (h) Corporate Guarantees provided by LHNGPL*" of this Offer Document for details on this existing corporate guarantee.

Save as disclosed above, our Group does not have any committed borrowing facilities as at the Latest Practicable Date.

As at the Latest Practicable Date, we have total banking facilities of approximately S\$28.8 million, of which approximately S\$21.5 million has been utilised. Such banking facilities comprise mainly overdraft, term loan, revolving credit facility, commercial property loan, bank guarantees and hire purchase facilities. Interest on the overdraft is based on the bank's prevailing prime rate plus 1.00% per annum and interest on the term loan facilities range from 1.25% to 2.25% per annum, or such other rate(s) as the bank may determine from time to time. Interest on the commercial property loan ranges from 1.38% to 2.25% below the bank's commercial financing rate per annum. Bank guarantees are charged based on the relevant bank's prevailing commissions/charges. Interest on the hire purchase facilities range from 1.48% per annum to 3.5325% per annum plus cost of funds or such other rate(s) as the bank may determine from time to time.

As at the Latest Practicable Date, to the best of our Directors' knowledge, our Group is not in breach of any of the terms and conditions or covenants associated with any of its financing arrangements which could materially affect our Group's financial position and results or business operations, or the investments of Shareholders.

CAPITALISATION AND INDEBTEDNESS

As at the date of this Offer Document, our Group has procured an additional facility from United Overseas Bank Limited to, inter alia, partially fund the construction cost of the ISO tank depot located at 7 Gul Avenue, the details of which are set out in the table below:

Date of Agreement	Financial Institution	Borrower	Guarantor	Nature of Facility	Facility Amount (\$)	Utilised Amount (\$)	Unutilised Amount (\$)	Interest Rate	Maturity Profile
23 March 2022	United Overseas Bank Limited	HNL	Company ⁽¹⁾ LHNGPL ⁽²⁾	Construction loan/ term loan/ performance guarantee/ Outstanding Commercial Property Loan	Construction loan: 10,149,000 Term loan: 640,000 Performance guarantee: 400,000 Outstanding Commercial Property Loan: 8,571,000	– – – 8,571,000	Construction loan: 10,149,000 Term loan: 640,000 Performance guarantee: 400,000 Outstanding Commercial Property Loan: –	Construction loan: 1.5% per annum above bank's cost of funds during the construction period Term loan: 1.8301% per annum Performance guarantee: Bank's prevailing rate Outstanding Commercial Property Loan: Interest rate under the Commercial Property Loan	Construction loan: Five years from date of first drawdown Term loan: 60 monthly instalments from date of first drawdown Performance guarantee: 36 months Outstanding Commercial Property Loan: Maturity profile under the Commercial Property Loan
					Total: 19,760,000	Total: 8,571,000	Total: 11,189,000		

Notes:

- (1) In the event that the Listing is not completed successfully, LHNGPL will be required to provide a replacement corporate guarantee.
- (2) Please refer to Note (9) on the preceding page of this Offer Document.

WORKING CAPITAL

Our Company financed its operations through both internal and external sources. Our internal sources of funds comprise cash generated from our Group's operating activities. External sources of funds comprise mainly credit granted by suppliers and capital investment from Shareholders.

Our Group had cash and bank deposits of approximately S\$2.4 million, S\$4.6 million, and S\$5.1 million as at 30 September 2019, 30 September 2020 and 30 September 2021 respectively.

As at 30 September 2021, we had an aggregate net cash surplus position of approximately S\$5.1 million, which comprised cash at banks and on hand.

The net cash generated from our Group's operating activities was approximately S\$6.4 million, S\$7.5 million and S\$6.1 million in FY2019, FY2020 and FY2021 respectively.

Our Group recorded positive working capital of approximately S\$2.5 million, S\$2.4 million and S\$4.1 million as at 30 September 2019, 30 September 2020 and 30 September 2021 respectively.

As at the Latest Practicable Date, our Group had cash and bank deposits of approximately S\$4.7 million. Accordingly, our Group had an aggregate net cash surplus position of approximately S\$4.7 million and available credit facilities granted of approximately S\$28.8 million, of which approximately S\$21.5 million were utilised, approximately S\$7.3 million were unutilised and the unutilised amount of the hire purchase facilities have lapsed.

Our Directors are of the reasonable opinion that, after having made due and careful inquiry and after taking into account the cash flows generated from our operations, our existing cash and bank deposits and unutilised banking facilities as at the date of lodgement of this Offer Document, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for our present working capital requirements and for at least 12 months after the admission of our Company to Catalist.

The Sponsor is of the reasonable opinion that, after having made due and careful inquiry and after taking into account the cash flows generated from our operations, our existing cash and bank deposits and unutilised banking facilities as at the date of lodgement of this Offer Document, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for our present working capital requirements and for at least 12 months after the admission of our Company to Catalist.

The working capital sufficiency confirmations by our Board and the Sponsor have taken into account the repayment of loans to be repaid in the next 12 months post-Listing and any additional capital commitments for purchasing equipment and vehicles and construction of the ISO tank depot that will be funded by internally generated resources and existing unutilised banking facilities as at the date of lodgement of this Offer Document. The capital sufficiency confirmations by our Board and the Sponsor have not taken into consideration the proceeds from the issue of the Placement Shares.

GENERAL INFORMATION ON OUR GROUP

HISTORY

Our Company was incorporated on 24 August 2021 in Singapore under the Companies Act as an investment holding private limited company under the name of “LHN Logistics Pte. Ltd.”. Our Company’s registration number is 202129609C. Our Company was converted into a public company limited by shares and renamed as “LHN Logistics Limited” on 4 April 2022. Pursuant to the Restructuring Exercise, we became the holding company for all of our subsidiaries and Associated Companies.

Our Transportation Business was established in 2003 as a new logistics business segment of our indirect Controlling Shareholder, LHN Limited, where we initially provided transportation services for base oil and bitumen to oil majors. We subsequently expanded our transportation services to include container trucking in 2005, and ISO tank trucking for petrochemical products in 2009. In 2019, we commenced operations in Malaysia to provide cross-border transportation services for our customers between Singapore and Malaysia where our Malaysian registered vehicle fleet will transport ISO tanks and containers between major petrochemical industries located in Jurong Island, Pasir Gudang, Kuantan and Port Klang. There was no development with respect to the commencement of operations in Malaysia to provide cross-border transportation services between Singapore and Malaysia that was publicly disclosed.

In 2013, we expanded our logistics services business to include our Container Depot Services Business. HLA Container Services, as the sub-contractor of Company A⁽¹⁾, provides container depot management services at 27 Benoi Sector. HLA Holdings provides container depot services to major shipping lines and container leasing companies.

In 2015, we established our first overseas container depot in Thailand, the Laem Chabang Depot, followed by the Bangkok Depot in 2017.

In 2018, HLA Container Services and SEA Medlog entered into a joint venture and incorporated HLA Logistics, an indirect Associated Company of our Company, as a joint venture entity. HLA Container Services was appointed as the sub-contractor of Company A⁽¹⁾ to provide container depot management services at 9 Gul Circle. HLA Logistics provides container depot services to major shipping lines and container leasing companies, including SEA Medlog.

Our indirect Controlling Shareholder, LHN Limited, is dually-listed on the Catalist and the Main Board of the Hong Kong Stock Exchange. Pursuant to the extraordinary general meeting of LHN Limited held on 16 February 2022, the shareholders of LHN Limited approved the spin-off of the logistics business of our Group and the Listing.

Note:

- (1) Company A is headquartered in Singapore and is one of Singapore’s largest and most established integrated logistics solutions service providers. The identity of Company A has not been disclosed as our Group was unable to obtain consent from them for the disclosure of its identity.

OUR BUSINESS

We are a logistics services group with an operating history of approximately 19 years as at the Latest Practicable Date and two principal business segments, namely, our Transportation Business and our Container Depot Services Business. Our Transportation Business and our Container Depot Services Business are not inter-dependent and they primarily serve different customer groups.

(a) **Transportation Business**

Under our Transportation Business, through our fleet of customised and licensed prime movers and trailers, we provide ISO tank and container transportation services for various petrochemical products, base oils, bitumen and bulk cargo to our customers in Singapore. In 2019, we commenced cross-border transportation services for our customers between Singapore and Malaysia where our Malaysian registered vehicle fleet will transport ISO tanks and containers between major petrochemical industries located in Jurong Island, Pasir Gudang, Kuantan and Port Klang.

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We transport ISO tanks and containers between ports, petrochemical manufacturers, bulk petrochemical storage terminals and our customers' designated destinations in Singapore and Malaysia. Our primary customers are international ISO tank operators, chemical traders, freight forwarders and chemical branches of oil majors. ISO tanks and containers transported by us are typically filled with various chemical intermediates for industrial feedstock and specialty chemicals with precise applications, such as lubricants, surfactants and detergents. We ensure that all chemicals and chemical compounds stored on our premises are handled by qualified and trained personnel who are familiar with the applicable safety standards and procedures.

We also offer ancillary services such as customs clearance and permit declaration services in both Singapore and Malaysia to support the supply chain demands of our customers.

As at the Latest Practicable Date, we own a fleet of 74 prime movers and 356 trailers in Singapore and Malaysia. We carry out our transportation operations at our logistics property located at 7 Gul Avenue in Singapore, as well as a leased logistics parking yard located at 18 Penjuru Road in Singapore. We also operate from three leased logistics parking yards located in Johor Bahru, Seremban and Port Klang in Malaysia.

(b) Container Depot Services Business

Under our Container Depot Services Business, we provide container depot management services in Singapore, and container depot services to our customers in Singapore and Thailand.

In Singapore, we have contractual arrangements with Company A⁽¹⁾ to provide container depot management services and container depot services at 27 Benoi Sector and 9 Gul Circle to major shipping lines and container leasing companies, including SEA Medlog. With effect from May 2022, the operations at the depot at 27 Benoi Sector will be moved to the depot at 9 Gul Circle. It is anticipated that the operations area at the depot at 9 Gul Circle will be expanded to accommodate the containers currently stored at the depot at 27 Benoi Sector.

In Thailand, we operate the container depots and provide container depot services directly to our customers. As at the Latest Practicable Date, we have two container depots in Thailand, the Laem Chabang Depot and the Bangkok Depot.

Such container depot management services and container depot services include providing our customers with container storage, container surveying, container cleaning, and container repair and maintenance services for general purpose and refrigerated containers. Thereafter, the surveyed containers are picked up by our customers or by their logistics forwarders.

Empty containers are stored on the depot premises where they can be stacked to a maximum height of nine containers. We have our own empty container handlers and forklift trucks on-site to enable efficient storage and placement of the containers. We also conduct surveys on all incoming containers to assess their condition and determine whether they require maintenance or repair. We provide our assessment to the customers and upon receiving confirmation to commence works, we perform cleaning, maintenance and repair works on containers before they are stacked and stored on the depot premises at the request of our customers. Our major customers include major shipping lines and container leasing companies.

As at the Latest Practicable Date, we operate two container depots in Singapore located at 27 Benoi Sector and 9 Gul Circle with an aggregate capacity of up to 8,200 TEUs at any given time. With effect from May 2022, the operations at the depot at 27 Benoi Sector will be moved to the depot at 9 Gul Circle. It is anticipated that the operations area at the depot at 9 Gul Circle will be expanded to accommodate the containers currently stored at the depot at 27 Benoi Sector. We also operate two container depots in Thailand, the Laem Chabang Depot and the Bangkok Depot, with an aggregate capacity of up to 19,000 TEUs at any given time. The average monthly utilisation rates of the Laem Chabang Depot (with a maximum capacity of 10,500 TEU) for FY2019, FY2020 and FY2021 are approximately 27%, 24% and 14% respectively, and the average monthly utilisation rates of the Bangkok Depot (with a maximum capacity of 8,500 TEU) for FY2019, FY2020 and FY2021 are approximately 1%, 3% and 6% respectively. The utilisation rate of the

GENERAL INFORMATION ON OUR GROUP

Laem Chabang Depot declined from FY2019 to FY2021 as a result of the COVID-19 pandemic, which resulted in shipping delays as shipping containers were stranded in key trade locations such as the United States of America and the PRC. The revenue generated from the Laem Chabang Depot and Bangkok Depot for FY2021, being our most recently completed financial year, contributed 10% and 4% respectively to the total revenue of our Group.

As at the Latest Practicable Date, we are undertaking preparatory works to establish our overseas container depot in Yangon, Myanmar and have obtained a certificate of incorporation, certificate of exporter / importer registration, as well as a commercial tax registration certificate. We have also entered into a lease arrangement for a property in Yangon, Myanmar, although the lease term will only commence as and when we have obtained all requisite licences, permits and approvals under Myanmar law for the container depot to become fully operational. Our Group is in the process of applying for and obtaining all the requisite business licences, permits and approvals for operations in Myanmar. Our Group will not commence operations in Myanmar until such time where all requisite licences, permits and approvals under Myanmar law have been obtained. For further details on the preparatory works undertaken in Myanmar as at the Latest Practicable Date, please refer to the sections entitled “*General Information on Our Group – Licences, Permits, Approvals, Certifications and Government Regulations*” and “*General Information on Our Group – Properties and Fixed Assets*” of this Offer Document. Our Group has considered the recent political situation in Myanmar and is proceeding with its business plans in Myanmar with caution. Our Group does not intend to significantly invest in Myanmar until there is clarity on the political situation. As at the Latest Practicable Date, our Group has invested approximately S\$14,000 into our Myanmar subsidiary and made payments of approximately US\$390,000 in aggregate on behalf of our Myanmar subsidiary for the establishment of the container depot in Yangon, Myanmar. Notwithstanding the above, our Group will continue to closely monitor the situation in Myanmar, including any sanction issues, and take into account the risks involved in establishing and operating the overseas container depot in Yangon, Myanmar. Providing container depot services in Myanmar will remain a concrete future plan and our Group will only commence operations in Myanmar when the political and legal concerns have been addressed, and all requisite licences, permits and approvals have been obtained. Our Audit and Risk Committee will have oversight and will monitor and review the political situation in Myanmar before our Group makes the decision to proceed with its business plans in Myanmar. On a continuing basis, our Audit and Risk Committee will also monitor and review the political and legal concerns and that all requisite licences, permits and approvals have been obtained by our Group to operate in Myanmar.

Note:

- (1) Company A is headquartered in Singapore and is one of Singapore's largest and most established integrated logistics solutions service providers. The identity of Company A has not been disclosed as our Group was unable to obtain consent from them for the disclosure of its identity.

KEY MILESTONES

The following table sets forth a brief summary of the key milestones of our Group:

Year	Milestone
2003	Commencement of our Transportation Business as a new logistics business segment of LHN Limited, our indirect Controlling Shareholder, providing transportation services for base oil and bitumen to oil majors in Singapore
2005	Expansion of our transportation services to include container trucking in Singapore
2009	Expansion of our transportation services to include ISO tank trucking for petrochemical products in Singapore
2013	Establishment of our Container Depot Services Business in Singapore and appointment by Company A ⁽¹⁾ as sub-contractor to provide container depot management and container depot services to customers at 27 Benoi Sector
2015	Establishment of our first overseas container depot in Thailand, the Laem Chabang Depot

GENERAL INFORMATION ON OUR GROUP

Year	Milestone
2017	Establishment of our second overseas container depot in Thailand, the Bangkok Depot
2018	Establishment of joint venture with SEA Medlog and incorporation of HLA Logistics as the joint venture entity Appointment by Company A ⁽¹⁾ to provide container depot management and container depot services to customers at 9 Gul Circle Acquired service contracts for the provision of logistics and haulage services, as well as prime movers and trailers, in Malaysia
2019	Commencement of operations in Malaysia to provide cross-border transportation services for our customers between Singapore and Malaysia Acquisition of our logistics property at 7 Gul Avenue
2021	Incorporation of our Company
2022	The receipt of approval from the shareholders of LHN Limited, our indirect Controlling Shareholder, to spin-off the logistics business of our Group and the Listing

Note:

- (1) Company A is headquartered in Singapore and is one of Singapore's largest and most established integrated logistics solutions service providers. The identity of Company A has not been disclosed as our Group was unable to obtain consent from them for the disclosure of its identity.

BUSINESS PROCESS

In relation to our Transportation Business, we enter into agreements with our customers on the transportation rates for our transportation services and container trucking services. Such agreements will set out the term of the agreement and the pricing rates offered to customers for our Group's transportation services and container trucking services. Generally, our customers will provide us with their loading requirements before a designated cut-off time each day and our operations team will make the necessary arrangements to despatch our vehicle fleet the following day. In respect of recurring shipments, customers will provide us with their loading requirements on a weekly basis. Our customers are typically billed on completion of services.

Our workflow involves our drivers collecting laden ISO tanks from PSA (where tanks are shipped via sea freight) or from Malaysia (for our cross-border trucking service) and transporting them to the chemical manufacturing plant or chemical storage terminal where chemicals will be off loaded into the storage tanks. We will then transport the empty ISO tanks to their destination, such as PSA for onward freight, an ISO tank washing depot or cross-border into Malaysia to the customers' designated location. Our drivers also collect clean and empty ISO tanks from ISO tank washing depots or other designated locations and transport them to the chemical manufacturing plant for loading of chemicals, before transporting them onward to their destination.

In relation to our Container Depot Services Business, we have entered into contractual arrangements with Company A⁽¹⁾ pursuant to which we have been appointed to provide container depot management services and container depot services to customers at 27 Benoi Sector and 9 Gul Circle for a fee. With effect from May 2022, the operations at the depot at 27 Benoi Sector will be moved to the depot at 9 Gul Circle. It is anticipated that the operations area at the depot at 9 Gul Circle will be expanded to accommodate the containers currently stored at the depot at 27 Benoi Sector.

In respect of the provision of container depot services directly to our customers in Thailand, we have entered into agreements with our customers on the applicable container storage fees based on the duration of storage, handling charges per lift, trucking services fees, repair and maintenance fees and gate charges.

Generally, our customers will provide us with an indication of the number of containers expected to enter a depot on a monthly basis. Our workflow involves our container depot staff receiving containers that are transported into the depot where we will first do an in-gate survey of these containers. Thereafter, the containers will be sent for washing, repair and maintenance, before being lifted and stored on the premises. Our automated container inventory management system, which serves as a means of communication between us and our customers, enables us to identify the incoming containers, the type

GENERAL INFORMATION ON OUR GROUP

of cleaning, maintenance and repair work which we have assessed to be necessary and the approximate date on which the containers will be ready for collection. Once the surveyed containers are ready, we will release seaworthy containers to be picked up by our customers or by their logistics forwarders.

Note:

- (1) Company A is headquartered in Singapore and is one of Singapore's largest and most established integrated logistics solutions service providers. The identity of Company A has not been disclosed as our Group was unable to obtain consent from them for the disclosure of its identity.

OUR MAJOR CUSTOMERS

Our major customers under our Transportation Business include international ISO tank operators, chemical traders, freight forwarders and chemical branches of oil majors, and our major customers under our Container Depot Services Business include major shipping lines and container leasing companies.

Our top five customers accounted for approximately 33.5%, 34.2% and 31.2% of our revenue in FY2019, FY2020 and FY2021 respectively. Our sales to the following customers accounted for 5.0% or more of our total revenue for the Period Under Review:

Name of customer	Services supplied	As a percentage of total revenue (%)		
		FY2019	FY2020	FY2021
Eagletainer Logistics Pte Ltd	Trucking, storage and related services	11.0%	12.2%	12.2%
Maersk Line (Thailand) Ltd	Container maintenance and related services	8.6%	6.8%	5.5% ⁽¹⁾
BLPL Singapore Pte Ltd	Container maintenance and related services	6.4%	6.2%	3.5% ⁽¹⁾

Note:

- (1) The decrease in revenue generated from customer contracts with Maersk Line (Thailand) Ltd and BLPL Singapore Pte Ltd for FY2021 as compared with FY2019 was mainly due to the global shortage of shipping containers. Due to COVID-19 which resulted in shipping delays, shipping containers were stranded in key trade locations such as the United States of America and the PRC. As a result, the volume of containers handled by our depots in Singapore and Thailand was reduced.

To the best of our Directors' knowledge as at the Latest Practicable Date, save as disclosed above, our Directors are not aware of any information or arrangement which would lead to a cessation or termination of our current relationship with any of our major customers listed above.

Save as disclosed above, none of our customers accounted for 5.0% or more of our total revenue for each of FY2019, FY2020 and FY2021.

Our Directors are of the opinion that as at the date of this Offer Document, our business and profitability are currently not dependent on any particular industrial, commercial or financial contract with any customer. In assessing the dependency of our Group on any major customer, our Directors have considered the following:

- (a) the revenue attributable to our Group's largest customer accounted for less than 15% of our Group's total revenue for the Period Under Review and the aggregate revenue attributable to the five largest customers of our Group accounted for approximately 33.5%, 34.2% and 31.2% of our Group's total revenue in FY2019, FY2020 and FY2021 respectively; and
- (b) our Group has a big customer base and is constantly expanding our customer pool with other ISO tank operators, container shipping companies and container leasing companies for the respective businesses.

As at the date of this Offer Document, none of our Directors, Controlling Shareholders, Substantial Shareholders or their respective Associates have any interest, direct or indirect, in any of our customers. As at the Latest Practicable Date, to the best of our Directors' knowledge and belief, there are no arrangements or understanding with any customers pursuant to which any of our Directors and Executive Officers were appointed.

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OUR MAJOR SUPPLIERS

Our major suppliers mainly comprise suppliers of diesel, machinery, as well as trucking and rental services. Our major suppliers accounting for 5.0% or more of our Group's total purchases for the Period Under Review are set out below:

Name of supplier	Goods / services purchased	As a percentage of our Group's total purchases		
		FY2019	FY2020	FY2021
Company A ⁽¹⁾	Depot management services	20.2%	18.6%	18.7% ⁽²⁾
PSA Corporation Ltd	Port handling and storage services	9.1%	12.2%	11.7%
OPEC Pte Ltd	Supply of diesel	6.5%	6.9%	6.2%
Cargotec CHS Pte Ltd	Supply of stacker machine and monthly maintenance	6.6%	1.1% ⁽³⁾	0.5% ⁽³⁾
BLPL Singapore Pte Ltd	Supply of containers	5.7%	0.8% ⁽³⁾	0.0% ⁽³⁾

Notes:

- (1) Company A is headquartered in Singapore and is one of Singapore's largest and most established integrated logistics solutions service providers. The identity of Company A has not been disclosed as our Group was unable to obtain consent from them for the disclosure of its identity.
- (2) The decrease in purchases from Company A for FY2021 as compared with FY2019 was mainly due to the decrease in volume of containers handled by our depots in Singapore.
- (3) The decrease in purchases from Cargotec CHS Pte Ltd and BLPL Singapore Pte Ltd for FY2021 as compared with FY2019 and FY2020 was due to one-off purchases of equipment and containers during FY2019.

To the best of our Directors' knowledge as at the Latest Practicable Date, save as disclosed above, our Directors are not aware of any information or arrangement which would lead to a cessation or termination of our current relationship with any of our major suppliers listed above.

Save as disclosed above, none of our suppliers accounted for 5.0% or more of our total purchases for each of FY2019, FY2020 and FY2021.

Our Directors are of the opinion that as at the date of this Offer Document, our business and profitability are currently not dependent on any particular industrial, commercial or financial contract with any supplier. In assessing the dependency of our Group on any major supplier, our Directors have considered that our Group has not signed any long-term exclusive agreements with any single supplier for goods and services and has alternative suppliers to provide the shortfall in the unlikely event of supply chain or cost concerns.

As at the date of this Offer Document, none of our Directors, Controlling Shareholders, Substantial Shareholders or their respective Associates have any interest, direct or indirect, in any of our suppliers. As at the Latest Practicable Date, to the best of our Directors' knowledge and belief, there are no arrangements or understanding with any suppliers pursuant to which any of our Directors and Executive Officers were appointed.

CREDIT POLICY

We typically grant credit terms to a majority of our customers of up to 30 days. The credit terms granted to these customers vary and are determined based on factors such as the contract value, our past experience with them, the length of our relationship with them, their financial standing and their payment track records. The credit terms are also subject to our internal credit review in accordance with our internal control policies and procedures, which may involve the requisite management approvals. We typically invoice our customers after the service has been rendered.

GENERAL INFORMATION ON OUR GROUP

Trade receivables' turnover days

Our trade receivables' turnover days for the Period Under Review are as follows:

	FY2019	FY2020	FY2021
Trade receivables' turnover days ⁽¹⁾	62	65	59 ⁽²⁾

Notes:

(1) Trade receivables' turnover days is computed as follows:

$$\frac{\text{Average trade receivables balances}}{\text{Revenue}} \times \text{Number of days}$$

Where:

"Average trade receivables balances" is based on the average of the opening and closing trade receivables balances for the relevant financial year.

"Number of days" is defined as the number of calendar days in the relevant financial year.

(2) As we had focused on the expansion of our customer base from FY2019 to FY2020, we were more flexible in our credit terms and payment collection to foster goodwill and potential long-term business relationships with our customers. In FY2021, we had undertaken measures to be more stringent in our payment collection and also designated staff to specifically fulfil credit control functions. This improving trend was mainly due to our ability to shorten our collection period as a result of the implementation of our credit control procedures on our collection of trade receivables.

During the Period Under Review, our Group did not have any material exposure to doubtful trade receivables.

Our total trade receivables as at 30 September 2021 is approximately S\$3,974,000, of which approximately S\$3,947,000 has been collected as at the Latest Practicable Date.

As at the Latest Practicable Date, our Group has collected approximately 100% and 99% of the trade receivables as at 30 September 2021 due from related parties and third parties respectively. Our Group does not expect to make any material provisions or write-offs of trade receivables post-Listing.

Credit terms granted by our suppliers

Payment terms granted by our suppliers vary and are dependent on, *inter alia*, our relationship with our suppliers and the size of the transaction. The typical credit terms extended to us is 30 days as suppliers of fixed assets, machinery and equipment typically grant shorter credit terms in line with the market, and the low payables' turnover days was reflected in FY2021 due to our Group having made more purchases of machinery and equipment in FY2021 as compared to FY2020 and FY2019. In respect of the supply of services, payment is typically to be made after the services have been rendered and upon issuance of the relevant invoice. In respect of the supply of goods, payment is typically to be made on delivery and upon issuance of the relevant invoice.

Our trade payables' turnover days for the Period Under Review are as follows:

	FY2019	FY2020	FY2021
Trade payables' turnover days ⁽¹⁾	49	49	36 ⁽²⁾

Notes:

(1) Trade payables' turnover days is computed as follows:

$$\frac{\text{Average trade payables balances}}{\text{Expenses}} \times \text{Number of days}$$

Where:

"Average trade payables balances" is based on the average of the opening and closing trade payable balances for the relevant financial year.

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“Number of days” is defined as the number of calendar days in the relevant financial year.

- (2) This was mainly due to prompt payment to suppliers and the shorter credit terms granted by suppliers. The credit terms granted to us by majority of our suppliers ranged from 30 to 60 days.

INSURANCE

Our Group maintains motor vehicle insurance, machinery and equipment all risks insurance, public liability insurance, transport operator liability insurance, commercial vehicle fleet insurance, work injury compensation insurance and fire insurance. Our Group’s employees are provided with group enhanced hospital surgical insurance, as well as work injury compensation policies.



As at the Latest Practicable Date, our Directors believe that we have adequate insurance coverage for the purposes of our business operations and we will procure the necessary additional insurance coverage for our business operations, properties and assets as and when the need arises. To the best of our knowledge, our Group has purchased all insurance required under each jurisdiction’s regulatory requirements and any such insurance as stipulated in our customer and supplier contracts, such as Freight Forwarder Liability Insurance that covers containers stored in the depots, Transport Operator Liability Insurance to cover our Group’s transportation operations, and sufficient insurance to insure the equipment owned by our Group and against any third-party claims. While public information on the insurance coverage of our competitors is not available, our Company’s management is of the opinion that the insurance coverage of our Group is in line with the industry. However, significant disruption to our operations or damage to any of our properties, whether as a result of fire and/or other causes, may still have a material adverse impact on our results of operations or financial performance. Our Directors will review the insurance coverage of our Group from time to time and at least annually to consider the sufficiency of its coverage.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we have registered the following trademarks:

Trademark	Country of registration	Class	Registration number	Expiry date	Registered owner
	Singapore	35 ⁽¹⁾ , 37 ⁽²⁾ and 39 ⁽³⁾	40201818385W	12 September 2028	HNL
	Malaysia	35 ⁽⁴⁾	2017012062	2 November 2027	HNL
					
	Malaysia	39 ⁽⁵⁾	2017012063	2 November 2027	HNL
					
	Malaysia	36 ⁽⁶⁾	2015009109	4 September 2025	LHN Logistics (Malaysia)
	Malaysia	37 ⁽⁷⁾	2015009110	4 September 2025	LHN Logistics (Malaysia)
	Malaysia	39 ⁽⁸⁾	2015009111	4 September 2025	LHN Logistics (Malaysia)

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Trademark	Country of registration	Class	Registration number	Expiry date	Registered owner
	Singapore	37 ⁽⁹⁾ and 39 ⁽¹⁰⁾	40201711728V	21 June 2027	HLA Container Services ⁽¹¹⁾
	Myanmar	37 ⁽¹²⁾ and 39 ⁽¹³⁾	12057/2018	Date which falls on the date of the coming into force of the new Trademark Law in Myanmar (Pyidaungsu Hluttaw Law No. 3/2019) dated 30 January 2019 ⁽¹⁴⁾	HLA Container Services (Myanmar)

Notes:

- (1) Business administrative services rendered in container terminal management services, port permit services, port permit declaration services and port clearance declaration services; business management consulting and assistance relating to container terminals and the transport and shipping of goods; advisory and assistance services relating to all the foregoing; all included in Class 35.
- (2) Containers maintenance services before and after transportation including repairing of container(s), refurbishing of container(s); cleaning of container(s); restoring and/or restoration of container(s); servicing of container(s); container maintenance services before transportation; iso tank maintenance services before and after transportation including repairing of iso tank(s), refurbishing of iso tank(s); cleaning of iso tank(s); restoring and/or restoration of iso tank(s); all included in Class 37.
- (3) Transportation by sea; Transportation of freight by road; Transportation by road; Loading of goods; Unloading of goods; Loading of ships; Unloading and refloating of ships; Loading of freight containers onto ships; Loading of cargo; Cargo loading services; Cargo unloading; Loading and unloading of goods; Shipping agency services; Container handling; Container storage; Container storage; Container handling; Transportation services; Transportation of cargo; Storage of cargo; Storage of goods; Vehicle storage; Port services.
- (4) Services rendered in container terminal management services, port permit services, port permit declaration services, port clearance declaration services; business management consulting and assistance relating to container terminals and the transport and shipping of goods; advisory and assistance services relating to all the foregoing; logistics services (business management and organization of facilities and resources); business administration; office function; import export agencies; business information, advisory, consultancy and administration services; all included in Class 35.
- (5) Services rendered in the transportation of goods from one place to another by road, water; loading and unloading of ships, containers; services of an agency in the field of transport, namely, arranging transport services by third parties as an agency; services connected with container depot management which includes container storage services, container maintenance services; services connected with the transportation of vehicles and vehicles logistics before transport; services relating to the storing of goods in a warehouse; services relating to isotank depot management; isotank storage; isotank maintenance before transportation; delivery of goods; storage of goods; transportation logistics; computerized vehicle scheduling; arrangement of transport of goods by motor vehicles, track railways and ships; transport brokerage; shipping services; lighterage services; bunker services; all included in Class 39.
- (6) Real estate agency services; agency services for the leasing of residential, industrial and commercial real estate and properties; real estate appraisal and valuation; real estate agency services relating to rent and lease negotiations of property; letting and leasing of residential, industrial and commercial real estate and properties; tenant management services; real estate selection and acquisition; property investment services; agency services for the selling on commission of real property; leasing and acquisition services; land leasing and estate management; management services relating to residential, industrial and commercial real estate and properties; financial advice; management and leasing of property; all included in Class 36.
- (7) Advisory services relating to property development, advisory services relating to the restoration, renovation and refurbishment of buildings and property; property development services, development of property; property maintenance; property development; cleaning; maintenance and construction of buildings; renovation, refurbishment, repair, painting and interior decoration (installation, renovation or repair services) of buildings; restoration of office and retail premises; building project management for residential, industrial and commercial real estate and properties; maintenance and repair of buildings; building construction supervision, caretaking and janitorial services; all included in Class 37.
- (8) Transportation, moving and storage services; providing storage services, namely; electronically monitored, climate controlled and non-climate controlled spaces, locker storage services, warehouse storage, and delivery and pick up by truck, and storage of containers for the storage of personal, household and commercial property; locating and arranging for reservations for storage space for others; advisory and consultancy services relating to transportation of goods and storage of goods; provision of services relating to land freight forwarding services; logistics services for transport, packaging and storage of goods; rental of warehouse storage solutions; provision of services of transportation and delivery of goods by motor vehicles; provision of car parking facilities, rental of parking places, advisory services relating to provision of car parking facilities and rental of parking places; providing information on the internet relating to all the aforesaid services; all included in Class 39.

GENERAL INFORMATION ON OUR GROUP

- (9) Services relating to reconditioning of containers; reconstruction of containers for the purposes of converting containers for ancillary usage; reparation of containers; maintenance of containers; trailer reparation works; maintenance of trailers.
- (10) Advisory services relating to the storage of goods; arrangement for the storage of goods; barge transport; cargo handling; collection of goods for transportation; consultancy services relating to storage; container handling; container storage; container transport services; delivery of goods; depository storage; freight forwarding; handling of goods; hire of storage sites; hire of warehouse storage space; loading and unloading of goods and freight; logistics services (transport, packaging, and storage of goods); packaging services; packaging of goods; refilling of containers; rental of storage space; rental of warehouses; storage; storage of goods; storage services; transportation of goods; unloading cargo; warehouse storage services; warehousing; advisory and consultancy services relating to the aforesaid services; Shipping agency services.
- (11) Pursuant to trademark licence agreements entered into with each of HLA Logistics and HLA Container Services (Thailand), HLA Container Services has granted a licence to each of them in respect of the relevant trademark. Please refer to the section entitled “*General and Statutory Information – Material Contracts*” of this Offer Document for more details.
- (12) Services relating to fabrication of containers; reconditioning of containers; reconstruction of containers for the purposes of converting containers for ancillary usage; reparation of containers; maintenance of containers; trailer reparation works; maintenance of trailers.
- (13) Advisory services relating to the storage of goods; arrangement for the storage of goods; barge transport; cargo handling; collection of goods for transportation; consultancy services relating to storage; container handling; container storage; container transport services; delivery of goods; depository storage; freight forwarding; handling of goods; hire of storage sites; hire of warehouse storage space; loading and unloading of goods and freight; logistics services (transport, packaging and storage of goods); packaging services; packaging of goods; refilling of containers; rental of storage space; rental of warehouses; storage; storage of goods; storage services; transportation of goods; unloading cargo; warehouse storage services; warehousing; advisory and consultancy services relating to the aforesaid services; Shipping agency services.
- (14) The Trademark Law in Myanmar (Pyidaungsu Hluttaw Law No. 3/2019) dated 30 January 2019 (“**Trademark Law**”) has been enacted but has not as yet come into force. As such, the Legal Adviser to our Company as to Myanmar law, WongPartnership Myanmar Limited, has indicated that the expiry of the trademark can be stated as the date which falls on the date of the coming into force of the new Trademark Law, which date will be prescribed by way of a notification, to be issued by the President of the Republic of the Union of Myanmar.

On the coming into force of the Trademark Law, the existing manual filing and recordation of trademark declarations with the Office of the Registration of Deeds (under the Ministry of Agriculture, Livestock and Irrigation) will be replaced with a new online registration system, under the charge of the Intellectual Property Department (Ministry of Commerce). Section 94 of the Trademark Law stipulates that registration of a mark must be carried out, and any offence regarding a mark must be punished, both in accordance with the provisions of the Trademark Law only, regardless of the provisions of any other existing law. This means that the manual filing and recordation of trademark declarations at the Office of the Registration of Deeds will not be recognised by the Trademark Law. As at the Latest Practicable Date, there is no publicly available information on the expected “coming into force” date / period of the Trademark Law. In order to facilitate the transition from the “first to use” system to a “first to file” system of trademark registration under the Trademark Law, Ministry of Commerce issued Order No. 63/2020 dated 28 August 2020. Order No. 63/2020 calls for owners of marks registered with the Office of the Registration of Deeds (and owners whose marks are not so registered, but are put to actual use in commerce in Myanmar) before the date of the coming into force of the Trademark Law to apply to the Intellectual Property Department to re-file such marks for examination during the “soft opening” period in order to obtain priority rights to use and protection of the mark upon successful re-registration (if any, once the Trademark Law comes into force). For the purposes of this paragraph, “soft opening” period means the period commencing from 1 October 2020 up until the date on which the Intellectual Property Department officially starts to accept applications for trademark registration under the Trademark Law. As at the Latest Practicable Date, there is no official government notification on the expected expiry date of the “soft opening” period. HLA Container Services (Myanmar) has successfully submitted an application to the Intellectual Property Department to re-file the trademark during the “soft opening” period. Such trademark will remain valid upon re-filing until (but not inclusive of) the date on which the Intellectual Property Department officially starts to accept applications for trademark registration under the Trademark Law (pursuant to the coming into force thereof). Our Group will follow up with the trademark registration procedures under the Trademark Law when it comes into force.

As at the Latest Practicable Date, we have not applied for the registration of any trademarks.

Save as disclosed above, we do not own or use any other patents, trademarks or intellectual property on which our business or profitability is materially dependent on.

LICENCES, PERMITS, APPROVALS, CERTIFICATIONS AND GOVERNMENT REGULATIONS

We are subject to all relevant laws and regulations of the countries where our business operations are located and may be affected by policies which may be introduced by the relevant governments from time to time. Our Board is of the opinion that our Group has obtained all the requisite licences, permits, approvals and certifications which are material to our business operations and is in compliance with the applicable laws and regulations that would materially affect our business operations.

GENERAL INFORMATION ON OUR GROUP

Singapore

HNL, HLA Container Services, HLA Holdings and HLA Logistics are private limited companies incorporated in Singapore.

(a) **Regulations governing logistics services in Singapore**

Laws and regulations relating to motor vehicles

Road Traffic Act 1961 of Singapore (2020 Revised Edition) (“RTA”), Parking Places Act 1974 of Singapore (2020 Revised Edition) (“PPA”), Parking Places (Parking of Heavy Vehicles) Rules of Singapore (“PPR”), Road Traffic (Expressways — Excluded Vehicles) Rules 2010 of Singapore (“EER”)

The RTA sets out the regulations relating to road traffic and other regulations concerning the use of vehicles and the user of roads. Section 10 of the RTA provides that subject to the RTA and the rules, no person shall keep or use a vehicle unless it has been registered under the RTA and its registration has not been cancelled.

Further, Section 10B of the RTA provides that no heavy vehicle shall be registered under the RTA unless the person applying for the registration of the heavy vehicle satisfies the Registrar of Vehicles that a vehicle parking certificate or such other document in respect of the parking of the heavy vehicle has been issued by the relevant authority under the PPA.

A “heavy vehicle” is defined under Section 2 of the PPA to mean:

- (a) any heavy goods vehicle or concrete mixer, the maximum laden weight of which exceeds 5,000 kilograms;
- (b) any bus with a seating capacity of more than 15 persons, not inclusive of the driver;
- (c) any trailer, containing trailer, low loader or flat-bed trailer, the maximum laden weight of which exceeds 5,000 kilograms; and
- (d) any mobile crane or recovery vehicle the unladen weight of which exceeds 2,500 kilograms.

Pursuant to Regulation 4 of the PPR, every person who is the registered owner of, or who has purchased, a heavy vehicle shall:

- (a) procure a designated parking space for the parking of the heavy vehicle; or
- (b) if the registered owner owns or has purchased 2 or more trailers, may procure one designated parking space for the parking of not more than 3 such trailers; or
- (c) if the registered owner owns or has purchased 2 or more 20-foot trailers, may procure one designated space for the parking of not more than 6 such trailers.

Regulation 4(4) of the PPR provides that, upon compliance with the foregoing, the registered owner shall apply for a vehicle parking certificate in respect of the heavy vehicle.

Regulation 6 of the PPR provides that every vehicle parking certificate shall be valid for the period for which a designated parking space for the parking of the heavy vehicle has been procured.

Our Group owns the following types of heavy vehicles:

- (a) prime movers, the maximum laden weight of which exceeds 5,000 kilograms; and
- (b) trailers, skeletal trailers, low bed trailers or flat-bed trailers, the maximum laden weight of which exceeds 5,000 kilograms.

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As at the Latest Practicable Date, the motor vehicles which our Group owns and operates for its business in Singapore have been duly registered and we have procured the necessary parking spaces and vehicle parking certificates in Singapore in respect of all heavy vehicles.

Regulation 3 of the EER provides that no person shall use any excluded vehicle, or cause or permit any excluded vehicle to be used, on any part of an expressway. The First Schedule of the EER provides that excluded vehicles include:

1. bicycles;
- 1A. power-assisted bicycles
2. tricycles;
3. trishaws;
4. motor-cycles with side cars attached;
5. motor-cycles for which the designed maximum speed is less than 50 kilometres per hour;
6. invalid carriages;
7. three-wheeled vans;
8. low trailers;
9. road rollers;
10. ready-mix concrete trucks;
11. mobile cranes;
12. forklifts;
13. excavators;
14. road pavers;
15. tractors;
16. dumpers;
17. wheel loaders;
18. bulldozers;
19. graders;
20. mobile concrete pumps;
21. hydrant dispensers;
22. motor vehicles with any of the wheels fitted with neither a pneumatic tyre nor a solid rubber tyre; and
23. any other motor vehicle where the maximum speed at which it may be driven on any road under the Road Traffic (Regulation of Speed) Regulations (R 13) is less than 50 kilometres per hour.

Notwithstanding the foregoing, Regulation 4 of the EER provides that the owner or driver of an excluded vehicle may apply for a permit authorising the excluded vehicle to be used on an expressway or any part thereof.

Our Group owns some of these excluded vehicles, including reach stackers and forklifts. As at the Latest Practicable Date, none of these excluded vehicles are used on expressways in Singapore and our Group will apply and obtain approval from the relevant authorities for such use and when the need arises.

GENERAL INFORMATION ON OUR GROUP

Motor Vehicles (Third-Party Risks and Compensation) Act 1960 of Singapore (2020 Revised Edition) (“MVA”)

The MVA provides for regulations concerning third-party risks arising out of the use of motor vehicles and for the payment of compensation in respect of death or bodily injuries arising out of the use of motor vehicles.

Section 3 of the MVA provides that it shall be unlawful for a person to use or cause or permit any other person to use a motor vehicle in Singapore unless there is in force in relation to the use of the motor vehicle by that person or that other person such policy of insurance in respect of third-party risks.

Section 4(1) of the MVA provides that to comply with the requirements of the MVA, a policy of insurance must be issued by an insurer who at the time the policy is issued is lawfully carrying on motor insurance business in Singapore and the policy insures such person, persons or classes of persons as may be specified in the policy in respect of any liability which may be incurred by him or them in respect of the death of or bodily injury to any person caused by or arising out of the use of the motor vehicle in Singapore.

As at the Latest Practicable Date, we have obtained the relevant motor insurances covering third-party risks and such insurances will cover the relevant third-party liabilities that may be incurred by the drivers of our vehicles.

Laws and regulations relating to transportation of petroleum and flammable materials, and hazardous substances

Petroleum and flammable materials

Fire Safety Act 1993 of Singapore (2020 Revised Edition) (“FSA”), Fire Safety (Petroleum and Flammable Materials) Regulations of Singapore (“FS(PFM)R”)

Section 80(1), 80(2), 80(3) and 80(4) of the FSA provides that:

- (a) a person must not transport any class of petroleum or any flammable material (other than as a driver of a road vehicle) if (i) the regulations require the person transporting such petroleum or flammable material to hold a licence from the Commissioner of Civil Defence to transport such petroleum or flammable material; and (ii) the person does not hold such a valid licence;
- (b) a person must not transport any class of petroleum or any flammable material (other than as a driver of a road vehicle) unless the transportation is in accordance with the provisions of the person’s licence and with every condition specified therein; and (ii) is in such quantities and in such manner and in accordance with requirements prescribed in relation to such petroleum or flammable material;
- (c) a person must not drive any vehicle transporting any class of petroleum or any flammable material by road if (i) the regulations require the vehicle to be licensed to transport such petroleum or flammable material and the vehicle is not licensed by the Commissioner of Civil Defence to carry such petroleum or flammable material; and (ii) the regulations require the person to hold a permit from the Commissioner of Civil Defence to drive a vehicle carrying such petroleum or flammable material and the person does not hold such a valid permit; and
- (d) a person must not drive any vehicle transporting any class of petroleum or any flammable material by road unless the person does so in such manner and in accordance with requirements prescribed in relation to such petroleum or flammable material, and in accordance with the provisions of the person’s permit and every condition specified therein.

GENERAL INFORMATION ON OUR GROUP

Regulation 5 of the FS(PFM)R provides that an application for a licence to transport any petroleum or flammable material or both in a vehicle shall be made by the person intending to transport the petroleum or flammable material or both.

In addition, Regulation 6 of the FS(PFM)R provides that an application for a hazardous materials transport driver permit shall be made:

- (a) by a licensee who is the holder of a licence to transport any petroleum or flammable material or both; and
- (b) on behalf of each driver employed by the licensee to drive any vehicle used or to be used to transport any petroleum or flammable material or both

Regulation 30 of the FS(PFM)R provides that the transport of any class of petroleum or any flammable material in excess of the respective quantities specified in the Second Schedule of the FS(PFM)R shall require a licence to transport.

As at the Latest Practicable Date, we have obtained the relevant licences and permits in Singapore for the transport of petroleum and flammable materials as required for our operations.

Hazardous substances

Environmental Protection and Management Act 1999 of Singapore (2020 Revised Edition) (“EPMA”), Environmental Protection and Management (Hazardous Substances) Regulations of Singapore (“EPM(HS)R”)

Section 24(1) of the EPMA provides that every person storing, using or otherwise dealing with any hazardous substance and every agent, servant or employee of such person must do so in such a manner as not to threaten the health or safety of any person, or to cause pollution of the environment.

Regulation 4 of the EPM(HS)R provides that a person shall not consign for transport any hazardous substance exceeding the specified quantities unless (a) he has obtained the approval in writing of the Director-General of Environmental Protection in regard to the proposed transport of such substance; and (b) the container, tank container, freight container or road tanker to be used for the transport of the hazardous substance is designed, constructed and maintained in accordance with a code of practice approved by the Director-General of Environmental Protection. Regulation 7 of the EPM(HS)R provides that before any hazardous substance is transported, the carrier shall ensure that the driver is adequately trained. In addition, Regulation 9 of the EPM(HS)R provides that the carrier shall not transport any hazardous substance except at the times and along the routes as determined by the Director-General of Environmental Protection. Regulation 10 of the EPM(HS)R also provides that where a hazardous substance is being transported in a road tanker, a freight container, a tank container or other vehicle, the carrier shall ensure that the appropriate hazard warning panel or label as prescribed in the code of labelling specified by the Director-General of Environmental Protection is displayed on the road tanker, freight container, tank container or other vehicle.

As at the Latest Practicable Date, save as disclosed in this Offer Document below, our Group has complied in all material respects with the laws and regulations relating to the transport of hazardous substances in Singapore.

Laws and regulations relating to storage of petroleum and flammable materials, and hazardous substances, as well as discharge of trade effluent

As described in the section entitled “General Information on Our Group – Business Strategies and Future Plans” of this Offer Document, we intend to construct an ISO tank depot at our logistics property located at 7 Gul Avenue to provide chemical cleaning and repair services for ISO tanks, empty ISO tank storage services and laden ISO tank storage services for hazardous substances, and petroleum and flammable materials.

GENERAL INFORMATION ON OUR GROUP

In the event that we proceed with this expansion plan, we will be further required to comply with, *inter alia*, the specific laws under the EPMA and EPM(HS)R in relation to the storage of hazardous substances, as well as obtain a permit for the transport of hazardous substances under Regulation 4 of the EPM(HS)R, and comply with the specific laws under the FSA and FS(PFM)R in relation to the storage of petroleum and flammable materials. We will also be required to comply with the provisions of the Sewerage and Drainage Act 1999 of Singapore (2020 Revised Edition), which provides that a person must not discharge, or cause or permit to be discharged, any trade effluent into any public sewerage system or any drain-line or sewer communicating with a public sewerage system except with the prior written approval of the Public Utilities Board.

In particular, Regulation 17 of the EPM(HS)R provides that a person shall not use, keep or have in his possession or under his control any specified hazardous substance unless he is authorised to store such hazardous substance.

Section 78 of the FSA provides that a person must not store or keep, or cause to be stored or kept, any class of petroleum or any flammable material except (a) in or on licensed premises; (b) in such quantities and in such manner and in accordance with requirements prescribed in relation to such petroleum or flammable material; and (c) under the authority of and in accordance with the provisions of a storage licence from the Commissioner of Civil Defence and every condition specified therein.

(b) Regulations governing workplace safety and health in Singapore

Laws and regulations relating to workplace safety and health

Workplace Safety and Health Act 2006 of Singapore (2020 Revised Edition) (“WSHA”)

Section 12(1) and (2) of the WSHA provides that it shall be the duty of every employer to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work and of persons (not being his employees) who may be affected by any undertaking carried on by him in the workplace.

Section 12(3) of the WSHA provides that the measures necessary to ensure the safety and health of persons at work include:

- (a) providing and maintaining for those persons a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work;
- (b) ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by those persons;
- (c) ensuring that those persons are not exposed to hazards arising out of the arrangement, disposal, manipulation, organization, processing, storage, transport, working or use of things (i) in their workplace; or (ii) near their workplace and under the control of the employer;
- (d) developing and implementing procedures for dealing with emergencies that may arise while those persons are at work; and
- (e) ensuring that those persons at work have adequate instruction, information, training and supervision as is necessary for them to perform their work.

Section 21(1) read with Section 21(2) of the WSHA provides that if the Commissioner for Workplace Safety and Health is satisfied that:

- (a) any work place is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any work or process carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work;
- (b) any person has contravened any duty imposed by the WSHA; or

GENERAL INFORMATION ON OUR GROUP

- (c) any person has done any act, or has refrained from doing any act which, in the opinion of the Commissioner for Workplace Safety and Health, poses or is likely to pose a risk to the safety, health and welfare of persons at work,

the Commissioner for Workplace Safety and Health may serve a remedial order or a stop-work order on:

- (a) any person who is in control of the workplace, or the work or process carried out in the workplace;
- (b) any person whose duty under the WSHA is to ensure the safety, health and welfare of any person at work in the workplace; or
- (c) any person who poses or is likely to pose a risk to the safety, health and welfare of any person at work in the workplace.

As at the Latest Practicable Date, our Group has not been served any orders by the Commissioner of Workplace Safety and Health in Singapore.

Laws and regulations relating to work injury compensation

Work Injury Compensation Act 2019 of Singapore (2020 Revised Edition) (“WICA”)

The WICA applies to all employees in all industries engaged under a contract of service or apprenticeship in respect of injury suffered by them in the course of their employment and sets out, among other things, the amount of compensation they are entitled to and the method(s) of calculating such compensation.

The WICA provides that the employer shall be liable to pay compensation in accordance with the provisions of the WICA if personal injury by accident arising out of and in the course of the employment is caused to an employee, as defined in the WICA.

Pursuant to Section 24(1) of WICA read with Regulation 3 and the Second Schedule of the Work Injury Compensation (Insurance) Regulations 2020, employers are required to maintain work injury compensation insurance for all employees doing manual work regardless of salary level and non-manual employees whose salary within the meaning of the Employment Act 1968 of Singapore received from the employer exceeds S\$2,600 a month.

As at the Latest Practicable Date, our Group has maintained the necessary insurance as required under the WICA.

(c) Fines imposed by regulatory and statutory bodies in Singapore

We have, in the course of our business, been fined by regulatory and statutory bodies in Singapore such as LTA, Maritime and Port Authority of Singapore (“MPA”), Singapore Customs, SCDF, MOM and IRAS for infringement of certain rules and regulations in relation to overladen vehicles, unauthorised parking of vehicles, failure to comply with lane requirements, trucking out from MPA without the requisite import permit, submission of wrong arrival information, late renewal of road tax and certificate of entitlement, driver’s use of mobile device while driving, non-compliant vehicle specifications and labelling, insufficient cashcard balance to pay ERP fees, lack of in-vehicle unit, late renewal of fire safety certificate at 7 Gul Avenue, late submission of WICA policy and late payment of income tax. The aggregate amount of fines paid by our Group in Singapore during the Period Under Review and for the period subsequent to FY2021 and up to the Latest Practicable Date is not material to our Group’s operations.

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(d) Licences, permits, approvals and certifications obtained in Singapore

The following are the main licences, permits, approvals and certifications for our business operations in Singapore as at the Latest Practicable Date:

Licence, permit, approval or certification	Issuing entity/ administrative body	Description	Entity concerned	Expiry date
WSQ Apply Workplace Safety and Health in Process Plants for Drivers	Singapore Workforce Skills Qualifications	Mandatory training course for all workers working in the oil and petrochemical industry before they start work at the worksite pursuant to Clause 2 read with Paragraph 6 of the Schedule of the Factories (Safety Training Courses) Order.	HNL ⁽¹⁾	Three years from date of issue ⁽¹⁾
SCDF Hazardous Materials Transport Driver Permit	SCDF	Under the FSA, drivers must carry a valid permit whenever he/she is driving a vehicle transporting hazardous materials. The road transportation of petroleum and flammable materials in Singapore is regulated under the FS(PFM)R.	HNL ⁽²⁾	Two years from date of issue ⁽²⁾
SCDF Petroleum and Flammable Materials Transportation Licence for Vehicles	SCDF	Under the FSA, any person who wishes to transport petroleum or flammable materials must obtain a licence for each vehicle that is used for such transportation. The road transportation of petroleum and flammable materials in Singapore is regulated under the FS(PFM)R.	HNL ⁽³⁾	Maximum of two years from date of issue ⁽³⁾
Vehicle Parking Certificate	Land Transport Authority	Under the PPR, registered owners of heavy vehicles shall apply for a vehicle parking certificate in respect of that heavy vehicle.	HNL ⁽⁴⁾	Six months from date of issue ⁽⁴⁾
bizSAFE Certificate STAR	Tripartite Alliance for Workplace Safety and Health	bizSAFE STAR recognises that a company's workplace safety and health management system identifies, manages and controls workplace risks or hazards in compliance with the WSHA and international standards such as ISO 45001.	HNL	27 August 2022
ISO 9001 : 2015 for the scope of activities: Bulk Transportation of chemicals and general cargo	Socotec Certification Singapore Pte Ltd	Certification certifying that the company operates a management system that has been assessed as conforming to ISO 9001 : 2015 for the scope of activities: Bulk Transportation of chemicals and general cargo.	HNL	2 February 2023

GENERAL INFORMATION ON OUR GROUP

Licence, permit, approval or certification	Issuing entity/ administrative body	Description	Entity concerned	Expiry date
ISO 45001 : 2018 for the scope of registration: Logistics Services for Chemical Related Products including Transportation of ISO Tanks, Flexibags and GP Containers	ACS Registrars Ltd and ACSR Certification Pte Ltd	Certification certifying that the company has been assessed and registered by ACS Registrars against the following Occupational Health and Safety Management System Requirements: ISO 45001 : 2018 for scope of registration: Logistics Services for Chemical Related Products including Transportation of ISO Tanks, Flexibags and GP Containers.	HNL	27 August 2022
Cross-Deployment Approval Letter issued to LHNGPL	Ministry of Manpower	Approval for cross-deployment of foreign workers across companies listed in the approval letter, including HNL.	LHNGPL ⁽⁵⁾	16 May 2023
bizSAFE Certificate (Level 3)	Tripartite Alliance for Workplace Safety and Health	bizSAFE Level 3 recognises that a company has conducted risk assessments for every work activity and process in its workplace in compliance with the requirements in the WSH(RM)R.	HLA Logistics	20 July 2024
bizSAFE Certificate (Level 3)	Tripartite Alliance for Workplace Safety and Health	bizSAFE Level 3 recognises that a company has conducted risk assessments for every work activity and process in its workplace in compliance with the requirements in the WSH(RM)R.	HLA Container Services	6 April 2023
Factory Notification	Ministry of Manpower	Where a workplace is defined as a factory which engages in low-risk activities under the WSHA, the factory must register their activities with MOM prior to starting operations.	HLA Container Services	N.A.

Notes:

- (1) As at the Latest Practicable Date, 40 drivers employed by our Group have obtained the certifications in respect of the WSQ Apply Workplace Safety and Health in Process Plants for Drivers. As at the Latest Practicable Date, the certifications in respect of the WSQ Apply Workplace Safety and Health in Process Plants for Drivers issued to drivers employed by our Group are scheduled to expire between 18 June 2022 and 27 February 2025.
- (2) The hazardous materials transport driver permit is granted to specific drivers employed by our Group. As at the Latest Practicable Date, 40 drivers have been issued with the hazardous materials transport driver permit. As at the Latest Practicable Date, the hazardous materials transport driver permits issued to drivers employed by our Group are scheduled to expire between 26 July 2022 and 6 February 2024.
- (3) The petroleum and flammable materials transportation licence for vehicles is granted to the specific vehicles in our Group's fleet. As at the Latest Practicable Date, 48 vehicles have been issued with the petroleum and flammable materials transportation licence for vehicles. As at the Latest Practicable Date, the petroleum and flammable materials transportation licence for vehicles granted to specific vehicles in our Group's fleet are scheduled to expire between 31 March 2022 and 28 February 2023.
- (4) As at the Latest Practicable Date, our Group has obtained heavy vehicle parking certificates for 323 vehicles. As at the Latest Practicable Date, the heavy vehicle parking certificates obtained by our Group are scheduled to expire between 15 June 2022 and 30 November 2022.
- (5) The cross-deployment approval letter was issued by LHNGPL in respect of certain companies, including HNL.

GENERAL INFORMATION ON OUR GROUP

As at the Latest Practicable Date, none of the abovementioned licences, permits and approvals have been suspended, revoked or cancelled and to the best of our knowledge and belief, we are not aware of any facts or circumstances which would cause such licences, permits and approvals to be suspended, revoked or cancelled as the case may be, or for any applications for, or renewal of, any of these licences, permits and approvals to be rejected by the relevant authorities. We do not foresee any issues in the renewal of the licences, permits, approvals or certifications that will be expiring in less than 12 months. Save as disclosed above, our business operations are not subject to any special legislations or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Singapore.

Malaysia

LHN Logistics Sdn. Bhd. is a private limited company incorporated under the laws of Malaysia.

(a) **Regulations governing logistics services in Malaysia**

Malaysian Investment Development Authority (“MIDA”)

The Ministry of Trade and Industry (“MITI”) spearheads the development of industrial activities to further enhance economic growth in Malaysia’s. MIDA, an agency formed under MITI, was principally tasked with the promotion and coordination of manufacturing and services sectors in the country.

“**Logistic Services**” have been identified as one of the services sub-sectors by MIDA. The term Logistic Services refers to a supply chain management process that plans, implements and controls the efficient and effective flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customers’ requirements. As part of its initiative, MIDA has issued a series of guidebooks for the purposes of enlightening potential investors with relevant information on establishing projects in the identified services sub-sectors in Malaysia. Pursuant to the guidebook on logistic services issued by MIDA, the main services under Logistic Services, are as follows:

- (i) warehousing, storage and inventory management services;
- (ii) transportation services;
- (iii) freight forwarding/customs clearance and shipping services;
- (iv) integrated logistics services; and
- (v) international integrated logistics services

Companies that intend to provide Logistic Services are required to obtain respective operating licences from various authorities. The governing laws and regulations to the respective services rendered by our business operations in Malaysia are elaborated as follows.

Land Public Transport Act 2010 (“LPTA 2010”)

Pursuant to Section 51(1) of the LPTA 2010, no person shall operate or provide a goods vehicle service using a class of goods vehicles for the carriage of goods for hire or reward or for in connection with any trade or business unless he holds an operator’s license. Section 51(2) holds that LPTA 2010, a person would be deemed to be operating or providing a goods vehicle service if he drives the vehicle or employs one or more persons to drive the vehicle.

In the event a company contravenes Section 51(1), our Company will be deemed to have committed an offence and upon conviction shall be liable to a fine not RM200,000. In the event that a person contravenes the same, the person shall be liable to a fine not exceeding ten thousand ringgit or an imprisonment for a term not exceeding one year or both.

As at the Latest Practicable Date, we have obtained the requisite operator licence for transportation services as required for our operations in Malaysia.

GENERAL INFORMATION ON OUR GROUP

(b) Other regulations in Malaysia

(i) Laws relating to operation of businesses in Malaysia

The Local Government Act 1976 (“LGA 1976”)

Companies carrying out business in Malaysia are required to obtain a business license for each operating premise from the relevant local authority which is empowered under Section 107 of the LGA 1976. Section 102 of the LGA 1976 confers the power to the local authority to make by-laws which provide that no person shall use any premise within the jurisdiction of a respective Municipal Council without a license issued by said Municipal Council.

The validity of the business license issued by the local authority shall be valid for a period not exceeding three years and is subject to renewal. In accordance with Section 107(5) of the LGA 1976, any person to whom a license has been issued is required to exhibit its license at all times in some prominent place on the licensed premises and shall produce such license if required to do so by any officer of the local authority authorized to demand the same. Section 107(6) further stipulates that any person who fails to exhibit or to produce such license shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding 6 months or to both.

As at the Latest Practicable Date, our Group has obtained the requisite business licence as required for our operations in Malaysia.

(ii) Laws relating to employment in Malaysia

Industrial Relations Act 1967 (“IRAS 1967”)

The IRA 1967 provides the legal framework and procedures for employees who have been unfairly dismissed and/or constructively dismissed by their employers. The IRA 1967 provides an avenue to seek redress via the Malaysian industrial court, which specializes in handling industrial relation matters only.

Employment Act 1955 (“EA 1955”)

The EA 1955 regulates all labour relations including contracts of service, payment of wages, employment of women, maternity protection, rest days, hours of work, holidays, termination, lay-off and retirement benefits, employment of foreign employees and keeping of registers of employees.

For the purpose of the EA 1955, Employment (Amendment) Act 2012 provides that ‘employee’ means any person, irrespective of his occupation, who has entered into a contract of service with an employer under which such person’s wages do not exceed RM2,000 a month. Thus, employees of our Company whose wages do not exceed RM2,000 a month are under the purview of the EA 1955. Pursuant to Section 99A of the EA 1955, any person who commits any offence under, or contravenes any provision of EA 1955, or any regulations, order or other subsidiary legislation whatsoever made thereunder, in respect of which no penalty is provided, shall be liable, on conviction, to a fine not exceeding RM10,000.

As at the Latest Practicable Date, our Group has complied in all material respects with the laws and regulations relating to industrial relations and employment in Malaysia.

GENERAL INFORMATION ON OUR GROUP

(iii) Laws relating to occupational safety and health in Malaysia

The Occupational Safety and Health Act 1994 (“OSHA 1994”)

The OSHA 1994 provides a legislative framework to promote standards for safety and health at work. The safety, health and welfare of persons at work are regulated under OSHA 1994 which is under the purview of the Department of Occupational Safety and Health, Ministry of Human Resources.

Pursuant to the provisions contained the OSHA 1994, the employer has a duty to ensure:

- (i) so far as is practicable, the safety of the operation of the plant and systems of works;
- (ii) the safety and the absence of risks to health in connection with the use or operation, handling, storage and transport of plant and substances;
- (iii) that the provision of such information, instruction training and supervision as is necessary to ensure, so far as practicable, the safety and health at work of his employees;
- (iv) so far as is practicable, as regards any place of work under control of the employer, the maintenance of it in a condition that is safe and without risks to health and the provision and maintenance of the means of access to and egress from it that are safe and without such risks; and
- (v) the provision and maintenance of working environment for his employees that is, so far as is practicable, safe, without risks to health and adequate as regards facilities for their welfare at work.

Contravention of the provisions stipulated in the OSHA 1994 will be an offence punishable by a fine or imprisonment or both, depending on the nature of the breach. The OSHA 1994 provides that, in the event where a body corporate contravenes any provisions of the OSHA 1994 or any regulation made thereunder, every person who at the time of the commission of the offence is a director, manager or other like officer of the body corporate shall be deemed to have contravened the provision and may be charged jointly in the same proceedings with the body corporate or severally and every such director, manager or other like officer of the body corporate shall be deemed to be guilty of the offence. Where a person convicted in respect of an offence under the OSHA 1994 or any regulation made thereunder is a body corporate, it shall only be liable to the imposition of a fine provided thereunder.

As at the Latest Practicable Date, our Group has complied in all material respects with the laws and regulations relating to occupational safety and health in Malaysia.

(c) Fines imposed by regulatory and statutory bodies in Malaysia

We have, in the course of our business, been fined by regulatory and statutory bodies in Malaysia including the Inland Revenue Board of Malaysia, the Royal Malaysia Police and certain private entities who have obtained concessions from the Malaysian government for port operation and vehicular inspection activities for infringement of certain rules and regulations in relation to, lost port pass, late inspection for trailers, failure to pay toll, speeding offences and difference in estimated and actual taxable income. The aggregate amount of fines paid by our Group in Malaysia during the Period Under Review and for the period subsequent to FY2021 and up to the Latest Practicable Date is not material to our Group’s operations.

GENERAL INFORMATION ON OUR GROUP

(d) Licences, permits, approvals and certifications obtained in Malaysia

The following are the main licences, permits, approvals and certifications for our business operations in Malaysia as at the Latest Practicable Date:

Licence, permit, approval or certification	Issuing entity/ administrative body	Description	Entity concerned	Expiry date
Business and Advertising Licence	Johor Bahru City Council	General licence required for by local authority to set up a business.	LHN Logistics (Malaysia)	31 December 2022
Vehicle permits issued in respect of prime movers and container trailers	Land Public Transport Commission Malaysia	Licence issued to vehicles of operators of goods vehicles services.	LHN Logistics (Malaysia)	5 December 2023
Certificates of ownership issued in respect of prime movers and container trailers	Road Transport Department Malaysia	Certificate issued to the registered owner of each respective vehicle evidencing the fact that said vehicle has been registered with the Road Transport Department Malaysia.	LHN Logistics (Malaysia)	N.A.
Operator Licence	Land Public Transport Commission Malaysia	Licence issued to licenced operators of goods vehicle services under the Land Public Transport Act 2010.	LHN Logistics (Malaysia)	5 December 2023
Certificate of Fitness for Occupation	Johor Bahru City Council	Certificate issued by the local authority certifying that a particular building is found to be fit for use and occupancy in accordance with the Uniform Building By-Laws 1984.	LHN Logistics (Malaysia)	Not specified

As at the Latest Practicable Date, none of the abovementioned licences, permits and approvals have been suspended, revoked or cancelled and to the best of our knowledge and belief, we are not aware of any facts or circumstances which would cause such licences, permits and approvals to be suspended, revoked or cancelled as the case may be, or for any applications for, or renewal of, any of these licences, permits and approvals to be rejected by the relevant authorities. Save as disclosed above, our business operations are not subject to any special legislations or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Malaysia.

Notes:

- (1) As at the Latest Practicable Date, our Group has obtained 104 vehicle permits in respect of our prime movers and container trailers.
- (2) As at the Latest Practicable Date, our Group has obtained 104 certificates of ownership in respect of our prime movers and container trailers.

Thailand

HLA Holdings (Thailand), HLA Container Services (Thailand) and HLA Transportation (Thailand) are private limited liability companies duly incorporated under the laws of Thailand.

(a) Regulations governing logistics services in Thailand

In relation to HLA Holdings (Thailand), it is a Thai majority-owned company (in which HLA Container Services holds 48% of its total issued shares and the remaining 52% is owned as to 26% by Ms. Somsri Puyatho, 25% by Ms. Pajit Puyatho, and 1% by Mr. Hew Chee Fatt. HLA Holdings (Thailand) operates as a holding company and does not engage in any business other than holding shares in HLA Container Services (Thailand). It is not subject to the Foreign Business Act B.E. 2542 (A.D. 1999) of Thailand and does not require any specific licences or permits for its holding business operation.

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In relation to HLA Container Services (Thailand), it is a Thai majority-owned company (in which HLA Holdings (Thailand) holds 51% of its total issued shares and the remainder is held by HLA Container Services and Mr. Hew Chee Fatt as to 48% and 1% respectively). HLA Container Services (Thailand) engages in our Container Depot Services Business. It is not subject to the Foreign Business Act B.E. 2542 (A.D. 1999) of Thailand and does not require any specific licences and/or permits for its business operation except as further described in subparagraphs (b) and (d) below.

Even though HLA Container Services (Thailand)'s scope of services offered to its customers includes inland container carriage services, it engages inland container carriage service providers to perform such services to the customers on its behalf. Therefore, HLA Container Services (Thailand) does not require an inland transportation permit while its sub-contractors do require such requisite permits and licences. Prior to engaging any sub-contractors, HLA Container Services (Thailand) will conduct the requisite due diligence checks to ensure that such sub-contractors hold the necessary permits.

In relation to HLA Transportation (Thailand), it is a Thai majority-owned company (in which HLA Container Services (Thailand) holds 49% of its total issued shares and the remainder is held by Ms. Somsri Puyatho, Ms. Pajit Puyatho and Mr. Hew Chee Fatt as to 25%, 24% and 2% respectively). HLA Transportation (Thailand) currently does not engage in any business. It is not subject to the Foreign Business Act B.E. 2542 (A.D. 1999) of Thailand. In the event that HLA Transportation (Thailand) intends to perform the inland container carriage services in the future, a license to operate non-fixed route transport business under the Land Transport Act B.E. 2522 (A.D. 1979) ("**LTA Thailand**") is required prior to the commencement of such business operation.

(b) Other regulations in Thailand

Occupational Safety, Health and Environment Act B.E. 2554 (A.D. 2011) of Thailand

HLA Container Services (Thailand) is required to comply with the Occupational Safety, Health and Environment Act B.E. 2554 (A.D. 2011) of Thailand under which an employer is required to arrange and maintain its business establishment and employees in safe and hygienic working conditions and environments, and to promote the operation of work of its employees to be prevented from any danger to life, body, mentality and health that may cause from work.

Zoning Law

The land used for the Bangkok Depot is located in the zone designated in the Ministerial Regulation of Samutprakarn Town Planning B.E. 2556 (2013) (the "**Samutprakarn Zoning Law**") as the '*Yellow Zone*' where not more than 10% of the total area of such '*Yellow Zone*' can be utilized for commercial and/or other purposes. Failure to comply with the Samutprakarn Zoning Law would result in HLA Container Services (Thailand) and its directors in charge of such matter being subject to (i) an imprisonment for a term not exceeding one year or (ii) a fine of not exceeding THB 100,000, or both. HLA Container Services (Thailand) and its directors in charge of such matter shall also be subject to a daily fine of not exceeding THB 30,000 per day throughout the period of violation. In addition, the competent authority has the authority to order HLA Container Services (Thailand) to discontinue the utilization of the land that violate the Samutprakarn Zoning Law.

In consideration that the land used for the Bangkok Depot is within the '*Yellow Zone*' limitation of 10% and is in compliance with the Samutprakarn Zoning Law pursuant to the confirmation letter received by our Group from the Bang Chalong Subdistrict Administrative Organisation, in the capacity of the competent authority in relation to the applicable zoning laws for the Bangkok Depot, (the "**Subdistrict Office**") dated 31 January 2022, and that our Group has not yet received any document(s) from the Subdistrict Office or other competent authority for the violation of the Samutprakarn Zoning Law of its past practice, the Legal Adviser to our Company as to Thailand law, The Capital Law Office Limited, is of the opinion that our Group was and is in compliance with the Samutprakarn Zoning Law.

In the event that the utilisation rate of the '*Yellow Zone*' land used for the Bangkok Depot crosses 10% in the future due to a request from another person or entity (as any person or entity is not restricted from requesting the Subdistrict Office to allow operation of his/her/its business for

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commercial and/or other purpose in the “*Yellow Zone*”), the Legal Adviser to our Company as to Thailand law, The Capital Law Office Limited, is of the view that our Group will not be in contravention as the breach of threshold at that time will not be attributable to our Group’s Bangkok Depot for the following reasons:

- (i) our Group had received a letter of confirmation on 31 January 2022 stating that only 0.84% of the total area of the “*Yellow Zone*” in the Bang Chalong subdistrict has been utilised for commercial and/or other purposes other than residential, which is well below the 10% limitation of the Samutprakarn Zoning Law. Therefore, if the utilisation rate of the Non-Residential “*Yellow Zone*” crosses 10% at some point in the future arising from a third-party (whether person or entity) requesting to use the land for non-residential purposes, our Group will not be in contravention as the breach would not be attributable to the Bangkok Depot and the existing land operated by the Bangkok Depot is already in compliance with the Samutprakarn Zoning Law; and
- (ii) at the point where the utilisation rate crosses 10%, the duty lies with the Subdistrict Office (and not our Group) to ensure the subdistrict compliance with the 10% threshold limitation under the Samutprakarn Zoning Law. This is due to the fact that the Subdistrict Office is the sole authority which verifies and confirms the compliance with the Samutprakarn Zoning Law for the Bang Chalong subdistrict, and hence the duty lies with the Subdistrict Office to ensure the compliance with the 10% threshold limitation under the Samutprakarn Zoning Law.

(c) Fines imposed by regulatory and statutory bodies in Thailand

HLA Holdings (Thailand) was subject to a fine in Thailand amounting to approximately THB 7,000 in 2020 as a result of the late submission of its monthly withholding tax payment.

HLA Container Services (Thailand) was subject to a fine in Thailand amounting to approximately THB 40,000 as a result of (i) the late submission of the monthly withholding tax payment and VAT payment and (ii) the late clearance of cargo for its imported machines.

The aggregate amount of fines paid in Thailand during the Period Under Review and for the period subsequent to FY2021 and up to the Latest Practicable Date is not material to our Group’s operations.

(d) Licences, permits, approvals and certifications obtained in Thailand

The following are the main licences, permits, approvals and certifications for our business operations in Thailand as at the Latest Practicable Date:

Licence, permit, approval or certification	Issuing entity/ administrative body	Description	Entity concerned	Expiry date
License to Operate Business Hazardous to Health	Tambol Surasak Municipal Office	The licence is required for the operation of the container yard and the repairing of the container pursuant to the Public Health Act B.E. 2535 (A.D. 1992).	HLA Container Services (Thailand) ⁽¹⁾	9 August 2022
License to Operate Business Hazardous to Health	Tambol Bang Chalong Administrative Organization	The licence is required for the operation of the container yard and the repairing of the container pursuant to the Public Health Act B.E. 2535 (A.D. 1992).	HLA Container Services (Thailand) ⁽²⁾	31 December 2022

Notes:

- (1) The licence to operate business hazardous to health was granted to HLA Container Services (Thailand) in respect of the Laem Chabang Depot and the repairing of container operations at 133/5 Moo. 9, Tambol Surasak, Amphur Sriracha, Chonburi Province.

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- (2) The licence to operate business hazardous to health was granted to HLA Container Services (Thailand) in respect of the Bangkok Depot and the repairing of container operations at 22/3 Moo. 8, Tambol Bang Chalong, Amphur Bang Phli, Samutprakarn Province.

As at the Latest Practicable Date, none of the abovementioned licences, permits and approvals have been suspended, revoked or cancelled and to the best of our knowledge and belief, we are not aware of any facts or circumstances which would cause such licences, permits and approvals to be suspended, revoked or cancelled as the case may be, or for any applications for, or renewal of, any of these licences, permits and approvals to be rejected by the relevant authorities. Save as disclosed above, our business operations are not subject to any special legislations or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Thailand.

Myanmar

HLA Container Services (Myanmar) is a private company limited by shares incorporated under the laws of Myanmar.

(a) Regulations governing logistics services in Myanmar

Under the Myanma Port Authority Law (Pyidaungsu Hluttaw Law No. 21/2015 dated 9 April 2015) (“**MPA Law**”) and Myanma Port Authority Rules (Notification No. 79/2016 dated 21 March 2016) (“**MPA Rules**”), various powers have been conferred upon Myanma Port Authority (“**MPA**”) to oversee and facilitate the development of ports and port related industries and services in Myanmar. Rule 2(b), MPA Rules defines port related industries to include the development of ports; improvement of waterways within port areas to enhance seaborne trade; businesses related to safe entry and departure of vessels; cargo and container related services and other support services for ports. Sections 83 and 103(c), MPA Law read together, require compliance by all persons with any order or directive issued by MPA in implementing the MPA Law.

One such directive, Notification 8/2016 dated 15 March 2016 issued by MPA relates to the requirement to hold a permit to conduct the business of empty container storage services, prior to the conduct of such business. The notification provides documentary and information requirements to be fulfilled when applying for a permit to conduct the business of empty container storage services; and the terms and conditions subject to which such permit is granted. The permit to conduct the business of empty container storage services, issued by MPA is ordinarily valid for one year; and the holder shall be entitled to apply for year by year extensions at least one month prior to expiry of the current permit.

Section 90, MPA Law provides that any person who violates any prohibition or wilfully fails to comply with any duty stipulated in the rules and orders issued under the MPA Law shall, on conviction, be punished with imprisonment for a term not exceeding three months, or with a fine from a minimum of MMK 30,000 to a maximum of MMK 300,000, or with both.

HLA Container Services (Myanmar) proposes to conduct the business of providing empty container storage services and will be required to apply for a permit to conduct the business of empty container storage services from MPA prior to commencement of such business.

(b) Other regulations in Myanmar

Municipal regulations

Section 323(k), Yangon City Development Law (Yangon Region Hluttaw Law No. 5/2018) dated 28 June 2018, as amended by Yangon City Development Amendment Law, State Administration Council Law No. 1/2021 dated 10 February 2021 and Yangon City Development Amendment Law, State Administration Council Law No. 25/2021 dated 23 September 2021 (“**YCDC Law**”), read together with rule 4, YCDC Management Rules, Notification No. 15/1999 dated 31 December 1999, stipulate that any person conducting any business (including the business of warehousing or storage facilities) within the Yangon city development boundary area shall be required to apply to YCDC for the grant of the relevant business licence, even though such person may hold other permits, certificates or licences.

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According to section 324, YCDC Law, any person found to have breached section 323(k) shall be liable to pay a fine of Ks. 100,000 to Ks. 500,000.

HLA Container Services (Myanmar) proposes to conduct the business of providing empty container storage services within the Yangon city development boundary area and shall be required to apply for the relevant business permit from YCDC upon commencement of such business.

Foreign ownership restriction regulations

Foreign ownership restriction regulations principally apply to limit the ability of a “foreign owned company” registered in Myanmar to conduct certain types of prescribed businesses; to own immoveable property; and to enter into leases of immoveable property for a term exceeding one year. A “foreign owned company” is defined differently and the applicable restrictions may vary across different Myanmar laws. The summaries below are not meant to be an exhaustive account of foreign ownership restriction regulations. These cover the main Myanmar laws governing foreign ownership restrictions in general and, for that matter, the provisions of MPA Law and Rules (summarized above) do not contain any foreign ownership restrictions with respect to the conduct of the business of providing empty container storage services.

(i) Transfer of Immoveable Property Restriction Act

HLA Container Services (Myanmar) would be deemed to be a “foreign owned company” for the purposes of the Transfer of Immoveable Property Restriction Act 1987, by virtue of all its shares being held by a non-Myanmar citizen owned entity. The said law stipulates among others, that a foreign owned company is not allowed to own immoveable property; and no person shall buy from, sell, give away, pawn, exchange or transfer immoveable property to such a company. The said law further stipulates that a foreign owned company is prohibited from receiving; and no person shall grant to such a company any lease of immoveable property for a term exceeding one year. Be that as it may, a foreign owned company shall be entitled to enter into a lease of immoveable property for a term exceeding one year after it receives a permit or endorsement in accordance with the provisions of MIL (as more particularly described below).

Whoever contravenes the prohibition on foreign ownership of immoveable property as described herein shall be sentenced to a minimum of three years and a maximum of five years imprisonment and the relevant immoveable property shall be confiscated as public property. Further, whoever contravenes the prohibition on the leasing of immoveable property as described herein shall be punished with a fine not exceeding three times the rent agreed upon for the entire period of the lease and the relevant immoveable property shall be confiscated as public property.

(ii) Myanmar Investment Law

HLA Container Services (Myanmar) Limited proposes to conduct the business of providing empty container storage services; the conduct of such business is not subject to any foreign ownership restrictions, provided that the company will not enter into a lease of land and / or building exceeding a term of one year for the purposes of implementing such business. As a practical exception to the general prohibition on the leasing of immoveable property for a term exceeding one year by a foreign owned company (as stipulated by the Transfer of Immoveable Property Restriction Act 1987), such a company shall be entitled to apply to Myanmar Investment Commission (“MIC”) or the relevant Region or State Investment Committee under MIL (as defined below) for approval to obtain a long-term lease of land or building to implement the proposed business for an initial period of up to fifty years and following expiry of the said initial period, two consecutive lease term extensions of ten years each.

Subject to the aforesaid and unless HLA Container Services (Myanmar) is keen to apply for the grant of certain tax exemptions and reliefs which may be available under the MIL regime, it is not compulsory for our Company to obtain a permit or endorsement for its investment in Myanmar pursuant to Myanmar Investment Law, Pyidaungsu Hluttaw Law No. 40/2016 dated 18 October 2016, as amended by Myanmar Investment Amendment Law, Pyidaungsu Hluttaw Law No. 19/2019 dated 6 June 2019 (“MIL”) and Myanmar Investment Rules, Notification No. 35/2017 dated 30 March 2017, as amended by Myanmar Investment Amendment Rules, Notification No. 76/2018 dated 20 September 2018.

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MIC has issued a “List of Restricted Investment Activities” by way of Notification No. 15/2017 dated 10 April 2017 which stipulates various restricted investment businesses, categorised as follows: (A) those allowed to be carried out only by the state; (B) those which are not allowed to be carried out by foreign investors; (C) those allowed to be carried out only in the form of a joint venture with any citizen owned entity or any Myanmar citizen; and (D) those allowed to be carried out with the approval of the relevant ministries. The said Notification No. 15/2017 does not restrict the ability of HLA Container Services (Myanmar) as a wholly foreign-owned company to apply for and to conduct the proposed business of providing empty container storage services after obtaining the requisite licences, permits and approvals in accordance with Myanmar law.

(c) Fines imposed by regulatory and statutory bodies in Myanmar

The Internal Revenue Department of Myanmar imposed a fine on HLA Container Services (Myanmar) in connection with the late stamping of a share certificate. The aggregate amount paid by HLA Container Services (Myanmar) in connection with the foregoing was MMK 200.

This fine paid by our Group in Myanmar during the Period Under Review and for the period subsequent to FY2021 and up to the Latest Practicable Date is not material to our Group’s operations.

(d) Licences, permits, approvals and certifications obtained in Myanmar

The following are the main licences, permits, approvals and certifications for our business operations in Myanmar as at the Latest Practicable Date:

Licence, permit, approval or certification	Issuing entity/ administrative body	Description	Entity concerned	Expiry date
Certificate of incorporation issued on 13 September 2018	Directorate of Investment and Company Administration, Ministry of Investment and Foreign Economic Relations	Evidence that the company is incorporated and duly registered under Myanmar Companies Law 2017 from the date of incorporation stated in the certificate.	HLA Container Services (Myanmar)	Unlimited (subject to dissolution of the company)
Commercial tax registration certificate (Patakha (Kathakha) – 2) issued on 21 December 2021	Internal Revenue Department, Ministry of Planning and Finance	Evidence that the company has registered with the Internal Revenue Department as a services provider (container services).	HLA Container Services (Myanmar)	31 March 2022 ⁽¹⁾
Certificate of exporter / importer registration issued on 16 June 2020	Department of Trade, Ministry of Commerce	Evidence that the company can apply for import / export of permitted items (subject to issuance of further specific import/export licences, as may be necessary) pursuant to various legislation including the Export - Import Law (Pyidaungsu Hluttaw Law No. 17/2012 dated 7 September 2012).	HLA Container Services (Myanmar)	15 June 2025

Note:

(1) As at the date of this Offer Document, HLA Container Services (Myanmar) has obtained a new commercial tax registration certificate (Patakha (Kathakha-01-02)) issued on 1 April 2022 which will expire on 31 March 2023.

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As at the Latest Practicable Date, none of the abovementioned licences, permits and approvals have been suspended, revoked or cancelled and to the best of our knowledge and belief, we are not aware of any facts or circumstances which would cause such licences, permits and approvals to be suspended, revoked or cancelled as the case may be, or for any applications for, or renewal of, any of these licences, permits and approvals to be rejected by the relevant authorities. Save as disclosed above, our business operations are not subject to any special legislations or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Myanmar.

Remedial measures

We have put in place measures to mitigate and wherever possible eliminate such contravention of applicable laws rules and regulations. We educate our staff on compliance with applicable laws rules and regulations and we have also put in place mechanisms where any potential breaches or breaches of applicable laws rules and regulations are immediately reported and attended to by our management personnel. Our management personnel will periodically review the adequacy of our Group's operational and compliance controls, including reviewing the list of fines imposed by the regulatory authorities on our Group for each financial year, and provide directions for the implementation of preventive measures as appropriate.

Our operations team will maintain and upkeep a register of licences and permits as well as licensing and permit renewal deadlines in all jurisdictions and will notify the respective entities when such deadlines are near. Our Head of Finance will follow up closely to ensure approvals or renewals are obtained before the licences and permits are expired. Any lapses will be highlight to our Board and Audit and Risk Committee.

Our management will also submit a list of fines that are imposed by any regulatory authorities and the list of licences and permits that due for renewal for our Board's review on an annual basis.

The responsibilities of our Audit and Risk Committee include reviewing at least annually the adequacy and effectiveness of our Company's internal controls and where necessary, commissioning an independent audit on internal controls and risk management systems for its assurance as disclosed in the section entitled "*Corporate Governance – Audit and Risk Committee*" of this Offer Document.

In preparation for our Listing, our Audit and Risk Committee has held discussions with the internal auditors in relation to our Group's internal controls. Our Audit and Risk Committee will also commission an annual internal control audit until such time as our Audit and Risk Committee is satisfied on the adequacy and effectiveness of the internal controls as disclosed in the section entitled "*Corporate Governance – Audit and Risk Committee*" of this Offer Document.

SAFETY ASSURANCE

We have implemented separate internal safety guidelines and procedures for our container depot services and transportation operations to minimise the occurrence of accidents. All our operations personnel and ground staff are required to undergo regular internal training sessions to familiarise themselves with our internal safety guidelines and procedures in relation to their scope of work. For example, our container depot personnel are required to undergo proficiency tests to ensure they acquire the adequate knowledge and skills to handle our forklift trucks and our transportation personnel are required to undergo special driving lessons to ensure they are familiarised with the safety procedures for the operation of heavy vehicles. Our safety manager also conducts internal monthly checks at our premises to ensure consistent compliance with all relevant prevailing safety regulations and procedures.

We have complied with the safety regulations prescribed under the WSHA as required by MOM. For more information, please refer to the section entitled "*General Information on our Group – Licences, Permits, Approvals, Certifications and Government Regulations*" of this Offer Document. We have been awarded with ISO certifications, namely, ISO 45001:2018 Occupational Health and Safety Management System Certificate for Occupational Health and Safety Management System and ISO 9001:2015 Quality Management System Certificate for Bulk Transportation of Chemicals and General Cargo, as well as bizSAFE Level 3 and bizSAFE Star certifications in respect of our workplace safety and health management systems for our Container Depot Services Business and our Transportation Business respectively.

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Our premises at which we carry out our Transportation Business and our Container Depot Services Business are equipped with cleaning and wash areas for personnel to ensure employee safety and effective ventilation systems to ensure proper ventilation. Regular on-site surveys are conducted by our managers to ensure that the risk of contamination and spillage is kept to a minimum. In addition, officers from the NEA and the SCDF conduct regular spot checks to ensure consistent compliance with prevailing safety laws and regulations. The SCDF also conducts annual fire safety checks to ensure that the fire safety systems implemented are adequate and that there are sufficient fire safety measures. As at the Latest Practicable Date, we have not encountered any major accidents, or received any warnings from the authorities, in relation to our handling of hazardous materials.

RESEARCH AND DEVELOPMENT

The nature of our business does not require us to carry out any significant research and development activities. However, our staff will continually update themselves on any new developments in the industry. For more information, please refer to the section entitled “*General Information on our Group –Staff Training*” of this Offer Document.

STAFF TRAINING

We believe that our employees are important assets of our Group and we have adopted several human resource management policies to attract talent, retain good employees, and develop and train our employees to help them maximise their potential. We organise both in-house and external-training sessions for our employees to equip and keep them updated with the relevant skills and knowledge required for the various processes involved in the logistics services provided.

In-house training sessions are conducted by the safety manager and focus mainly on work safety. For example, we conduct in-house training courses on defensive driving, safety procedures for working at heights, firefighting, chemical spillage control procedures and general risk management.

External training courses are organised based on job requirements and the staff’s needs. In terms of external training sessions, our drivers have obtained the certifications in respect of the WSQ Apply Workplace Safety and Health in Process Plants for Drivers, which is mandatory for all workers in the oil and petrochemical industry. Relevant employees have also undergone the requisite courses relating to working at heights, which aims to provide them with the necessary knowledge and skills relating to performing work at heights in construction and other industry sectors. During the Period Under Review, our staff training costs were not separately accounted for. Our Directors believe that such costs were not material.

COMPETITION

We operate in a highly competitive environment and we expect to face more intense competition from existing competitors and new market entrants in the future. To the best of our knowledge, our major competitors in the industry are:

- Poh Tiong Choon Holdings (Pte.) Ltd
- Winspec Logistics Services Pte Ltd
- LTH Logistics (S) Pte Ltd
- Eng Kong Container Services Limited
- SH Cogent Logistics Limited

As at the Latest Practicable Date, save for their interests in quoted or listed equity securities which do not exceed 5.0% of the total amount of the issued securities in that class for the time being, none of our Directors, Executive Officers, Controlling Shareholders, Substantial Shareholders or their Associates is related to or has any interest in any of our competitors above.

GENERAL INFORMATION ON OUR GROUP

COMPETITIVE STRENGTHS

Our Directors believe that the following competitive strengths have enabled and will continue to enable us to harness the growth potential of our Group and to compete effectively in the industries in which we operate:

We have an established track record and reputation

We have an established track record and reputation in the logistics business. We began by providing transportation services for base oil and bitumen in 2003, followed by petrochemical products in 2009, and expanded into providing container depot services and container depot management services in 2013. Our focus on providing quality services coupled with continuous client engagement has enabled us to establish a strong customer base across industries. We have established long working relationships with several customers over the years. In particular, we have been maintaining business relationships with our five largest customers that range from approximately three to 12 years as at the Latest Practicable Date.

We operate our Transportation Business with a strong emphasis on safety and reliability, and have implemented safety measures which include setting up in-vehicle safety installations, such as fire extinguishers, fire shields, spill kits and a first aid box, as well as conducting random breathalyser and drug tests on our drivers. Our own emergency response vehicle is also on standby in case of accidents or breakdowns of our transportation vehicles. Our drivers are provided with regular training on safety issues, and we conduct regular vehicle and equipment inspections to ensure that our transportation vehicles are in good working order. We have been awarded with ISO certifications, namely, ISO 45001:2018 Occupational Health and Safety Management System Certificate for Occupational Health and Safety Management System and ISO 9001:2015 Quality Management System Certificate for Bulk Transportation of Chemicals and General Cargo, as well as bizSAFE Level 3 and bizSAFE Star certifications in respect of our workplace safety and health management systems for our Container Depot Services Business and our Transportation Business respectively.

In respect of our Container Depot Services Business, we have developed a reputation for our fast turnaround times and consistent service throughout our regional network of container depots, and our automated container management system allows our customers global access to automated Electronic Data Interchange. In order to stay competitive in the market, we believe our emphasis on safety measures and service quality has contributed, and will continue to contribute, to our continued success in earning our customers' confidence in our services, which is essential to our long-term development in the logistics industry.

We own a fleet of vehicles to carry out our transportation services

As at the Latest Practicable Date, we own a fleet of 74 prime movers and 356 trailers in Singapore and Malaysia. Owning the aforementioned fleet gives us the advantage of being able to handle our customers' orders and cater for sudden spikes in demand for our transportation services. As our customers consider service reliability, consistency and punctuality as key factors to their choice of outsourcing contractors, our significant fleet size would ensure that their transportation needs are met.

We operate in various regions with our cross-border capabilities and serve a diverse customer base

We operate our Transportation Business both in Singapore and Malaysia by providing ISO tank and container transportation services for various petrochemical products, base oils, bitumen and bulk cargo to our customers in Singapore, and cross-border transportation services for our customers between Singapore and Malaysia where our Malaysian registered vehicle fleet will transport ISO tanks and containers between major petrochemical industries located in Jurong Island, Pasir Gudang, Kuantan and Port Klang. Our Container Depot Services Business has a presence in Singapore and Thailand. Our diversified geographical coverage and customer base enables us to cater to various customers and industries, giving more scalability in business. In addition, our regional focus enables us to leverage on growth markets and build an extensive business network in the ASEAN region to better support our customers and achieve sustainable growth for our Group.

GENERAL INFORMATION ON OUR GROUP

We have an experienced and dedicated management team with extensive industry knowledge

We have an experienced management team with extensive knowledge of the logistics industry. Our management team is headed by our Executive Director and Managing Director (Transportation Business), Mr. Lin Kaixian, and our Executive Officer and Managing Director (Container Depot Services Business), Mr. Hew Chee Fatt.

Prior to his appointment as Managing Director (Transportation Business), Mr. Lin Kaixian has been managing our Group's Transportation Business as a senior manager for more than five years, and has accumulated approximately 15 years of experience in the transportation services industry. He is supported by a team of five senior staff, who in aggregate have over 10 years of experience in the industry. Similarly, Mr. Hew Chee Fatt has been managing our Group's Container Depot Services Business for eight years and is supported by a team of four senior executives, who in aggregate have over ten years of experience in the industry. Mr. Khaw Shee Kai, our Financial Controller, oversees all the financial matters of our Group. Together, they spearhead the formulation of our business strategies and expansion plans, and are closely supported by a pool of committed and qualified managers and staff. We believe that the extensive experience of our management team, and their industry knowledge and in-depth understanding of the logistics industry, enable us to assess market trends effectively, as well as to operate and manage our business efficiently.

We have longstanding working relationships with our broad range of suppliers

We believe that one of the key factors to our success is our longstanding working relationship with our suppliers, such as vehicle fleet maintenance providers and diesel providers for our Transportation Business, and stacker machine providers for our Container Depot Services Business, who are able to provide us with goods and services in accordance with our specifications. Our top five suppliers have business relationships with us that range from approximately five to 12 years as at the Latest Practicable Date. Moreover, having longstanding working relationships with a broad range of suppliers is also advantageous as we have a diversified pool to select from, thus avoiding any unnecessary interruptions in our provision of services to customers and enabling us to ensure that we are able to procure goods and services at market price.

PROPERTIES AND FIXED ASSETS

Properties owned by our Group

The following table sets out the properties owned by our Group as at the Latest Practicable Date.

Owner	Location	Tenure	Approximate GFA (sq f)	Description of use	Encumbrance
HNL	7 Gul Avenue, Singapore 629651 comprising Lot 215W of Mukim 7 and Lot 307T of Mukim 7	Lot 215W of Mukim 7: Leasehold estate of 60 years commencing from 1 November 1972 Lot 307T of Mukim 7: Leasehold estate of 57 years commencing from 1 November 1975	89,173	General warehousing, transportation and containers storage	Mortgaged in favour of United Overseas Bank Limited as mortgagee (including the proposed single storey factory with mezzanine office to be constructed at the premises)

GENERAL INFORMATION ON OUR GROUP

Properties leased/sub-leased by our Group

The following table sets out the properties which are leased/sub-leased by our Group in the ordinary course of business as at the Latest Practicable Date:

Lessor	Lessee	Lease tenure	Location	Approximate GFA (sq ft)	Description of use
LHN Space Resources Pte. Ltd.	HNL	1 January 2022 to 31 December 2022 ⁽¹⁾	18 Penjuru Road A2_2 Singapore 609126	30,000	Parking of vehicles and trailers
Greenhub Suited Offices Pte Ltd	HNL	1 October 2021 to 24 September 2022 ⁽²⁾	10 Raeburn Park #02-15B Singapore 088702	630	Office space
Evergreen Corporate Sdn Bhd	LHN Logistics (Malaysia)	One year from 1 January 2022 ⁽³⁾	Lot 148289, Jalan Udang Galah Telok Gong 42000, Port Klang, Selangor, Malaysia	32,400	Parking of trailers and storage of ISO tanks
Sia Kien Ting @ Diana Sia Kiew Ting	LHN Logistics (Malaysia)	Three years from 1 October 2020 with an option to renew for two years ⁽⁴⁾	District: Johor Bahru Mukim: Sg Tiram No. DHM. GM00000453 No. Lot. Lot 00000120	73,508	Parking of prime movers and trailers
Phuang Kwong Ping	LHN Logistics (Malaysia)	One year from 1 October 2021 with an option to renew for one year ⁽⁴⁾	Part of 33-02, Jalan Molek 2/1, Taman Molek 81100 Johor Bahru, Johor	Not stated	Office space
Camperv (M) Sdn Bhd	LHN Logistics (Malaysia)	One year from 1 January 2022 with an option to renew for one year ⁽⁵⁾	Lot 946, Batu 4, Jalan Jelebu-Seremban, 70400 Seremban, Negeri Sembilan	40,000	Office premises, lorry yard and non-hazardous container yard
Ruamphan Service Center Co., Ltd.	HLA Container Services (Thailand)	12 years from 28 March 2015 with an option to renew for another 12 years ⁽⁶⁾	Land located at No. 133/5 Moo 9, Tambol Surasak, Amphur Sriracha, Chonburi Province, represented by the land title deed nos. 81231 and 81979	Approximately 275,556 (equivalent to 16 rai)	Container yard
Ruamphan Service Center Co., Ltd.	HLA Container Services (Thailand)	1 April 2018 to 31 March 2021 with an option to renew for another three years for six successive times and a final option to renew for one year until 31 March 2040 ⁽⁷⁾	Land located at No. 133/5 Moo 9, Tambol Surasak, Amphur Sriracha, Chonburi Province represented by the land title deed no. 41409	Approximately 120,556 (equivalent to 7 rai)	Extension to container yard
Denchai Land and Housing Co., Ltd.	HLA Container Services (Thailand)	16 October 2021 to 15 October 2024 with an option to renew for another three years for six successive times ⁽⁸⁾	Land located at Tambol Bang Chalong, Amphur Bang Phli, Samutprakarn Province, represented by the land title deed nos. 3391, 115750, and 592 (partial) ⁽¹⁰⁾	Approximately 344,445 (equivalent to 20 rai)	Container yard
Mother Logistics Co., Ltd.	HLA Container Services (Myanmar)	One year with an option to renew for another one year ⁽⁹⁾	Phawt Kan Port, Hlaing River Bank, Bayint Naung Road, Insein Township, Yangon Region	183,388	Container yard and container office

GENERAL INFORMATION ON OUR GROUP

Notes:

- (1) Under the terms and conditions of the relevant lease agreement, LHN Space Resources Pte. Ltd. has the right to unilaterally terminate this lease immediately or with three month's prior written notice, as the case may be, if there is a breach by HNL of the relevant lease agreement or if the head lease is terminated by the head lessor. In addition, if the demised premises are acquired by any relevant authority, or if a notice of actual acquisition is issued, made or published by any relevant authority, or if the demised premises are destroyed or damaged, LHN Space Resources Pte. Ltd. may unilaterally terminate this lease with prior written notice. As this property is used by our Group as a logistics parking yard to carry out our Transportation Business, in the event that this lease is terminated and we are unable to find suitable replacement premises at reasonable rates, our business may be disrupted and our financial results may be adversely affected. As at the Latest Practicable Date, our Directors are not aware of any circumstances which could result in an early termination of this lease.
- (2) Under the terms and conditions of the relevant sub-lease agreement, Greenhub Suited Offices Pte Ltd has the right to unilaterally terminate this sub-lease immediately or with reasonable prior written notice, as the case may be, if there is a breach by HNL of the relevant sub-lease agreement, or if the head lease is terminated by the head lessor, or the head lessor re-enters the leased premises. As this property is used by our Group as generic office space, in the event that this sub-lease is terminated, our Directors are of the view that this would not materially disrupt our business or operations due to the availability of substitute premises. As at the Latest Practicable Date, our Directors are not aware of any circumstances which could result in an early termination of this sub-lease.
- (3) Under the terms and conditions of the relevant lease agreement, Evergreen Corporate Sdn Bhd may unilaterally terminate the relevant lease agreement with two month's prior notice. In the event that it elects to do so, it is obliged to pay a sum equivalent to two month's rent to LHN Logistics (Malaysia). As this property is used by our Group as a logistics parking yard to carry out our Transportation Business, in the event that this lease is terminated and we are unable to find suitable replacement premises at reasonable rates, our business may be disrupted and our financial results may be adversely affected. As at the Latest Practicable Date, our Directors are not aware of any circumstances which could result in an early termination of this lease.
- (4) The terms and conditions of the relevant lease agreement do not provide for the right of unilateral termination prior to expiry of the lease term.
- (5) Under the term and conditions of the relevant lease agreement, Camperv (M) Sdn Bhd has the right to unilaterally terminate this lease immediately if there is a breach by LHN Logistics (Malaysia) of the relevant lease agreement, or if LHN Logistics (Malaysia), *inter alia*, becomes bankrupt or wound up or enters into any arrangement or composition with its creditors. As this property is used by our Group as a logistics parking yard to carry out our Transportation Business, in the event that this lease is terminated and we are unable to find suitable replacement premises at reasonable rates, our business may be disrupted and our financial results may be adversely affected. As at the Latest Practicable Date, our Directors are not aware of any circumstances which could result in an early termination of this lease.
- (6) Under the term and conditions of the relevant lease agreement, Ruamphan Service Center Co., Ltd. ("RSC") has the right to unilaterally terminate this lease immediately if HLA Container Services (Thailand) fails to pay the monthly rental for three months consecutively, or if HLA Container Services (Thailand) breaches any term of the relevant lease agreement and fails to remedy such breach within three months after receiving a written notice from RSC, or if HLA Container Services (Thailand) is a defendant in a bankruptcy case. As this property is used by our Group as a container yard to carry out our Container Depot Services Business, in the event that this lease is terminated and we are unable to find suitable replacement premises at reasonable rates, our business may be disrupted and our financial results may be adversely affected. As at the Latest Practicable Date, our Directors are not aware of any circumstances which could result in an early termination of this lease. The Legal Adviser to our Company as to Thailand law, The Capital Law Office Limited, is of the view that as at the Latest Practicable Date, this lease is enforceable, legal and binding on contracting parties and has been registered with the relevant land regulatory authority as required by law for a lease agreement with a term longer than three years.
- (7) Under the term and conditions of the relevant lease agreement, RSC has the right to unilaterally terminate this lease immediately if HLA Container Services (Thailand) fails to pay the monthly rental for three months consecutively, or if HLA Container Services (Thailand) breaches any term of the relevant lease agreement and fails to remedy such breach within three months after receiving a written notice from RSC, or if HLA Container Services (Thailand) is a defendant in a bankruptcy case. As this property is used by our Group as an extension to the main container yard to carry out our Container Depot Services Business, in the event that this lease is terminated, our Directors are of the view that this would not materially disrupt our business or operations as our Group will still be able to carry out its operations from the main container yard. As at the Latest Practicable Date, our Directors are not aware of any circumstances which could result in an early termination of this lease. The Legal Adviser to our Company as to Thailand law, The Capital Law Office Limited, is of the view that as at the Latest Practicable Date, this lease is enforceable, legal and binding on contracting parties and it is not required to be registered with the relevant land regulatory authority as it has a lease term of three years or less.
- (8) Under the term and conditions of the relevant lease agreement, Denchai Land and Housing Co., Ltd. has the right to unilaterally terminate this lease immediately if HLA Container Services (Thailand) fails to pay the monthly rental for more than two months. As this property is used by our Group as a container yard to carry out our Container Depot Services Business, in the event that this lease is terminated and we are unable to find suitable replacement premises at reasonable rates, our business may be disrupted and our financial results may be adversely affected. As at the Latest Practicable Date, our Directors are not aware of any circumstances which could result in an early termination of this lease.
- (9) As at the Latest Practicable Date, the term of this lease has not commenced as the container depot is not operational. The relevant lease agreement between the lessor company and HLA Container Services (Myanmar) as lessee stipulates that the lease agreement may be terminated by either party in the event that the other party is wound up by the court. The lease agreement further stipulates that the lessee shall be entitled to terminate this agreement in the event that the lessor breaches any provision of the lease agreement and fails to remedy such breach within three months after the date of written notification

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thereof by lessee to lessor. In this case, the lease agreement also stipulates that the lessee shall also be entitled to claim from the lessor for (reimbursement of) rental fees for any unfulfilled portion of the lease term and any damages suffered and costs incurred by the lessee (as a consequence of such breach by the lessor). Additionally, the lease agreement stipulates that the lessor shall be entitled to terminate the lease agreement in the event that the lessee breaches any provision of this agreement and fails to remedy such breach within three months after the date of written notification thereof by lessor to lessee. In this case, the lease agreement also stipulates that the lessor shall be entitled to retain the full amount of rental fees as provided in the lease agreement.

Other than the termination provisions as stated above, the lease agreement does not specifically provide for any particular or separate charges and/or penalties payable by the lessee in the event that the lessee fails to obtain the requisite licences, permits and approvals under Myanmar law and terminates the lease agreement.

The lease agreement provides that the lessee shall be responsible to apply for and the lessor shall be responsible to assist the lessee to obtain the requisite licence from the relevant government department for the conduct of the lessee's business; no specific time limit for compliance with the lessee's obligation in this regard is specified therein.

The lease terms in respect of the abovementioned properties (save for the property leased by HLA Container Services (Myanmar) from Mother Logistics Co., Ltd. and referred to in Note (9) above) shall continue until terminated in accordance with the terms of the respective lease agreements. Most of the properties leased by our Group in Singapore and Malaysia will expire in less than 12 months and we do not foresee any issues with any renewal.

AWARDS AND CERTIFICATIONS

As a testament of our commitment to quality, our Group has received several awards and certifications, some of which are set out below:

Year awarded	Awarding organisation	Award/Certification	Group Company
2013	Container Depot and Logistics Association (Singapore)	CDAS Membership Certificate	HLA Container Services
2019	Tripartite Alliance for Workplace Safety and Health	bizSAFE STAR Certification	HNL
2019	ACSR Certification	ISO 45001:2018	HNL
2020	Socotec Certification	ISO 9001:2015	HNL
2020 / 2021	Tripartite Alliance for Workplace Safety and Health	bizSAFE Certificate (Level 3)	HLA Logistics and HLA Container Services

PROSPECTS

Going forward, in light of our competitive strengths and barring any unforeseen circumstances, our Directors are confident of the prospects and outlook of our business for the next 12 months from the Latest Practicable Date, due to the following factors:

Robust recovery in global tank container fleet market despite COVID-19 impact

According to the 2021 Global Tank Container Fleet Survey¹ performed by the International Tank Container Organisation, the global tank container fleet market experienced a slowdown in growth in 2020 amidst market uncertainty caused by the global COVID-19 pandemic. However, by the end of 2020, there were clear signs of a recovery in orders for new equipment which indicated a considerably improved outlook. More companies are utilising tank containers and operators are succeeding in converting certain cargoes, previously shipped in drums or transported in chemical tankers, to tank containers. The PRC continues to see significant growth in the use of tank containers for domestic transport of bulk liquids, while inter-Asia, especially South-East Asia- tank operations continue to develop strongly.

¹ Source: https://www.international-tank-container.org/storage/uploads/ITCO_2021_Global_Tank_Container_Fleet_Report.pdf (Last accessed: 14 February 2022)

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	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operators	228,460	265,550	305,700	329,080	342,500	365,000	381,750	418,500	443,110
Leasing Companies	150,400	176,500	195,000	201,750	215,265	245,000	286,000	305,615	316,710
Shipper / Others	94,800	103,000	107,460	110,950	137,400	155,000	180,165	188,010	199,140
Manufactured (in the previous year)	39,700	42,620	48,200	43,780	44,500	48,500	59,700	54,650	35,800
Disposal	–	1,000	5,000	2,000	4,500	4,500	7,000	7,000	1,500
Grand Total	338,260	385,200	427,560	458,200	508,000	552,000	604,700	652,350	686,650
Growth % compared with preceding year	n/a	13.87	10.99	7.16	8.50	8.66	10.81	7.88	5.26

Table – Annual Global Tank Container Growth (1 January 2013 – 1 January 2021)

Promising growth prospects for Singapore’s chemical industry

According to the 2021 Singapore Chemicals edition², an independent report prepared by Global Business Reports with the endorsement of the Economic Development Board, Singapore’s chemical industry witnessed a rebound in growth from contractions at the start of 2020 to 12.3% year-on-year growth in December 2020. According to the Singapore Chemicals 2021 IHS CW Release³ prepared by Chemical Week and Global Business Reports, global chemical production is expected to double by 2030 given that the global population is set to increase to 10 billion people by 2050.

Notwithstanding that the PRC and India are expanding their own refining capacity, Singapore still remains the strategic location for energy and chemical companies. Singapore has the world’s fifth largest export refinery capacity, with over 100 global chemical companies operating in the country, predominantly on Jurong Island. According to United Nations Conference on Trade and Development, Singapore ranks second amongst the top ship-owning economies for chemical tankers in the world.⁴ According to the World Trade Statistical Review 2020, Singapore was ranked 8th largest exporter of chemicals in 2019 and Singapore’s chemicals and energy industry ranks among the top 10 globally. Asia remains the most important export market for Singapore’s chemical industry. The PRC accounted for 14% of Singapore’s chemical exports in 2018, while Korea, Japan, Indonesia, Thailand, Malaysia and India together represented 34%. ASEAN is seen as one of the next growth opportunities for the industry, with countries like Vietnam and Cambodia growing at over 7% GDP before the COVID-19 pandemic. The rise of middle-classes, together with higher disposable incomes and fast industrialization, has created opportunities in both consumer and industrial markets.

Country	Japan	Singapore	China	Norway	Netherlands	South Korea	United Kingdom	Turkey	U.S.	Denmark
Chemical Tankers Value (US\$M)	5,203	4,778	3,344	2,433	1,892	1,480	1,354	1,156	1,098	1,032

Table – Top 10 Ship-Owning Economies, as at 1 January 2021

According to the Economic Development Board, as part of the Singapore Green Plan 2030, Jurong Island will be transformed into a sustainable Energy and Chemicals Park.⁵ By 2030, EDB aims to achieve the following key targets – (i) increase the output of sustainable products such as bio-based fuels and chemicals by 1.5 times from 2019 levels, where sustainable products accounted for 7% of the sector’s manufacturing output, (ii) ensure that the refineries and crackers in Singapore are in the top quartile of the world in terms of energy efficiency, and (iii) realise at least two million tonnes of carbon capture potential. The pivot to sustainable products will drive the production of high-value specialty chemicals and materials including lubricant additives and long-lasting rubbers used in vehicles that improve fuel efficiency and reduce carbon emissions as well as bio-based fuels and chemicals, which are considered carbon neutral.

² Source: <https://www.gbreports.com/publication/singapore-chemicals-2021> (Last accessed: 14 February 2022)

³ Source: <https://www.gbreports.com/publication/singapore-chemicals-2021-ihs-cw-release> (Last accessed: 14 February 2022)

⁴ Source: https://unctad.org/system/files/official-document/rmt2021_en_0.pdf (Last accessed: 14 February 2022)

⁵ Source: <https://www.edb.gov.sg/en/business-insights/market-and-industry-reports/sustainable-jurong-island.html> (Last accessed: 14 February 2022)

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Amidst the global transition towards cleaner forms of energy, investments in sustainability projects continue to rise. Singapore's first refinery, Pulau Bukom, operated by Shell, will be transformed into one of Shell's six Energy and Chemical Parks globally and the only one in Asia. Pulau Bukom will pivot from a crude-oil, fuels-based product slate towards new, low-carbon value chains. As part of this transition, Shell announced in November 2021 that it will be building a new pyrolysis oil upgrader unit that will support the conversion of plastic waste into chemicals.⁶ The unit will be the largest in Asia and Shell's first globally, with a capacity of 50,000 tonnes per annum, equivalent to the weight of about 7.8 billion plastic bags. The unit is expected to start production in 2023. Moreover, investments that were announced before 2020 preceding the COVID-19 pandemic are still on course including Arkema's €300 million bio-based polyamide plant due to be completed in 2022 and Neste Oil's €1.5 billion biofuels project, the biggest single investment in our Company's history, due to be completed by 2023.

Strong growth for Singapore's chemical industry and the transition to cleaner forms of energy and sustainable products and chemicals will boost demand for logistics services, in particular, ISO tank trucking services, which are required for both the transportation of raw materials as well as end products.

Singapore's role as a leading logistics hub with strong government support for the sector

According to DHL's Global Connectedness Index 2020 Country Book,⁷ Singapore is the second most connected country in the world. In particular, Singapore ranks first in the world for trade and second in the world for shipping connectivity. Home to the world's busiest transshipment seaport, Singapore's infrastructure and connectivity have been critical enablers in global trade. In April 2021, Singapore became the first participating country to ratify the 15-member Regional Comprehensive Economic Partnership (RCEP) which accounts for 30% of the global economy.⁸ Singapore's pursuit of free trade agreements will promote the free flow of movement of goods through key markets which will spur the growth of the logistics industry.

The Singapore Government also aims to position Singapore into a key node for technology, innovation and enterprise globally and in Asia, boosting the nation's regional competitiveness, and attracting new investments, thus, creating opportunities for supporting industries like the logistics sector. In particular, under the Logistics Industry Transformation Map, the Singapore Government will assist logistics organisations to adopt technologies, invest in facilities that will drive advanced technologies' usage and train upskill labour to be more adept in technologies. Digitising the entire operation would enhance the efficiency and increase the productivity of the logistics sector.

Singapore's position as the world's busiest container transshipment port with further port development will further boost demand for logistics services

According to the Maritime and Port Authority of Singapore, Singapore's port performance saw a record high container throughput of 37.5 million TEUs in 2021⁹, which anchored Singapore's position as the world's busiest container transshipment port.¹⁰ Singapore also has experienced a robust growth in gross tonnage for chemical tanker arrivals over the past 10 years.¹¹ Singapore's stellar performance was despite disruptions to the global supply chain, which had been hit by COVID-19 pandemic induced movement restrictions and shortage of manpower and equipment amid high demand for durable goods.

⁶ Source: <https://www.businesstimes.com.sg/energy-commodities/shell-to-build-asias-largest-pyrolysis-oil-upgrader-unit-that-will-transform> (Last accessed: 14 February 2022)

⁷ Source: <https://www.dhl.com/content/dam/dhl/global/dhl-spotlight/documents/pdf/spotlight-g04-dhl-gci-2020-country-book.pdf> (Last accessed: 14 February 2022)

⁸ Source: <https://www.edb.gov.sg/en/business-insights/insights/small-but-connected-how-singapore-stands-its-ground-as-a-global-logistics-hub.html> (Last accessed: 14 February 2022)

⁹ Source: <https://data.gov.sg/dataset/container-throughput-annual> (Last accessed: 14 February 2022)

¹⁰ Source: <https://www.straitstimes.com/singapore/record-number-of-containers-handled-by-singapore-ports-last-year-figure-set-to-increase> (Last accessed: 14 February 2022)

¹¹ Source: https://data.gov.sg/dataset/tanker-arrivals-75-gt-annual?resource_id=549e6ff4-19a0-4c14-878c-acce80fe6155 (Last accessed: 14 February 2022)

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Container Throughput ('000 TEU)	31,649	32,579	33,869	30,922	30,904	33,667	36,599	37,196	36,871	37,468
Chemical Tankers Gross Tonnage ('000 GT)	49,854	49,833	51,924	58,032	60,336	56,268	53,806	56,040	63,953	61,562

Table – Maritime Port Authority Tanker Arrivals Breakdown, Annual Data

The Tuas Port project is a key initiative of the Singapore government to reinvigorate and reimagine Singapore's maritime industry. When fully completed in 2040, the mega port will be the world's largest fully automated terminal boasting features such as automated wharf and yard functions and full-electric automated guided vehicles.¹² The whole of Tuas Port, when fully completed, is projected to be capable of handling 65.0 million TEUs annually which is nearly double of Singapore's current port capacity which stands at 37.2 million TEUs. Tuas Port is being developed in four phases, with the first phase of construction comprising 2 berths completed in November 2021.¹³

Singapore's status as a leading port and maritime hub together with the port development projects in Singapore will bring about increased port capacity and activity in Singapore, which is expected to drive the growth and demand for logistics services, including transportation services and container depot related services.

Expected increase in manufacturing activities within the ASEAN region providing further tailwinds for regional expansion plans

Our Container Depot Services Business has a presence in Singapore and Thailand, and we intend to expand our Group's business to other countries in the ASEAN region as and when opportunities arise.

According to the ASEAN Investment Report 2020-2021 – Investing in Industry 4.0¹⁴ prepared by The ASEAN Secretariat in conjunction with the United Nations Conference on Trade and Development, ASEAN is manufacturing powerhouse and a major recipient of foreign direct investment (“**FDI**”) flows, underscoring the significance of ASEAN as a global manufacturing hub for many foreign factories. FDI flows in the manufacturing sector have grown significantly from US\$29 billion (27% of total FDI inflows) in 2010 to the peak of US\$62 billion (42% of total FDI inflows) in 2018. However, flows fell to US\$22 billion (16% of total FDI inflows) in 2020 because of the impact of the COVID-19 pandemic.

Nevertheless, FDI in Industry 4.0 (the fourth industrial revolution to automate manufacturing and upgrade industrial practices using modern smart technology) related activities is expected to increase in the next decade. Multi-national enterprises are investing across the Industry 4.0 technology spectrum including digital infrastructure, industrial automation and robots, additive manufacturing, industrial internet of things and smart factories and are also expanding operations in the region.

With a significant increase in manufacturing and export activities in the ASEAN region, there will be a corresponding increase in demand for chemical and container depot related services which will present additional opportunities for our Group.

¹² Source: <https://www.straitstimes.com/singapore/tuas-port-to-be-worlds-largest-fully-automated-terminal-when-completed-in-2040-pm-lee> (Last accessed: 14 February 2022)

¹³ Source: <https://www.straitstimes.com/singapore/first-phase-of-tuas-port-completed-greener-concrete-being-explored-for-future-phases> (Last accessed: 14 February 2022)

¹⁴ Source: <https://asean.org/wp-content/uploads/2021/09/AIR-2020-2021.pdf> (Last accessed: 14 February 2022)

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TREND INFORMATION AND ORDER BOOK

Barring unforeseen circumstances, our Directors have observed the following trends for the next 12 months from the Latest Practicable Date:

- (a) our revenue for the next two financial years is expected to increase due to more value-added services to be provided to our customers under our Transportation Business in tandem with the expected completion of the construction of our ISO tank depot at 7 Gul Avenue and our expected increase in vehicle fleet size;
- (b) our financing costs relative to the size of our business is expected to increase due to the New UOB Facility taken up to, *inter alia*, partially finance the cost of construction of the ISO tank depot at 7 Gul Avenue, as well as the general trend of rising interest rates;
- (c) our operating expenses and profit margins are expected to increase in line with our revenue growth;
- (d) based on our Group's previous experience in FY2020 and FY2021, the COVID-19 situation is not expected to have a material impact on our Group's financials and/or operations for the next 12 months, other than in a situation where the COVID-19 situation worsens in the countries in which we operate and where there is any prolonged imposition of restrictions and other lockdown measures which inhibits our Group's ability to conduct our business;
- (e) the logistics industry may face rising competition from the regional maritime landscape, as the PRC has been actively investing in various port development projects in the Southeast Asian region. While the emergence of regional ports could lead to higher trade interconnectivity, the possibility of direct shipments to these modernised regional ports may provide freight forwarders with most cost-effective transportation routes and options. However, as part of our business strategy is to expand our container depot network in the Southeast Asian region, regional port development may also provide additional opportunities for our Container Depot Services Business;
- (f) the increasing land constraints in Singapore may prove to be a hurdle to any expansion plans of logistics service providers to expand their vehicle fleet or offer additional container depot and/or storage services. Physical limitations of land in Singapore also means that there may not be sufficient parking spaces to support a higher vehicle population. These limitations could potentially result in higher barriers to entry for the logistics services industry, thereby edging out competitors who are unable to procure their land and/or storage requirements;
- (g) the shortage of prime mover drivers would hinder our expansion plans to expand our vehicle fleet and our ability to increase the scale of our operations. However, our expertise on operational and route efficiencies may provide an advantage over our competitors in the current climate of driver shortage;
- (h) due to uncertainties in global trade movement, trucking and freight forwarding service providers potentially face risks of declining shipments, as well as delays at customs clearance, pick-up, and deliveries. However, port delays due to supply chain disruption may also potentially increase the demand for ISO tank and container storage services;
- (i) Logistics 4.0, which refers to the revolution in logistics processes and value chain by using innovative technologies (e.g. automation and the Internet of Things), has emerged as a new concept to introduce smart solutions for the logistics sector. Further transformation into the logistics landscape is expected, with trucking and freight forwarding service providers benefitting in terms of increased service delivery options and cost efficiencies;
- (j) the cost of prime movers and trailers is expected to increase;

GENERAL INFORMATION ON OUR GROUP

- (k) changes in diesel prices will have significant impact on trucking companies, being a fuel-intensive industry. Diesel prices are expected to fluctuate within a CAGR range of between -9.4% to -23.9% in the next 12 months, in view of the expected fluctuations in global oil supply and demand;
- (l) due to restrictions on labour supply and rising salaries, labour cost in Singapore is expected to increase. This is exacerbated by the shortage of drivers and the tightening of foreign labour supply;
- (m) average trucking rates per trip are projected to move in an upward trend in 2022; and
- (n) logistics yard costs are projected to move in an upward trend in 2022.

There is no assurance that our financial performance for FY2022 and future years will match or exceed our historical financial performance as disclosed in the section entitled “*Appendix A – Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Years Ended 30 September 2019, 2020 and 2021*” of this Offer Document.

Due to the nature of our Transportation Business and our Container Depot Services Business, we do not have an order book. We provide our transportation services and our container depot management services and container depot services to our customers as and when they are required. Our contracts with our customers do not specify committed volumes and job orders are typically received and fulfilled on a daily or weekly basis, hence the concept of an order book is not meaningful.

Save as disclosed above and in the sections entitled “*Risk Factors*”, “*Management’s Discussion and Analysis of Results of Operations and Financial Position*”, “*General Information on Our Group – Prospects*”, “*General Information on Our Group – Business Strategies and Future Plans*” and “*Appendix A – Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Years Ended 30 September 2019, 2020 and 2021*” and the related notes thereto of this Offer Document and barring any unforeseen circumstances, our Directors are not aware of any significant recent known trends in the sales, costs and selling prices of our products and services since 30 September 2021, or other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenue, profitability, liquidity or capital resources for at least FY2022, or that may cause the financial information disclosed in this Offer Document to be not necessarily indicative of our future operating results or financial position. Please also refer to the section entitled “*Cautionary Note On Forward-Looking Statements*” of this Offer Document for further information.

BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans for the continued growth of our business are as follows:

- **To increase our scale of operations by growing our transportation fleet**

In order to cater for our business growth, we intend to acquire at least 20 additional prime movers and at least 70 trailers. Such acquisition of prime movers and trailers will be made progressively from 2022 for a period of two years. The acquisition of these prime movers and trailers is intended to better support our customers who require cross-border transportation services between Singapore and Malaysia. We believe these improvements to our infrastructure will enhance our reputation in the logistics industry and better position us to attract new customers. We have earmarked approximately S\$0.4 million, representing approximately 7.2% of the gross proceeds raised by our Company from the Placement, for acquiring new prime movers and trailers, as well as additional moving equipment.

GENERAL INFORMATION ON OUR GROUP

- **To expand and enhance our value added transportation services**

In order to position ourselves as an efficient one-stop solution for our customers' transportation needs, we also offer ancillary services such as customs clearance and permit declaration services in both Singapore and Malaysia to support the supply chain demands of our customers. To further expand and enhance our value-added transportation services, we intend to construct an ISO tank depot at our logistics property located at 7 Gul Avenue to provide chemical cleaning and repair services for ISO tanks, empty ISO tank storage services and laden ISO tank storage services for hazardous substances, and petroleum and flammable materials. We have earmarked approximately S\$3.2 million, representing approximately 64.3% of the gross proceeds raised by our Company from the Placement, for partially financing the construction of the ISO tank depot at 7 Gul Avenue.

Our transportation business workflow is expected to include an additional service of storage of laden and empty ISO tanks. Our ISO tank depot will be able to receive empty ISO tanks where our staff will do an in-gate survey of these ISO tanks before sending them for on-premise washing. As these ISO tanks may have chemical residue, the wastewater will also be treated. Thereafter, the ISO tanks will be lifted and stored on the premises and our ISO tank inventory management system will be able to notify customers the approximate date on which the ISO tanks will be ready for collection. Prior to release, we will re-inspect and provide the necessary certifications for customers to arrange for suitable onward transportation.

- **To expand our operations into new markets**

As at the Latest Practicable Date, we operate our Transportation Business both in Singapore and Malaysia by providing ISO tank and container transportation services for various petrochemical products, base oils, bitumen and bulk cargo to our customers in Singapore, and cross-border transportation services for our customers between Singapore and Malaysia where our Malaysian registered vehicle fleet will transport ISO tanks and containers between major petrochemical industries located in Jurong Island, Pasir Gudang, Kuantan and Port Klang. Our Container Depot Services Business has a presence in Singapore and Thailand. As at the Latest Practicable Date, we are undertaking preparatory works to establish our overseas container depot in Yangon, Myanmar. For the avoidance of doubt, we do not intend to utilise any of the Placement proceeds for expansion into Myanmar. We intend to expand our Group's business to other countries in the ASEAN region as and when opportunities arise, whether through the setting up of new subsidiaries, acquisitions, joint ventures and/or strategic alliances. We believe that these avenues of expansion will give us access to new markets and customers as well as new businesses.

INTERESTED PERSON TRANSACTIONS

Details of the present and ongoing transactions as well as past transactions between an Entity at Risk and our Interested Persons for the Period Under Review and for the period from 1 October 2021 to the Latest Practicable Date (“**Relevant Period**”) which are material in the context of the Placement are set out below. Save as disclosed in this section and the sections entitled “*Restructuring Exercise*” and “*Share Capital*” of this Offer Document, there are no material Interested Person Transactions during the Relevant Period.

Investors, upon subscription of the Placement Shares, are deemed to have specifically approved the Interested Person Transactions described in this Offer Document and as such these transactions are not subject to Rules 905 and 906 of the Catalist Rules to the extent that there are no subsequent changes to the terms of the agreements in relation to each of these transactions.

In line with the rules set out in Chapter 9 of the Catalist Rules, a transaction which value is less than S\$100,000 is not considered material in the context of the Placement and is not taken into account for the purposes of aggregation in this section.

Interested Persons

The following is a list of the Interested Persons referred to in this section and with whom our Group has entered into past Interested Person Transactions and present and ongoing Interested Person Transactions with:

- Coliwoo Balestier Pte. Ltd. (“**CBPL**”) : A wholly-owned Singapore subsidiary of Coliwoo Holdings Pte. Ltd. (“**CHPL**”). CHPL is a wholly-owned subsidiary of LHNGPL, our Controlling Shareholder. CBPL is principally engaged in commercial and industrial real estate management and provision of hostels and dormitories.
- Coliwoo Property Management Pte. Ltd. (“**CPM**”) : A wholly-owned Singapore subsidiary of LHNGPL, our Controlling Shareholder. CPM is principally engaged in residential real estate management.
- Chua Eng Chong Holdings Pte. Ltd. (“**CEC**”) : A wholly-owned Singapore subsidiary of Coliwoo Investments Pte. Ltd. (“**CIPL**”). CIPL is a wholly-owned subsidiary of LHNGPL, our Controlling Shareholder. CEC provides general warehousing and business support service activities.
- Four Star Industries Pte. Ltd. (“**Four Star**”) : A 50%-owned joint venture entity owned by Singapore Handicrafts Pte. Ltd., a wholly-owned subsidiary of LHNGPL, our Controlling Shareholder. The remaining 50% interest in Four Star is being held by an independent third party. Four Star trades spring mattresses principally in Singapore. Its wholly-owned subsidiary, Work Plus Store (Kallang) Pte. Ltd., provides general warehousing and business support services principally in Singapore.
- Greenhub Suited Offices Pte. Ltd. (“**Greenhub**”) : A wholly-owned Singapore subsidiary of LHNGPL, our Controlling Shareholder. Greenhub is principally engaged in serviced office operations.
- Greenhub Serviced Offices Yangon Limited (“**Greenhub Yangon**”) : Greenhub Yangon is 99%-owned by Greenhub and 1%-owned by LHNGPL, our Controlling Shareholder. Greenhub Yangon manages serviced offices and apartments.
- Industrial & Commercial Facilities Management Pte. Ltd. (“**ICFM**”) : A wholly-owned Singapore subsidiary of LHNGPL, our Controlling Shareholder. ICFM is a general contractor and provides facilities management services covering estate and building management, repair, maintenance and cleaning, pest control and fumigation of buildings and offices.

INTERESTED PERSON TRANSACTIONS

- LHNGPL : Our Controlling Shareholder. LHNGPL is a wholly-owned Singapore subsidiary of LHN Limited, which is dually-listed on the Catalist and the Main Board of the Hong Kong Stock Exchange. LHNGPL is a holding company principally engaged in the provision of business support service activities.
- LHN Energy Resources Pte Ltd (“**LHN Energy**”) : A wholly-owned subsidiary of LHNGPL, our Controlling Shareholder. LHN Energy provides general warehousing and carries out the business of transmission, distribution and sale of electricity.
- LHN Limited : The holding company of our Controlling Shareholder, LHNGPL. LHN Limited is dually-listed on the Catalist and the Main Board of the Hong Kong Stock Exchange.
- LHN Parking Pte. Ltd. (“**LHN Parking**”) : A wholly-owned Singapore subsidiary of LHNGPL, our Controlling Shareholder. LHN Parking manages and operates car parks.
- LHN Properties Investments Pte. Ltd. (“**LHNPI**”) : A wholly-owned Singapore subsidiary of LHNGPL, our Controlling Shareholder. LHNPI provides general warehousing and business support service activities.
- LHN Space Resources Pte. Ltd. (“**LHN Space Resources**”) : A wholly-owned Singapore subsidiary of LHNGPL, our Controlling Shareholder. LHN Space Resources provides general warehousing and engages in business support service activities.
- Work Plus Store Pte. Ltd. (“**WPS**”) : A wholly-owned Singapore subsidiary of LHNGPL, our Controlling Shareholder. WPS provides general warehousing and engages in business support service activities.
- Work Plus Store (AMK) Pte. Ltd. (“**WPSAMK**”) : A 50%-owned joint venture entity owned by WPS. The remaining 50% interest in WPSAMK is being held by an independent third party. WPSAMK provides general warehousing and business support services principally in Singapore.

PAST INTERESTED PERSON TRANSACTIONS

Details of the past transactions between our Group and Interested Persons which are material in the context of the Placement for the Relevant Period are as follows:

(a) Transaction with LHN Space Resources

During the Relevant Period, LHN Space Resources provided warehousing services to HNL pursuant to which HNL was permitted to use premises located at Lot 449 Jalan Papan, Singapore 619418 for the parking of vehicles and trailers. The aggregate amounts, rounded to the nearest dollar, charged by LHN Space Resources during the Relevant Period were as follows:

	FY2019 (S\$)	FY2020 (S\$)	FY2021 (S\$)	From 1 October 2021 to the Latest Practicable Date (S\$)
Aggregate amount charged by LHN Space Resources	420,810	822,946	272,977	–

INTERESTED PERSON TRANSACTIONS

Our Directors are of the view that the above transaction was carried out on an arm's length basis and on normal commercial terms in the ordinary course of business as the terms offered to our Group were comparable to prevailing market rates for similar services. The above transaction has been terminated. Please refer to the section entitled "*Interested Person Transactions – Present and On-Going Interested Person Transactions*" of this Offer Document for details of similar transactions involving provision of warehousing services by LHN Space Resources to HNL. As LHN Space Resources is a Mandated Interested Person, any Mandated Transactions that our Group enters into in the future will be subject to the methods and procedures of the Shareholders' IPT Mandate as disclosed in the section entitled "*Interested Person Transactions – General Mandate for Interested Person Transactions*" of this Offer Document.

(b) Transactions with LHNGPL

During the Relevant Period, HNL provided working capital advances to LHNGPL. The aggregate amounts, rounded to the nearest dollar, advanced by HNL during the Relevant Period were as follows:

	FY2019 (S\$)	FY2020 (S\$)	FY2021 (S\$)	From 1 October 2021 to the Latest Practicable Date (S\$)
Aggregate amount advanced by HNL	1,200,000	1,050,000	640,000	–

The working capital advances provided by HNL to LHNGPL were unsecured, interest free and had no fixed terms of repayment. Accordingly, such working capital advances were not provided on an arm's length basis and were not on normal commercial terms. However, during the Period Under Review, LHNGPL was not an Interested Person as HNL was a wholly-owned subsidiary of LHNGPL. Further, as at the Latest Practicable Date, all such working capital advances have been fully repaid by LHNGPL. Accordingly, our Directors are of the view that these transactions are not prejudicial to the interests of our Company or our minority Shareholders. The largest outstanding amount for the Period Under Review in respect of such working capital advances was S\$2 million. Following the Listing, we do not intend to enter into similar transactions with LHNGPL.

(c) Provision of corporate guarantees by LHNGPL

During the Relevant Period, LHNGPL had previously provided corporate guarantees in respect of the following credit line facilities granted to our Group.

Date of Agreement	Lender / Financial Institution	Borrower	Amount of Facility/Amount Guaranteed (S\$)	Amount Outstanding as at the Latest Practicable Date (S\$)	Largest Outstanding Amount Guaranteed for the Period Under Review (S\$)	Type of Facility	Maturity Profile	Interest Rate
25 May 2016	DBS Bank Ltd.	HLA Container Services	60% of S\$326,700, remainder to be personally guaranteed by Mr. Hew Chee Fatt	–	326,700	Hire purchase facility	7 September 2020	2.00% per annum
25 May 2017	Hong Leong Finance Limited	HLA Container Services	60% of S\$326,700, remainder to be personally guaranteed by Mr. Hew Chee Fat	–	326,700	Hire purchase facility	14 July 2021	1.50% per annum

INTERESTED PERSON TRANSACTIONS

As at the Latest Practicable Date, the abovementioned facilities have been fully repaid and the aforementioned corporate guarantees have been fully released.

As no consideration was paid by our Group to procure the previous corporate guarantees provided by LHNGPL, the corporate guarantees were not provided on an arm's length basis and were not on normal commercial terms. However, as these corporate guarantees were to secure the obligations of our Group, our Directors are of the view that they are not prejudicial to the interests of our Company or our minority Shareholders.

For details on the ongoing corporate guarantees provided by LHNGPL to our Group, please refer to the section entitled "*Interested Person Transactions – Present and On-going Interested Person Transactions*" of this Offer Document.

(d) Transactions with LHN Limited

During the Relevant Period, LHN Limited provided advances to HNL to acquire its logistics property located at 7 Gul Avenue, as well as to acquire transportation equipment. The aggregate amounts, rounded to the nearest dollar, advanced by LHN Limited during the Relevant Period were as follows:

	FY2019 (S\$)	FY2020 (S\$)	FY2021 (S\$)	From 1 October 2021 to the Latest Practicable Date (S\$)
Aggregate amount advanced by LHN Limited	80,818	1,830,525	32,406	–

The advances provided by LHN Limited to HNL were unsecured, interest free and had no fixed terms of repayment. Accordingly, such advances were not provided on an arm's length basis and were not on normal commercial terms. However, during the Period Under Review, LHN Limited was not an Interested Person as HNL was an indirect wholly-owned subsidiary of LHN Limited. In addition, such advances were granted to HNL on advantageous terms and to fund the business plans of our Group. Accordingly, our Directors are of the view that these transactions are not prejudicial to the interests of our Company or our minority Shareholders. The largest outstanding amount for the Period Under Review in respect of such working capital advances was S\$1.8 million. As at the Latest Practicable Date, all such advances have been fully repaid by HNL. Following the Listing, we do not intend to enter into similar transactions with LHN Limited.

PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

(a) Transactions with ICFM

During the Relevant Period, ICFM provided cleaning and sanitising services to HNL at 7 Gul Avenue and HLA Container Services at 27 Benoi Sector. The aggregate amounts, rounded to the nearest dollar, charged by ICFM during the Relevant Period were as follows:

	FY2019 (S\$)	FY2020 (S\$)	FY2021 (S\$)	From 1 October 2021 to the Latest Practicable Date (S\$)
Aggregate amount charged by ICFM	12,325	17,040	86,662	25,883

Our Directors are of the view that the above transactions were carried out on an arm's length basis and on normal commercial terms in the ordinary course of business, as the terms offered to our Group were comparable to prevailing market rates for similar services.

INTERESTED PERSON TRANSACTIONS

It is envisaged that we will continue the above transactions with ICFM in the ordinary course of our business in the future. Accordingly, we have put in place a Shareholders' IPT Mandate in respect of our Group's transactions with ICFM. Upon the admission of our Company to the Catalist, we will comply with the methods and procedures set out under the section entitled "*Interested Person Transactions – General Mandate For Interested Person Transactions*" of this Offer Document.

(b) Transactions with LHN Space Resources

During the Relevant Period, our Group entered into the following transactions with LHN Space Resources:

- (i) provision of warehousing services to HNL pursuant to which HNL is permitted to use 18 Penjuru Road for the parking of vehicles and trailers; and
- (ii) provision of designated parking space at 18 Penjuru Road, Lot 449 Jalan Papan and 18 Tampines Industrial Crescent for the parking of heavy vehicles, together with the relevant vehicle parking certificate.

The aggregate amounts, rounded to the nearest dollar, charged by LHN Space Resources during the Relevant Period were as follows:

	FY2019 (S\$)	FY2020 (S\$)	FY2021 (S\$)	From 1 October 2021 to the Latest Practicable Date (S\$)
Aggregate amount charged by LHN Space Resources	8,740	8,814	147,124	88,032

Our Directors are of the view that the above transactions were carried out on an arm's length basis and on normal commercial terms in the ordinary course of business as the terms offered to our Group were comparable to prevailing market rates for similar services.

It is envisaged that we will continue the above transactions with LHN Space Resources in the ordinary course of our business in the future. Accordingly, we have put in place a Shareholders' IPT Mandate in respect of our Group's transactions with LHN Space Resources. Upon the admission of our Company to the Catalist, we will comply with the methods and procedures set out under the section entitled "*Interested Person Transactions – General Mandate For Interested Person Transactions*" of this Offer Document.

(c) Transaction with Greenhub

During the Relevant Period, Greenhub leased an office space located at 10 Raeburn Park, #02-15B, Singapore 088702 to HNL. The aggregate amounts, rounded to the nearest dollar, charged by Greenhub during the Relevant Period were as follows:

	FY2019 (S\$)	FY2020 (S\$)	FY2021 (S\$)	From 1 October 2021 to the Latest Practicable Date (S\$)
Aggregate amount charged by Greenhub	32,254	32,759	48,060	9,225

Our Directors are of the view that the above transaction was carried out on an arm's length basis and on normal commercial terms in the ordinary course of business as the terms offered to our Group were comparable to prevailing market rates for similar services.

INTERESTED PERSON TRANSACTIONS

It is envisaged that we may continue the above transaction with Greenhub in the ordinary course of our business in the future. Accordingly, we have put in place a Shareholders' IPT Mandate in respect of our Group's transactions with Greenhub. Upon the admission of our Company to the Catalist, we will comply with the methods and procedures set out under the section entitled "*Interested Person Transactions – General Mandate For Interested Person Transactions*" of this Offer Document.

(d) Transactions with LHN Parking

During the Relevant Period, our Group entered into the following transactions with LHN Parking:

- (i) provision of parking space for prime movers and trailers (both seasonal parking and hourly parking) to HNL;
- (ii) provision of administrative services, such as contractual services relating to the provision of manpower, to HNL ; and
- (iii) provision of ad-hoc trucking services to LHN Parking.

The aggregate amounts, rounded to the nearest dollar, charged by LHN Parking to HNL and charged by HNL to LHN Parking during the Relevant Period were as follows:

	FY2019 (S\$)	FY2020 (S\$)	FY2021 (S\$)	From 1 October 2021 to the Latest Practicable Date (S\$)
Aggregate amount charged by LHN Parking to HNL	43,459	68,165	66,748	50,162
Aggregate amount charged by HNL to LHN Parking	–	3,133	15,388	–

In respect of the administrative services provided to HNL, our Directors are of the view that these transactions were carried out on an arm's length basis and on normal commercial terms in the ordinary course of business as these contractual services have been charged to our Group at 5% cost mark-up based on the transfer pricing guidelines as issued by IRAS.

In respect of the provision of parking space for prime movers and trailers to HNL and the provision of ad-hoc trucking services to LHN Parking, our Directors are of the view that the above transactions were carried out on an arm's length basis and on normal commercial terms in the ordinary course of business as the terms that were agreed on were comparable to prevailing market rates for similar products and services.

It is envisaged that we may continue the above transactions with LHN Parking in the ordinary course of our business in the future. Accordingly, we have put in place a Shareholders' IPT Mandate in respect of our Group's transactions with LHN Parking. Upon the admission of our Company to the Catalist, we will comply with the methods and procedures set out under the section entitled "*Interested Person Transactions – General Mandate For Interested Person Transactions*" of this Offer Document.

INTERESTED PERSON TRANSACTIONS

(e) Transactions with Four Star

During the Relevant Period, HNL provided ad-hoc trucking services to Four Star. The aggregate amounts, rounded to the nearest dollar, charged by HNL during the Relevant Period were as follows:

	FY2019 (S\$)	FY2020 (S\$)	FY2021 (S\$)	From 1 October 2021 to the Latest Practicable Date (S\$)
Aggregate amount charged by HNL	32,050	58,275	229,262	154,212

Our Directors are of the view that the above transactions were carried out on an arm's length basis and on normal commercial terms in the ordinary course of business as the terms extended by HNL to Four Star were not more favourable than those extended by HNL to unrelated third parties.

It is envisaged that we may continue the above transactions with Four Star in the ordinary course of our business in the future. Accordingly, we have put in place a Shareholders' IPT Mandate in respect of our Group's transactions with Four Star. Upon the admission of our Company to the Catalist, we will comply with the methods and procedures set out under the section entitled "*Interested Person Transactions – General Mandate For Interested Person Transactions*" of this Offer Document.

(f) Transactions with LHN Energy

During the Relevant Period, our Group entered into the following transactions with LHN Energy:

- (i) provision of ad-hoc trucking services to LHN Energy; and
- (ii) provision of administrative services to HNL relating to management of utilities account with SP Group.

The aggregate amounts, rounded to the nearest dollar, charged by HNL to LHN Energy and charged by LHN Energy to HNL during the Relevant Period were as follows:

	FY2019 (S\$)	FY2020 (S\$)	FY2021 (S\$)	From 1 October 2021 to the Latest Practicable Date (S\$)
Aggregate amount charged by HNL to LHN Energy	–	–	–	7,579
Aggregate amount charged by LHN Energy to HNL	–	25,246	57,053	–

Our Directors are of the view that the above transactions were carried out on an arm's length basis and on normal commercial terms in the ordinary course of business as the terms that were agreed or were comparable to prevailing market rates for similar services.

It is envisaged that we may continue the above transactions with LHN Energy in the ordinary course of our business in the future. Accordingly, we have put in place a Shareholders' IPT Mandate in respect of our Group's transactions with LHN Energy. Upon the admission of our Company to the Catalist, we will comply with the methods and procedures set out under the section entitled "*Interested Person Transactions – General Mandate For Interested Person Transactions*" of this Offer Document.

INTERESTED PERSON TRANSACTIONS

(g) Transactions with LHNGPL

During the Relevant Period, LHNGPL provided administrative services to HNL and HLA Container Services, such as contractual services relating to the provision of manpower. LHNGPL also provided management services to HNL. The aggregate amounts, rounded to the nearest dollar, charged by LHNGPL to HNL and HLA Container Services for the provision of administrative services, and to HNL for the provision of management services during the Relevant Period were as follows:

	FY2019 (S\$)	FY2020 (S\$)	FY2021 (S\$)	From 1 October 2021 to the Latest Practicable Date (S\$)
Aggregate amount charged by LHNGPL for the provision of administrative services to HNL and HLA Container Services	707,042	621,795	732,933	445,425
Aggregate amount charged by LHNGPL for the provision of management services to HNL	717,209	731,404	818,830	295,919

Our Directors are of the view that the above transactions were carried out on an arm's length basis and on normal commercial terms in the ordinary course of business as the administrative services have been charged to our Group at a 5% cost mark-up based on the transfer pricing guidelines as issued by IRAS.

It is envisaged that we may continue the above transactions with LHNGPL in respect of the provision of administrative services in the ordinary course of our business in the future. Accordingly, we have put in place a Shareholders' IPT Mandate in respect of our Group's transactions with LHNGPL. Upon the admission of our Company to the Catalist, we will comply with the methods and procedures set out under the section entitled "*Interested Person Transactions – General Mandate For Interested Person Transactions*" of this Offer Document.

Following Listing, we do not intend to enter into similar transactions with LHNGPL in respect of the provision of management services.

INTERESTED PERSON TRANSACTIONS

(h) Corporate Guarantees provided by LHNGPL

During the Relevant Period, LHNGPL provided corporate guarantees in respect of the following credit line facilities granted to our Group:

Date of Agreement	Lender / Financial Institution	Borrower	Amount of Facility/ Amount Guaranteed (S\$)	Amount Outstanding as at the Latest Practicable Date (S\$)	Largest Outstanding Amount Guaranteed for the Period Under Review (S\$)	Type of Facility	Maturity Profile	Interest Rate
15 August 2018	Citibank, N.A., Singapore Branch	HNL	3,000,000	–	1,500,000	Credit facilities / time loan	Up to six months	Bank's cost of funds plus 1.75% per annum
7 August 2019	Resona Merchant Bank Asia Limited	HNL	2,000,000	–	500,000	Revolving credit facility	Subject to annual review at bank's sole discretion	1.25% per annum above cost of funds
21 March 2019	United Overseas Bank Limited	HNL	10,400,000	8,571,000	10,400,000	Commercial property loan	Seven years from 21 March 2019	First year: 2.48% Second year: 2.68% Third year: 3.58% Revised interest rate (w.e.f. 8 December 2021) First year: 1.38% Second year: 1.38% Thereafter: 2.25% below the bank's commercial financing rate
8 April 2020	United Overseas Bank Limited	HNL	2,000,000	1,596,516	2,000,000	Temporary bridging loan under enterprise financing scheme	Five years from 8 April 2020	2.25% per annum
6 May 2021	United Overseas Bank Limited	HNL	500,000	120,714	137,340	Hire purchase facility	60 months up to 3 July 2026	1.48% per annum
6 May 2021	United Overseas Bank Limited	HNL	500,000	46,478	56,203	Hire purchase facility	60 months up to 1 June 2026	1.48% per annum

INTERESTED PERSON TRANSACTIONS

Date of Agreement	Lender / Financial Institution	Borrower	Amount of Facility/ Amount Guaranteed (S\$)	Amount Outstanding as at the Latest Practicable Date (S\$)	Largest Outstanding Amount Guaranteed for the Period Under Review (S\$)	Type of Facility	Maturity Profile	Interest Rate
27 December 2016	Hong Leong Finance Limited	HNL	1,500,000	22,602	1,250,147	Hire purchase line	60 months up to 12 May 2022	1.58% - 1.60 % per annum
29 June 2017	Hong Leong Finance Limited	HNL	1,500,000	207,369	1,418,099	Hire purchase line	60 months up to 3 July 2023	1.60% - 1.80 % per annum
6 August 2019	Hong Leong Finance Limited	HNL	1,300,000	533,696	984,264	Hire purchase line	60 months up to 15 February 2025	1.60% per annum
8 July 2021	RHB Bank Berhad	HNL	65,000	65,000	65,000	Banker's guarantee	15 August 2022	0.75% per annum
6 October 2021	RHB Bank Berhad	HNL	180,000	180,000	180,000	Banker's guarantee	31 October 2022	0.75% per annum
4 May 2017	DBS Bank Ltd.	HLA Container Services	300,000	-	241,442	Overdraft facility	Not specified	Prevailing prime rate plus 1% per annum
8 December 2020	Oversea-Chinese Banking Corporation Limited	HLA Container Services	1,000,000	1,000,000	1,000,000	Temporary bridging loan	Five years from date of first drawdown	2.00% per annum
10 August 2017	Hong Leong Finance Limited	HLA Container Services	60% of S\$600,000, remainder to be personally guaranteed by Mr. Hew Chee Fatt	86,250	554,850	Hire purchase facility	48 months from 1 January 2023	1.60% per annum
24 July 2018	Hong Leong Finance Limited	HLA Container Services	60% of S\$1,500,000, remainder to be personally guaranteed by Mr. Hew Chee Fatt	254,961	1,306,800	Hire purchase facility	48 months from 28 December 2022	1.60% per annum

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As no consideration was paid by our Group to procure the present and ongoing corporate guarantees provided by LHNGPL, the corporate guarantees are not provided on an arm's length basis and are not on normal commercial terms. However, as these guarantees are to secure the obligations of our Group, our Directors are of the view that they are not prejudicial to the interests of our Company or its minority Shareholders.

Following the Listing, our Group will endeavour to reduce reliance on these guarantees and to eventually procure the discharge of the above guarantees, and for such guarantees to be replaced with a corporate guarantee by our Group. Our Directors do not expect any material change in the terms and conditions of the respective banking facilities if the guarantees are discharged. Following the Listing and until such guarantees are discharged and replaced by a corporate guarantee from our Group, LHNGPL has undertaken to continue to provide such guarantees for no consideration during this interim period to facilitate the implementation of these administrative changes once our Group has obtained the requisite approvals from the relevant banks. To the extent our Group is able to procure the discharge of these guarantees and replace them with a corporate guarantee by our Group, the provision of corporate guarantees by LHNGPL for the existing credit facilities granted to our Group is not expected to continue post-Listing. Following the Listing, our Group does not intend to enter into similar new transactions with LHNGPL for the provision of new corporate guarantees. However, in the event that our Company is, for any reason, required to procure that LHNGPL provides a corporate guarantee for the benefit of our Company in the future, it will be subject to all applicable provisions (including Chapter 9) in the Catalist Rules and the procedures set out in the section entitled "*Interested Person Transactions – General Mandate for Interested Person Transactions – Review of Other Interested Person Transactions and Review by our Audit and Risk Committee*" of this Offer Document.

GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

We anticipate that our Group would, following the admission of our Company to Catalist, in the ordinary course of business, continue to enter into certain transactions (i.e., the Mandated Transactions, as defined below) with certain Interested Persons (i.e., the Mandated Interested Persons, as defined below). It is likely that such Mandated Transactions will occur with some degree of frequency and may arise at any time. In view of the time-sensitive and/or recurrent nature of these Mandated Transactions, it would be advantageous for us to obtain a Shareholders' mandate to enter into these Mandated Transactions in our normal course of business, provided that all such Mandated Transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of our Company and its minority Shareholders.

Chapter 9 of the Catalist Rules allows a listed company to obtain a mandate from its shareholders for recurrent Interested Person Transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses.

Pursuant to Rule 920(2) of the Catalist Rules, our Company may treat a general mandate as having been obtained from Shareholders (the "**Shareholders' IPT Mandate**") for our Group to enter into the Mandated Transactions with the Mandated Interested Person, if the information required under Rule 920(1)(b) of the Catalist Rules as set out below, is included in this Offer Document:

- (a) unless the SGX-ST requires otherwise, the names of the Mandated Interested Persons with whom the Entity At Risk will be transacting;
- (b) the nature of the Mandated Transactions;
- (c) the rationale for, and benefit to, the Entity At Risk;
- (d) the methods or procedures for determining transaction prices of the Mandated Transactions;
- (e) the independent financial adviser's opinion on whether the methods or procedures in (d) above are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and its minority Shareholders;

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- (f) an opinion from our Audit and Risk Committee if it takes a different view to the independent financial adviser;
- (g) a statement from us that we will obtain a fresh mandate from Shareholders if the methods or procedures in (d) above become inappropriate; and
- (h) a statement that the Interested Persons will abstain, and has undertaken to ensure that its Associates will abstain, from voting on the resolution approving the transaction.

By subscribing for the Placement Shares, new Shareholders are deemed to have approved the Shareholders' IPT Mandate. The Shareholders' IPT Mandate will be effective until the earlier of the following (i) the conclusion of our first annual general meeting following our admission to Catalist; or (ii) the first anniversary of the date of our admission to Catalist. Thereafter, we will seek the approval from Shareholders for a renewal of the Shareholders' IPT Mandate at each subsequent annual general meeting or the date by which the next annual general meeting of our Company is required by law to be held, subject to satisfactory review by our Audit and Risk Committee of its continued application to the transactions with the Mandated Interested Person(s).

In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, Interested Persons and their Associates shall abstain from voting on resolutions approving Interested Person Transactions involving themselves and our Group. Furthermore, such Interested Persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the appointing Shareholder. As such, LHNGPL and its Associates will abstain from voting on the resolutions approving the renewal of the Shareholders' IPT Mandate.

Entities At Risk

For the purposes of the Shareholders' IPT Mandate, an Entity At Risk means:

- (a) our Company;
- (b) a subsidiary of our Company that is not listed on the SGX-ST or an approved exchange; or
- (c) an Associated Company of our Company that is not listed on the SGX-ST or an approved exchange, provided that our Group, or our Group and its Interested Person(s), has control over the Associated Company.

Mandated Interested Persons

The Shareholders' IPT Mandate will apply to Mandated Transactions that are carried out with the following Interested Persons:

- (a) Four Star;
- (b) Greenhub;
- (c) Greenhub Yangon;
- (d) ICFM;
- (e) LHN Energy;
- (f) LHNGPL;
- (g) LHN Parking;
- (h) LHN Space Resources;
- (i) CEC;

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- (j) CBPL;
- (k) LHNPI;
- (l) CPM;
- (m) WPS; and
- (n) WPSAMK,

(collectively, the “**Mandated Interested Persons**”).

While not all Mandated Interested Persons currently have ongoing transactions with our Group, our Group has included them in the Shareholders’ IPT Mandate as our Group envisages that they may enter into transactions with the Mandated Interested Persons in the future. The Mandated Transactions are expected to be entered into during FY2022.

Transactions with other Interested Persons (other than the identified Mandated Interested Persons) will be subject to the relevant provisions of Chapter 9 of the Catalist Rules and/or applicable provisions of the Catalist Rules and/or any applicable law.

Categories of Mandated Interested Person Transactions

We envisage that in the ordinary course of our business, the following transactions between our Group and the Mandated Interested Person(s) are likely to occur from time to time:

- (a) provision by our Group of trucking services, as well as the lease of moving equipment such as cranes, forklifts and prime movers, on an ad-hoc basis, to the Mandated Interested Persons;
- (b) obtaining of warehousing services from the Mandated Interested Persons for the parking of vehicles and trailers of our Group;
- (c) obtaining of car park space (including seasonal parking, hourly parking and designated parking space for the parking of heavy vehicles) from the Mandated Interested Persons;
- (d) lease of office, industrial and residential space from the Mandated Interested Persons;
- (e) obtaining of ancillary products and/or services which are incidental to the transactions contemplated in paragraphs (b), (c) and (d) above (for example, facilities management services such as cleaning, pest control, general repair and maintenance services, as well as the application and renewal of vehicle parking certificates for heavy vehicles) from the Mandated Interested Persons; and
- (f) obtaining of administrative services such as contractual services relating to the provision of manpower and the management of utilities account from the Mandated Interested Persons,

(collectively, the “**Mandated Transactions**”).

For the avoidance of doubt, there will be no sale or purchase of any assets, undertakings or businesses within the scope of the Shareholders’ IPT Mandate. The Shareholders’ IPT Mandate will also not cover any transaction by our Group with a Mandated Interested Person(s) that has a value below S\$100,000 as the threshold, and where the aggregation requirements contained in Chapter 9 of the Catalist Rules would not apply to such transactions.

Transactions between the Mandated Interested Persons and our Group which do not fall within the ambit of the Shareholders’ IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules. In particular, if such transactions are of an aggregate value equal to or more than 5.0% of our Group’s latest audited NTA, future transactions of such a nature will be subject to Shareholders’ approval before they can be entered into.

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Rationale for, and Benefits of, the Shareholders' IPT Mandate

Our Controlling Shareholder, LHNGPL, is a wholly-owned Singapore subsidiary of LHN Limited, which is dually-listed on the Catalist and the Main Board of the Hong Kong Stock Exchange. LHN Limited and its subsidiaries (excluding our Group) is a real estate management services group that provides integrated real estate management services across Asia. At the forefront of property trends, LHN Limited and its subsidiaries (excluding our Group) has been highly adaptive to the changing needs of how individuals and businesses live, work and play. LHN Limited and its subsidiaries (excluding our Group) also provide car park management and integrated facilities management services covering estate and building management, repair, maintenance and cleaning, pest control and fumigation of buildings and offices to its customers.

During the Relevant Period, our Group has provided trucking services and leased our moving equipment, including but not limited to cranes, forklifts and prime movers, on an ad-hoc basis, to the Mandated Interested Persons for the moving of their shipment containers. We envisage that such transactions are likely to continue in the ordinary course of our business. These transactions also represent an additional source of revenue for our Group. During the Relevant Period, our Group has also obtained warehousing services, car parking lots and heavy vehicle parking services, as well as leases of office premises and residential premises from the Mandated Interested Persons. Our Group has also been relying on certain of the Mandated Interested Persons for some of our administrative needs such as contractual services and the management of utilities account. For further information, please refer to the section entitled "*Interested Person Transactions – Present and On-Going Interested Person Transactions*" of this Offer Document.

Our Group intends to continue to tap on the resources of the Mandated Interested Persons for our operational needs. Therefore, the Shareholders' IPT Mandate and its subsequent renewal on an annual basis would eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential Mandated Transactions with a Mandated Interested Person arise, thereby substantially reducing the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to us and the day-to-day operations of our Group.

The Shareholders' IPT Mandate is intended to facilitate the carrying out of the Mandated Transactions in the normal course of our business which are transacted from time to time with the Mandated Interested Persons, provided that they are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to our Company and its minority Shareholders.

In accordance with the requirements of Chapter 9 of the Catalist Rules, we will (a) disclose in our Company's annual report the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the Shareholders' IPT Mandate during the financial year (as well as in the annual reports for subsequent financial years that the Shareholders' IPT Mandate continues to be in force); and (b) announce the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the Shareholders' IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Catalist Rules within the time required for the announcement of such report.

Methods and Procedures for Mandated Transactions with Mandated Interested Persons

We will have an internal control system and procedures in place to ensure that Mandated Transactions with the Mandated Interested Persons are made on an arm's length basis and on normal commercial terms, supported by independent valuation where appropriate, and are consistent with our Group's usual policies and practices and are not prejudicial to the interests of our Company and its minority Shareholders.

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In particular, the following methods and procedures have been put in place:

(a) Provision of trucking services, as well as rental of moving equipment, including but not limited to cranes, forklifts and prime movers, on an ad-hoc basis to the Mandated Interested Persons

In general, all contracts entered into or transactions with Mandated Interested Persons are to be carried out in accordance with our Group's usual business policies and practices, consistent with the usual margins or at the prevailing market rates for the same or substantially similar type of service or product provided, and on terms which are no more favourable to the Mandated Interested Persons than those extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms.

Where possible and practicable, our Group will use its reasonable endeavours to make comparisons with at least two other contracts or invoices issued to unrelated third parties for the same or substantially similar types of transactions. In the event where the prevailing market rates or prices are not available due to the nature of service to be provided or the equipment to be leased, our Head of Finance and a senior executive of our Company designated by our Audit and Risk Committee (both of whom must have no interest, direct or indirect, in the transactions) will, subject to the approval thresholds set out below, determine whether the prices and terms offered to the Mandated Interested Persons are fair and reasonable, taking into account factors such as, but not limited to, our Group's then prevailing capacity and resources, nature and scope of services, rationale for and benefits of the transaction, duration of the contracts or services, requirements and specifications, industry's terms and practices (if applicable) and credit standing of the Mandated Interested Persons.

(b) Obtaining of services or purchasing of products from Mandated Interested Persons

All contracts entered into or transactions with Mandated Interested Persons are to be carried out by obtaining quotations (wherever possible or available) from at least two other unrelated third party suppliers for the same or substantially similar quantities and/or quality of services or products, prior to the entry into the contract or transaction with the Mandated Interested Person, as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services or products. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, requirements and specifications, quality, reputation, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account.

In particular:

- (A) when obtaining warehousing services from the Mandated Interested Persons and leasing of premises (whether office, industrial or residential) by our Group from the Mandated Interested Persons, our Group will only enter into such transactions with the Mandated Interested Persons if our Group is satisfied that the service fee or lease payable is in line with prevailing market rental rates for comparable premises, including by checking the rates quoted by the Mandated Interested Persons against publicly available rates quoted on established internet property leasing websites; and
- (B) when obtaining administrative services such as the contractual services and the management of utilities account from the Mandated Interested Persons, whereby the Mandated Interest Persons will be charging our Group on a cost recovery plus mark-up basis, our Group will compare the mark-up imposed by the Mandated Interested Persons against the transfer pricing guidelines issued by IRAS. As a guide, based on the sixth edition of the transfer pricing guidelines published by IRAS on 10 August 2021, a 5% cost mark-up administrative practice can be applied for certain routine support services when certain conditions are satisfied.

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In the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services where only the Mandated Interested Persons have the warehousing capacity to house our fleet of heavy vehicles or the Mandated Interested Persons are the only facilities management service providers for the premises leased by our Group), our Head of Finance and a senior executive of our Company designated by our Audit and Risk Committee (both of whom must have no interest, direct or indirect in the transactions) will, subject to the approval thresholds set out below, determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable, taking into account factors such as, including but not limited to, the costs and benefits of entering into the transactions and the prices charged to unrelated third parties by the Mandated Interested Persons.

In addition to the above methods and procedures, the following approval procedures and thresholds will apply to the Mandated Transactions:

- (i) our Head of Finance and a senior executive of our Company designated by our Audit and Risk Committee (the “**Designated Executive**”) (both of whom must have no interest, direct or indirect, in the Mandated Transaction) will review and approve any Mandated Transaction which has a value below 3.0% of our Group’s then latest audited NTA;
- (ii) if a Mandated Transaction (such as a long-term lease contract) has a value equal to or which exceeds 3.0% of our Group’s then latest audited NTA, the review and approval process shall also be undertaken by our Audit and Risk Committee;
- (iii) if our Head of Finance has an interest in the Mandated Transaction or is a nominee for the time being of the Mandated Interested Person, the review and approval process shall be undertaken by our Designated Executive and the Chairman of our Audit and Risk Committee;
- (iv) if our Designated Executive has an interest in the Mandated Transaction or is a nominee for the time being of the Mandated Interested Person, the review and approval process shall be undertaken by our Head of Finance and the Chairman of our Audit and Risk Committee;
- (v) if our Head of Finance and our Designated Executive both have an interest in the Mandated Transaction(s) or are nominees for the time being of the Mandated Interested Person, the review and approval process shall be undertaken by the Chairman of our Audit and Risk Committee and another member of our Audit and Risk Committee (who is not a nominee of the Mandated Interested Person(s) and has no interest in the Mandated Transaction(s));
- (vi) if a member of our Audit and Risk Committee has an interest in any Mandated Transaction or is a nominee for the time being of the Mandated Interested Person(s), he/she shall abstain from participating in the review and approval process of our Audit and Risk Committee in relation to that Mandated Transaction;
- (vii) if a member of our Audit and Risk Committee (who is not a nominee of the Mandated Interested Person(s) and has no interest in the Mandated Transaction) also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Mandated Interested Person, and he/she participates in the review and approval process of our Audit and Risk Committee in relation to a Mandated Transaction with that Mandated Interested Person, he/she will abstain from participating on any decision before the board or committee of that Mandated Interested Person with respect to such Mandated Transaction; and
- (viii) our Head of Finance and our Designated Executive from time to time for such purpose, and our Audit and Risk Committee, may, as he/she/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, which includes obtaining valuations from independent professional valuers.

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We will also implement the following procedures for the identification of Interested Persons and the recording of all Interested Person Transactions (including the Mandated Transactions):

- (1) we will maintain an updated list of Interested Persons and will disclose the list to relevant key personnel within our Group (including after each update to the list) to enable identification of Interested Persons. This master list of Interested Persons shall be reviewed on a half-yearly basis by our Audit and Risk Committee;
- (2) we will obtain signed letters of confirmation from key management personnel and Directors on an annual basis with respect to their interest in any transactions with our Group; and
- (3) we will maintain a register of all Interested Person Transactions, including the Mandated Transactions (“**IPT Register**”) carried out with Mandated Interested Persons. The IPT Register shall include information pertinent to all the Interested Person Transactions, such as, but not limited to, the Interested Persons, the nature of the Interested Person Transactions, the value of the Interested Person Transactions, the basis and rationale for determining the transaction prices, material terms and conditions and supporting evidence and quotations to support such basis. For the avoidance of doubt, all Interested Person Transactions including those below S\$100,000 shall be recorded in the IPT Register.

The IPT Register shall be prepared, maintained and monitored by our Head of Finance, who shall not be interested in any of the Interested Person Transactions and who is duly delegated to do so by our Audit and Risk Committee.

The master list of Interested Persons, the IPT Register and any accompanying report, such as the internal audit reports on Interested Person Transactions will be reviewed by the internal auditors or our Audit and Risk Committee on a half-yearly basis to ascertain that the procedures established to monitor the Interested Person Transactions have been complied with.

If during any of the reviews by our Audit and Risk Committee, our Audit and Risk Committee is of the view that the methods and procedures for Mandated Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of our Group or the Mandated Interested Persons are conducted, we will seek a fresh general mandate from Shareholders based on new methods and procedures so that Mandated Transactions will be carried out on an arm’s length basis and on normal commercial terms and will not be prejudicial to the interests of our Company and its minority Shareholders.

Our Board will also ensure that all disclosures, approvals and other requirements on the Mandated Transactions, including those required by prevailing legislation, the Catalist Rules and relevant accounting standards, are complied with.

Opinion of the Independent Financial Adviser

Xandar Capital Pte. Ltd. has been appointed as our independent financial adviser pursuant to Rule 920(1)(b)(v) of the Catalist Rules, to opine on whether the methods and procedures, as set out above, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and its minority Shareholders.

Having considered, among other things, (i) the methods and procedures as well as the approval procedures and thresholds set out in the section above; (ii) the frequency of review of Interested Person Transactions by the Head of Finance, our Audit and Risk Committee and the internal auditors; (iii) the role of our Audit and Risk Committee in relation to the Shareholders’ IPT Mandate; and (iv) the rationale for and benefits of the Shareholders’ IPT Mandate, Xandar Capital Pte. Ltd. is of the opinion that the methods and procedures of our Company as set out in the section entitled “*Interested Person Transactions – General Mandate for Interested Person Transactions – Methods and Procedures for Mandated Transactions with Mandated Interested Persons*” of this Offer Document for determining the transaction prices of the Mandated Transactions, if adhered to, are sufficient to ensure that the Mandated Transactions carried out thereunder will be on normal commercial terms, and will not be prejudicial to the interests of its Company and its minority Shareholders. Please refer to the section entitled “*Appendix D – Letter From The Independent Financial Adviser*” of this Offer Document for more details.

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Audit and Risk Committee's Statement

Our Audit and Risk Committee is of the view that the methods and procedures for determining transaction prices and terms of the Mandated Transactions, as set out above, are sufficient to ensure that the Mandated Transactions with the Mandated Interested Persons will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and its minority Shareholders.

Review of Other Interested Person Transactions and Review by our Audit and Risk Committee

All other existing and future Interested Person Transactions which do not fall within the ambit of the Shareholders' IPT Mandate ("**Other Interested Person Transactions**") will also be reviewed and approved in accordance with part (a) and (b) of the section entitled "*Interested Person Transactions – General Mandate for Interested Person Transactions – Methods and Procedures for Mandated Transactions with Mandated Interested Persons*" of this Offer Document to ensure that they are on normal commercial terms and on an arm's length basis, that is, the transactions are transacted on terms and prices not more favourable to the Interested Persons than if they were transacted with an unrelated third party and are not prejudicial to the interests of our Company its minority Shareholders in any way.

In addition, each Other Interested Person Transactions with a value exceeding S\$300,000, or when aggregated with all Other Interested Person Transactions in the same financial year with the same Interested Person amounts to 3.0% or more of our Group's then latest audited NTA, will be approved by our Audit and Risk Committee.

Should the value of any Other Interested Person Transactions amount to 3.0% or more of our Group's last audited NTA, it must be announced. Should the value of any Other Interested Person Transactions amount to 5.0% or more of our Group's last audited NTA, it must be announced and made subject to approval by Shareholders of our Company. For the avoidance of doubt, all Other Interested Person Transactions including those below S\$100,000 (or its equivalent) must be recorded in the IPT Register. In the event that these transactions are entered into with the same Interested Person (including his Associates) during the same financial year, such transactions are to be aggregated for purposes of determining whether shareholders' approvals and/or announcements are necessary. In the event that such Other Interested Person Transactions require the approval of our Board of Directors and our Audit and Risk Committee, relevant information will be submitted to our Board of Directors and our Audit and Risk Committee for review. In the event that such Other Interested Person Transactions require the approval of Shareholders, additional information may be required to be presented to Shareholders and an independent financial adviser may be appointed for an opinion.

Our Audit and Risk Committee will also review all Interested Person Transactions recorded in the IPT Register at least on a half-yearly basis to ensure that they are carried out on an arm's length basis and on normal commercial terms in accordance with the methods and procedures outlined above. In addition, our Board of Directors shall also ensure that all disclosures, approvals and other requirements on Interested Person Transactions in accordance with the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Catalist Rules) are complied with.

Disclosure will be made in our Company's annual report of the aggregate value of Interested Person Transactions during the relevant financial year under review and in the subsequent annual reports for the subsequent financial years of our Company. Internal auditors will be appointed and their internal audit plan will incorporate a review of all the Interested Person Transactions at least on an annual basis, and their report shall be submitted to our Audit and Risk Committee.

Our Audit and Risk Committee and our Board of Directors will review internal audit reports to confirm that the methods and procedures established to monitor Interested Person Transactions have been complied with. In addition, our Audit and Risk Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between our Group and our Interested Persons are conducted on normal commercial terms.

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POTENTIAL CONFLICTS OF INTEREST

In general, a conflict of interest arises when any of our Directors, Controlling Shareholders or their Associates is carrying on the same business or dealing in similar products as our Group.

All our Directors have a duty to disclose their interests in respect of any transaction in which they have any personal material interest or any actual or potential conflicts of interest (including a conflict that arises from their directorship or employment or personal investment in any corporation). Upon such disclosure, such Directors will not participate in any proceedings of our Board and shall abstain from voting in respect of any such transaction where the conflict arises.

Our Audit and Risk Committee will review any actual or potential conflicts of interest that may involve our Directors as disclosed by them to our Board and the exercise of our Directors' fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interest by our Director, our Audit and Risk Committee will consider whether a conflict of interest does in fact exist. A Director who is a member of our Audit and Risk Committee will not participate in any proceedings of our Audit and Risk Committee in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting information as our Audit and Risk Committee may deem reasonably necessary. Until our Audit and Risk Committee has determined that no conflict of interest exists, such a Director will not participate in any proceedings of our Board, and shall in any event abstain from voting, in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises.

As at the Latest Practicable Date, our Directors are of the view that adequate safeguards and measures to prevent the occurrence of any potential conflicts of interests have been established.

Save as disclosed in this section, none of our Directors, Executive Officers, Controlling Shareholders or any of their Associates has or had any interest, direct or indirect:

- (a) in any material transactions to which our Group was or is a party;
- (b) in any entity carrying on the same business or dealing in similar services which competes materially and directly with the existing business of our Group; and
- (c) in any enterprise or company that is our Group's customer or supplier of goods and services.

Save as disclosed in the sections entitled "*Interested Person Transactions*" and "*Directors, Management and Staff – Service Agreements*" of this Offer Document, none of our Directors, Executive Officers, Controlling Shareholders or any of their Associates has or had any interest, direct or indirect in any existing contract or arrangement which was or is significant in relation to the business of our Group, taken as a whole.

Interests of Experts

No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the date of this Offer Document, been acquired or disposed of by or leased to our Company or its subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or its subsidiaries.

No expert (a) is employed on a contingent basis by our Company or our subsidiaries; or (b) has a material interest, whether direct or indirect, in our Shares or the shares of our subsidiaries; or (c) has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.

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Interests of PPCF

In the reasonable opinion of our Directors, PPCF does not have a material relationship with our Company, save as disclosed below and in the sections entitled “*Plan of Distribution – Management and Placement Arrangements*” and “*General and Statutory Information – Management and Placement Arrangements*” of this Offer Document:

- (a) PPCF is the Sponsor and Issue Manager, and Co-Placement Agent in relation to the Listing;
- (b) PPCF will be the continuing sponsor of our Company for a period of three years from the date our Company is admitted and listed on the Catalist pursuant to the Continuing Sponsorship Agreement;
- (c) Pursuant to the Sponsorship and Management Agreement and as part of PPCF’s management fees as the Sponsor and Issue Manager, our Company allotted and issued to PPCF 1,500,000 PPCF Shares, representing 1.1% of the enlarged issued and paid-up share capital of our Company immediately prior to the Placement, at the Placement Price for each PPCF Share. After the expiry of the relevant moratorium period as set out in the section entitled “*Shareholders – Moratorium*” of this Offer Document, PPCF may dispose its shareholding interests in our Company at its discretion; and
- (d) PPCF is the continuing sponsor of LHN Limited, our indirect Controlling Shareholder.

Interests of CGS-CIMB

In the reasonable opinion of our Directors, CGS-CIMB does not have a material relationship with our Company, save that CGS-CIMB is the Co-Placement Agent in relation to the Listing and as disclosed in the sections entitled “*Plan of Distribution – Management and Placement Arrangements*” and “*General and Statutory Information – Management and Placement Arrangements*” of this Offer Document.

Interests of Xandar Capital Pte. Ltd.

In the reasonable opinion of our Directors, Xandar Capital Pte. Ltd. does not have a material relationship with our Company save that Xandar Capital Pte. Ltd. is the Independent Financial Adviser.

DIRECTORS, MANAGEMENT AND STAFF

DIRECTORS

Our Board of Directors is entrusted with the responsibility for the overall management of our Group. The particulars of each of our Directors are set out below:

Name	Age	Address	Position
Kelvin Lim	44	c/o 10 Raeburn Park #02-15B Singapore 088702	Executive Chairman
Lin Kaixian	39	c/o 10 Raeburn Park #02-15B Singapore 088702	Executive Director and Managing Director (Transportation Business)
Leon Yee	45	c/o 10 Raeburn Park #02-15B Singapore 088702	Lead Independent Non-Executive Director
Catherine Tan	48	c/o 10 Raeburn Park #02-15B Singapore 088702	Independent Non-Executive Director
Lim Kian Thong	59	c/o 10 Raeburn Park #02-15B Singapore 088702	Independent Non-Executive Director

Experience of our Board of Directors

The business and working experience and areas of responsibility of our Directors are set out below.

Kelvin Lim was appointed as our Director on 24 August 2021 and is our Executive Chairman. He is also a director of all our subsidiaries and Associated Companies except HLA Container Services (Thailand), HLA Holdings (Thailand) and HLA Transportation (Thailand). His role is to provide guidance to the business development and overall management of our Group, in particular, business strategies and investment activities. He is also the executive chairman and group managing director of our indirect Controlling Shareholder, LHN Limited. He has over 20 years of experience in the property leasing business, the logistics services and the facilities management business. Mr. Kelvin Lim started his career in HN Holdings Pte. Ltd. (formerly known as Hean Nerng Holdings Pte. Ltd.), a property management company, as a manager in July 1997, and was subsequently promoted to the position of executive director in November 1998. He joined LHN Limited in October 2008 and his executive role as group managing director of LHN Limited focuses on providing the overall oversight and leadership in LHN Limited's business development and overall management, including investment activities, operations and marketing efforts. Mr. Kelvin Lim has also been a Member of the Lions Club of Singapore Nee Soon Mandarin since September 2004, and was appointed Chairman of the Singapore Wushu Dragon & Lion Dance Federation since August 2020 and Vice President of the General Council of the National Arthritis Foundation of Singapore since July 2017. He was also awarded The Public Service Medal (Pingat Bakti Masyarakat) in 2012. Mr. Kelvin Lim attained his GCE 'O' Level certificate in 1993.

Our Nominating Committee is of the view that Mr. Kelvin Lim is suitable to be appointed as our Executive Chairman notwithstanding his concurrent executive appointment in LHN Limited based on the following reasons:

- (i) as our Executive Chairman, Mr. Kelvin Lim will be focused on the overall oversight and board-based strategic decision making of our Group, and he will not be involved in the day-to-day operations of the business, which is consistent with his role in our Group prior to the spin-off of the logistics business of our Group and the Listing. The actual implementation or management of our Group's business processes and responsibility for management of the day-to-day operations and management of our Group will be under our Executive Director and Managing Director (Transportation Business), Mr. Lin Kaixian, and our Executive Officer and Managing Director (Container Depot Services Business), Mr. Hew Chee Fatt;
- (ii) on completion of the Listing, Mr. Kelvin Lim, in his capacity as the executive chairman and group managing director of LHN Limited, will be able to make decisions in the best interests of LHN Limited and its subsidiaries, which includes our Company;

DIRECTORS, MANAGEMENT AND STAFF

- (iii) Mr. Kelvin Lim has confirmed to our Nominating Committee that he is able to devote adequate time and attention to the affairs of our Company; and
- (iv) our Nominating Committee is of the view that despite his concurrent executive appointments, Mr. Kelvin Lim would be able to, and has allocated his time appropriately, so as to ensure that he is able to adequately carry out his duties as the Executive Chairman of our Group.

Based on the above, our Nominating Committee is of the view that Mr. Kelvin Lim is able to devote adequate time and attention to the affairs of our Company and is suitable to be appointed as an Executive Director of our Group notwithstanding his dual executive appointment in LHN Limited and our Company. Our Nominating Committee will continue to monitor and determine annually whether Mr. Kelvin Lim will be able to devote adequate time and attention to the affairs of our Company and adequately carry out his duties as an Executive Director.

Lin Kaixian was appointed as our Director on 14 January 2022 and is the Managing Director for our Transportation Business. He is also a director of our subsidiaries, LHN Logistics (Malaysia) and HNL. Mr. Lin Kaixian started his career in the logistics industry in November 1999 as a shipping assistant with YCH Logistics Pte Ltd. In January 2002, he joined Banking Computer Services Pte Ltd as an admin and accounts assistant, before leaving in December 2004 to join Ang Brothers Global Logistics Pte Ltd as an operations controller. He joined our Group in February 2006 as an operations executive, and was subsequently promoted to assistant operations manager in October 2010. In January 2011, he joined SH Cogent Logistics Limited as an operations controller before returning to our Group in June 2011 as an assistant operations manager. In July 2014, he was promoted to operations manager and was promoted again to senior manager in July 2016 prior to assuming his current role. Mr. Lin Kaixian attained his GCE 'N' Level certificate in 1998. Over the years, he has obtained various professional certifications and qualifications. Additionally, Mr. Lin Kaixian has also attended professional courses such as the bizSAFE Risk Management Course and Singapore Workforce Skills Qualifications System: Statement of Attainment for PI-PRO-325E-1 Implement Incident Management Process.

Leon Yee was appointed as our Independent Non-Executive Director on 29 March 2022. Mr. Leon Yee started his legal career in 2003, and is presently the Chairman of Duane Morris & Selvam LLP. He serves as the Global Head of Corporate, and leads the Banking & Finance, Energy and China practice groups. Mr. Yee currently also serves as an independent non-executive director of SGX-ST listed FJ Benjamin Holdings Ltd, and was the former non-executive independent chairman of SGX-ST listed Pacific Star Development Limited, as well as a former independent director of Laura Ashley Holdings Plc, a fashion company listed on the London Stock Exchange. He is a member of the advisory board of Genesis Alternative Ventures I L.P., a venture debt fund. Mr. Yee read Law at Christ's College, Cambridge University, where he graduated with honours in 2000. He went on to obtain a Master of Arts from Christ's College, Cambridge University in 2006. He is an Advocate & Solicitor of the Supreme Court of Singapore and a Solicitor of England and Wales.

Catherine Tan was appointed as our Independent Non-Executive Director on 29 March 2022. Ms. Catherine Tan is currently the senior vice president and team lead for regional loan product with DBS Bank Limited. She has more than 28 years of working experience in the banking industry, including various roles with DBS Bank Limited, Overseas Union Bank (now known as United Overseas Bank) and Hong Leong Finance Limited. In August 2003, she was the assistant vice president of enterprise banking at DBS Bank Limited, and was promoted to vice president and senior vice president of SME banking in January 2006 and January 2014 respectively. She commenced her current role in January 2021. She is also an independent director and the chairman of the nominating committee of Sim Leisure Group Ltd., developer and operator of theme parks based in Malaysia which is listed on the Catalist. Ms. Catherine Tan obtained a Master of Business Administration from RMIT University, Australia in 2003, and a Bachelor of Business (Banking and Finance) from Monash University, Australia in 1995.

Lim Kian Thong was appointed as our Independent Non-Executive Director on 29 March 2022. Mr. Lim Kian Thong was appointed as group chief financial officer of iFAST Corporation Ltd, which is listed on the Mainboard of the SGX-ST, in February 2022. He started his career in June 1987 with KPMG Singapore as an external auditor, before leaving to join DBS Bank Group as group senior internal auditor

DIRECTORS, MANAGEMENT AND STAFF

from January 1992 to September 1992. From October 1992 to June 1993, he was a finance and accounts manager with Summit Securities (S) Pte Ltd before being promoted to general manager, a role he carried out from July 1993 to December 2000. From January 2001 to January 2005, he was the general manager at DMG & Partners Securities Pte. Ltd. From February 2005 to May 2009, he was the chief executive officer and executive director of SBI E2-Capital Asia Securities Pte. Ltd. From June 2009 to December 2010, he was an associate director (institutional sales) with DMG & Partners Securities Pte. Ltd., before his promotion to director (equity capital markets) in January 2011, a role which he carried out until August 2012. From October 2012 to March 2013, he was a part-time lecturer and tutor at James Cook University in Singapore. From April 2013 to August 2019, he was the chief executive officer and executive director of Haitong International Securities (Singapore) Pte. Ltd. From September 2019 to January 2020, he was the chief executive officer (financial investments) of Hua Hong Foundation Investment Holding (Singapore) Pte. Ltd. From February 2020 to June 2020, he was the chief financial officer and executive director of PureCircle Limited, which was previously listed on the Premium Main Market of the London Stock Exchange. From August 2020 to February 2022 and May 2021 to February 2022, he was a non-executive independent director of Capital World Limited and United Global Limited respectively, each of which is listed on the SGX-ST. From October 2020 to January 2022, he was the deputy chief operating officer of iFast Financial Pte. Ltd., a wholly-owned subsidiary of iFast Corporation Ltd. Mr. Lim Kian Thong attained a Bachelor of Accountancy from the National University of Singapore in 1987, and a Master of Business Administration (Banking & Finance) from Nanyang Technological University, Singapore in 1998. He is also a Fellow, Chartered Accountant of Singapore and Fellow, CPA Australia. He is also a non-executive independent director of Sitra Holdings (International) Limited, which is listed on the SGX-ST.

Past and present directorships

The list of present and past directorships of each Director over the last five years preceding the date of this Offer Document, excluding those held in our Company, is set out below:

Name	Present directorships	Past directorships
Kelvin Lim	<i>Group Companies (including Associated Companies)</i>	<i>Group Companies (including Associated Companies)</i>
	HLA Container Services Pte. Ltd. HLA Container Services (Myanmar) Limited HLA Holdings Pte. Ltd. HLA Logistics Pte. Ltd. Hean Nerng Logistics Pte Ltd LHN Logistics Sdn. Bhd.	–
	<i>Other Companies</i>	<i>Other Companies</i>
	457 Balestier Pte. Ltd. 471 Balestier Pte. Ltd. 85Soho LHN (Cambodia) Co., Ltd Astore Pte. Ltd. Axis A1 Properties Co.,Ltd Axis Properties Limited Chrysolite Industries Pte. Ltd. Chua Eng Chong Holdings Pte Ltd Coliwoo (BR) Pte. Ltd. Coliwoo Balestier Pte. Ltd Coliwoo Bugis Pte. Ltd. Coliwoo Dormitory Management Pte. Ltd. Coliwoo East Pte. Ltd. Coliwoo Holdings Pte. Ltd.	Automobile Pre Delivery Base Pte. Ltd. Competent Builders Pte. Ltd. Epika Pte Ltd Hean Nerng Facilities Management Pte Ltd LHN Automobile Pte. Ltd. MQ Furnishing Pte. Ltd.

DIRECTORS, MANAGEMENT AND STAFF

Name	Present directorships	Past directorships
	<i>Other Companies</i>	<i>Other Companies</i>
	Coliwoo Investments Pte. Ltd.	
	Coliwoo Keppel Pte. Ltd.	
	Coliwoo Property Management Pte. Ltd.	
	Coliwoo West Pte. Ltd.	
	Emerald Properties Pte. Ltd.	
	Erinite Properties Pte. Ltd.	
	Four Star Industries Pte. Ltd	
	Fragrance Ltd	
	Getgo Technologies Pte. Ltd.	
	Greenhub Serviced Offices Yangon Limited	
	Greenhub Suited Offices Pte. Ltd	
	Greenhub Ventures Pte. Ltd.	
	Hean Nerng Group Pte. Ltd.	
	Hean Nerng Realty Pte Ltd	
	HN Capital Ltd	
	Industrial & Commercial Facilities Management Pte. Ltd.	
	Kelim & Co Pte. Ltd.	
	LHN Asset Management (Xiamen) Co., Limited	
	LHN Capital Pte. Ltd.	
	LHN Energy Resources Pte. Ltd.	
	LHN Facilities Management Pte. Ltd.	
	LHN Group (China) Asset Management Pte. Ltd.	
	LHN Group Pte. Ltd.	
	LHN Industries Pte. Ltd.	
	LHN Limited	
	LHN Management Service (Nan An) Co. Ltd.	
	LHN Management Services Pte. Ltd.	
	LHN Mobility Pte. Ltd.	
	LHN Parking (GMT) Pte. Ltd.	
	LHN Parking HK Limited	
	LHN Parking Pte. Ltd.	
	LHN Properties Investments Pte. Ltd.	
	LHN Residence Pte. Ltd.	
	LHN SB 1 Pte. Ltd.	
	LHN SB 2 Pte. Ltd.	
	LHN Space Resources Pte. Ltd.	
	Metropolitan Parking (BTSC) Pte. Ltd.	
	Metropolitan Parking Pte. Ltd.	
	Motorway Automotive Pte. Ltd.	
	Motorway Automotive Store Hub Pte. Ltd.	
	New Shiso Catering Pte. Ltd.	
	PT Hean Nerng Group	
	PT Hub Hijau Serviced Offices	
	Singapore Handicrafts Pte Ltd	

DIRECTORS, MANAGEMENT AND STAFF

Name	Present directorships	Past directorships
	<i>Other Companies</i>	<i>Other Companies</i>
	Soon Wing Investments Pte. Ltd.	
	White Opal Properties Pte. Ltd.	
	Work Plus Store (AMK) Pte. Ltd.	
	Work Plus Store (Joo Seng) Pte. Ltd.	
	Work Plus Store (Kallang Bahru) Pte. Ltd.	
	Work Plus Store (Kallang) Pte. Ltd.	
	Work Plus Store Pte. Ltd.	
	WPS (TPY) Pte. Ltd.	
	WPS KB Pte. Ltd.	
	Zircon Properties Pte. Ltd.	
Lin Kaixian	<i>Group Companies (including Associated Companies)</i>	<i>Group Companies (including Associated Companies)</i>
	Hean Nerng Logistics Pte Ltd	–
	LHN Logistics Sdn. Bhd.	
	<i>Other Companies</i>	<i>Other Companies</i>
	–	–
Leon Yee	<i>Group Companies (including Associated Companies)</i>	<i>Group Companies (including Associated Companies)</i>
	–	–
	<i>Other Companies</i>	<i>Other Companies</i>
	Caelsius Pte. Ltd.	Cambridge Alliance China Group Pte. Ltd.
	Cambridge Alliance Capital Pte. Ltd.	Cambridge Alliance Global Holdings Pte. Ltd.
	Cambridge Alliance Fund No. 1 Pte. Ltd.	Cambridge Alliance Realtor Pte. Ltd.
	Char Yong (Dabu) Foundation Limited	Cambridge RE Assets Fund No. 1 Pte. Ltd.
	Christ's College, Cambridge Fund (Singapore) Limited	Cambridge RE Assets Fund No. 10 Pte. Ltd.
	Ee Hoe Hean Club	Cambridge RE Assets Fund No. 11 Pte. Ltd.
	F J Benjamin Holdings Ltd.	Cambridge RE Assets Fund No. 2 Pte. Ltd.
	Ladderman (HK) Limited	Cambridge RE Assets Fund No. 3 Pte. Ltd.
	Ladderman Limited	Cambridge RE Assets Fund No. 4 Pte. Ltd.
	Selvam LLC	Cambridge RE Assets Fund No. 5 Pte. Ltd.
	St. Joseph's Institution Philanthropic Fund For the Lasallian Mission Ltd.	Cambridge RE Assets Fund No. 6 Pte. Ltd.
	Yangzijiang Financial Holding Ltd.	Cambridge RE Assets Fund No. 7 Pte. Ltd.
		Cambridge RE Assets Fund No. 8 Pte. Ltd.
		Cambridge RE Assets Fund No. 9 Pte. Ltd.
		Cambridge RE Assets Pte. Ltd.
		Federal International (2000) Ltd
		Knightsbridge Auto Pte. Ltd.
		Knightsbridge Fund No. 1 Pte. Ltd.
		Knightsbridge Fund No. 2 Pte. Ltd.
		Krystal Titan Pte. Ltd.
		Laura Ashley Holdings Plc
		Pacific Star Development Limited (f.k.a. LH Group Limited)

DIRECTORS, MANAGEMENT AND STAFF

Name	Present directorships	Past directorships
		<i>Other Companies</i>
		Pentagon Football Centre Pte. Ltd.
		Purple Sunshine Pte. Ltd.
		Rabbit Colors Pte. Ltd.
		Sweet Orchid Pte. Ltd.
		The Knightsbridge Group Pte. Ltd.
		Yellow Lullaby Pte. Ltd.
Catherine Tan	<i>Group Companies (including Associated Companies)</i>	<i>Group Companies (including Associated Companies)</i>
	–	–
	<i>Other Companies</i>	<i>Other Companies</i>
	Sim Leisure Group Ltd.	–
Lim Kian Thong	<i>Group Companies (including Associated Companies)</i>	<i>Group Companies (including Associated Companies)</i>
	–	–
	<i>Other Companies</i>	<i>Other Companies</i>
	Bondsupermart Pte. Ltd.	Haitong Freedom Multi - Tranche Master Bond Fund
	iFAST Securities US Corporation	Haitong Freedom Multi Tranche Bond Fund
	Lim & Partners Advisory Services Pte. Ltd.	Haitong Global Investment SPC
	Sitra Holdings (International) Limited	Haitong Global Investment SPC II
		Haitong Global Investment SPC III
		Haitong Global Investment SPC IV
		Haitong Global Investment SPC V
		Haitong Global Investment SPC VI
		Haitong International Asset Management (Singapore) Pte. Ltd.
		Haitong International Financial Products (Singapore) Pte Ltd
		Haitong International Financial Services (Singapore) Pte Ltd
		Haitong International Innovation Fund SPC
		Haitong International Investment Fund SPC
	<i>Other Companies</i>	<i>Other Companies</i>
		Haitong International Securities (Singapore) Pte. Ltd.
		Haitong International Securities Group (Singapore) Pte. Ltd.
		Harvest Global Technology Fund S.P.
		PureCircle Limited
		United Global Limited
		Capital World Limited

DIRECTORS, MANAGEMENT AND STAFF

Expertise of our Directors

As evidenced by their respective business and working experience set out above, our Directors possess the appropriate expertise to act as directors of our Company. Save for Mr. Lin Kaixian, our Directors have prior experience as directors of public listed companies in Singapore. In accordance with the requirements under the Catalist Rules, Mr. Lin Kaixian has attended the relevant course on the roles and responsibilities of a director of a public listed company in Singapore organised by the Singapore Institute of Directors for listed entity essentials. Mr. Lin Kaixian has undertaken that he will attend the remaining relevant training by the end of the first year of our Company's Listing, and each of Mr. Kelvin Lim, Mr. Leon Yee, Ms. Catherine Tan and Mr. Lim Kian Thong has undertaken that they will attend the mandated sustainability training as required by the SGX-ST before the end of the financial year of our Company ending 30 September 2023.

None of our Independent Directors sits on the board of directors of our subsidiaries.

EXECUTIVE OFFICERS

The day-to-day operations are entrusted to our Executive Directors who are assisted by an experienced and qualified team of Executive Officers. The particulars of our Executive Officers are set out below:

Name	Age	Address	Position
Hew Chee Fatt	55	c/o 10 Raeburn Park #02-15B Singapore 088702	Managing Director (Container Depot Services Business)
Khaw Shee Kai	39	c/o 10 Raeburn Park #02-15B Singapore 088702	Financial Controller

Experience of our Executive Officers

The business and working experience and areas of responsibility of our Executive Officers are set out below:

Hew Chee Fatt has been the Managing Director for our Container Depot Services Business since April 2013. He is also a director of certain of our subsidiaries and Associated Companies, namely, HLA Container Services (Thailand), HLA Holdings (Thailand), HLA Transportation (Thailand), HLA Logistics, HLA Container Services, HLA Holdings and HLA Container Services (Myanmar). Mr. Hew Chee Fatt started his career in the logistics industry in April 1991 as a regional general manager with Eng Kong Holdings Limited. In October 2012, he joined SH Cogent Logistics Pte Ltd as a regional general manager, before joining our Group in April 2013 in his current role. He was also a non-executive director of CDAS Logistics Alliance (Ltd.) from October 2016 to November 2017. Mr. Hew Chee Fatt attained his Sijil Pelajaran Malaysia in 1984. He holds a Certificate in Industrial Engineering issued by the NPB Institute for Productivity Training in November 1990, and passed the IICL Marine Cargo Container Inspector's Examination under the purview of the Institute of International Container Lessors, Ltd in November 1988, as well as completed the Ultralite Container Corporation ISO Composite Container Repair Workshop in June 1995 by Stoughton Composites, Inc. Additionally, he underwent the Bullet Proof Manager Training Series in July 1997 held by Crestom International and obtained a Certificate in Tank Container Workplace Safety & Health (WSH) in October 2011 by the Asia Tank Container Association.

Khaw Shee Kai is our Financial Controller and has been responsible for all finance related areas of our Group since joining us in September 2021. He is in charge of overseeing our Group's treasury function, audit and taxation matters. He supports the management on all strategic and financial planning matters in relation to our Group's business to ensure that our Group's funds are budgeted, spent and managed well. Mr. Khaw Shee Kai started his career in September 2005 as an audit semi-senior with Moores Rowland (KL). In December 2007, he joined Foo Kon Tan Grant Thornton as an audit senior before leaving to join China Powerplus Limited in December 2010 as group finance manager. In December 2011, he joined Jiutian Chemical Group Limited as the financial controller. In August 2015, he was appointed as the finance manager of Mapletree Greater China Commercial Trust. Thereafter, in March 2016, he joined

DIRECTORS, MANAGEMENT AND STAFF

Weike (S) Pte Ltd as the financial controller before leaving to join Avida Health Pte Ltd as the finance director in July 2017. He rejoined Weike (S) Pte Ltd in April 2019 as the financial controller, before joining us in his current position. Mr. Khaw Shee Kai attained a Bachelor of Commerce (Hons) Accounting from University Tunku Abdul Rahman in 2005, and is also a member of the Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants.

Past and present directorships

The list of present and past directorships of each Executive Officer over the last five years preceding the date of this Offer Document is set out below:

Name	Present directorships	Past directorships
Hew Chee Fatt	<i>Group Companies (including Associated Companies)</i>	<i>Group Companies (including Associated Companies)</i>
	HLA Container Services (Myanmar) Limited	–
	HLA Container Services (Thailand) Limited	
	HLA Container Services Pte. Ltd.	
	HLA Holdings (Thailand) Limited	
	HLA Holdings Pte. Ltd.	
	HLA Logistics Pte. Ltd.	
	HLA Transportation (Thailand) Ltd	
	<i>Other Companies</i>	<i>Other Companies</i>
	–	CDAS Logistics Alliance (Ltd.)
Khaw Shee Kai	<i>Group Companies (including Associated Companies)</i>	<i>Group Companies (including Associated Companies)</i>
	–	–
	<i>Other Companies</i>	<i>Other Companies</i>
	–	Chemist Mart Private Limited Wellness Buddy Pte. Ltd. ZZY Pte. Ltd.

Family relationship

Ms. Jess Lim and Ms. Lim Bee Li, who are indirect Controlling Shareholders, are the siblings of Mr. Kelvin Lim. Mr. Lim Hean Nerng, who is an indirect Controlling Shareholder, is the father of Mr. Kelvin Lim, Ms. Jess Lim and Ms. Lim Bee Li. Mdm. Foo Siau Foon, who is an indirect Substantial Shareholder, is the mother of Mr. Kelvin Lim, Ms. Jess Lim and Ms. Lim Bee Li.

Ms. Lim Yun En, Mr. Lim Wei Yong Matthew, Mr. Lim Wei Yee, Mr. Lin Weichen, Mr. Lim Wei Kheng (Lin Weiqing) and Ms. Lim Yu Yang, who are indirect Substantial Shareholders, are the direct lineal issues of Mr. Kelvin Lim.

For further information on the relationship between Mr. Kelvin Lim and our Controlling Shareholders and Substantial Shareholders, please refer to the section entitled “*Shareholders – Shareholding and Ownership Structure*” of this Offer Document.

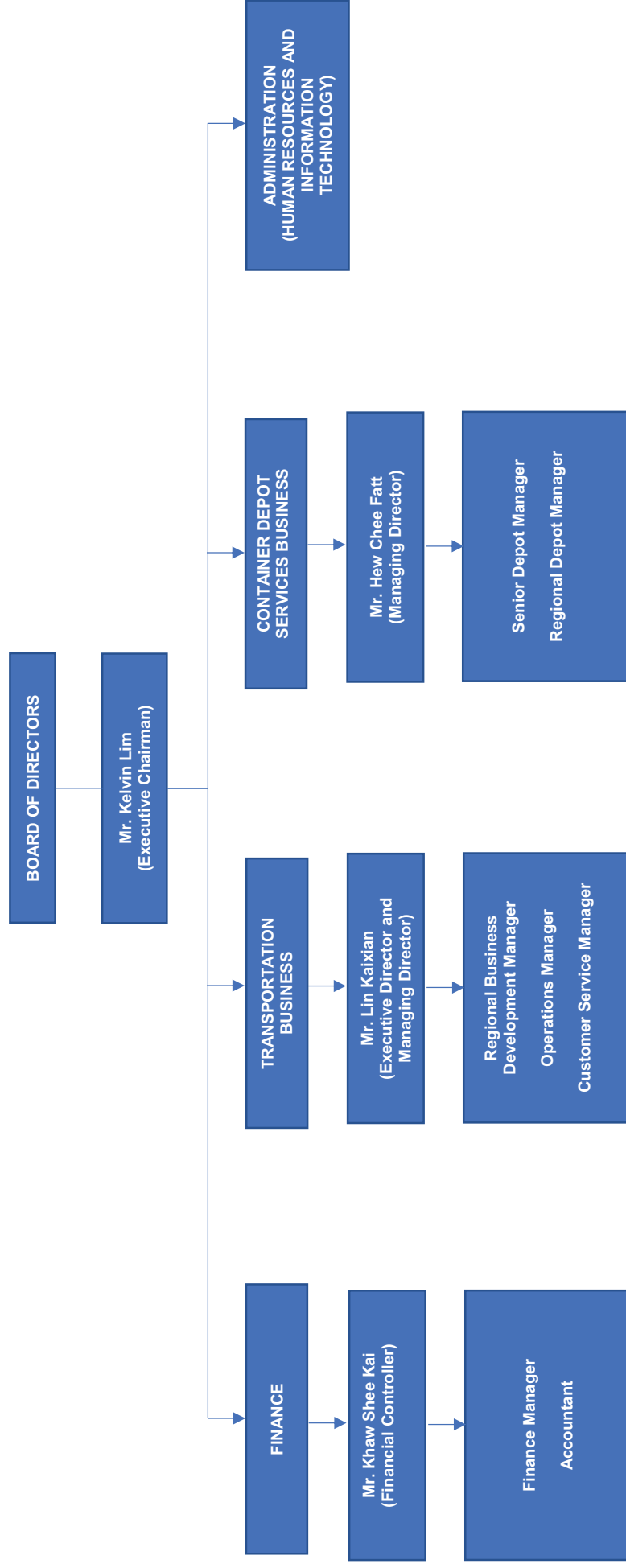
Save as disclosed above, as at the Latest Practicable Date, none of our Directors or Executive Officers are related to one another nor are they so related to any of our Substantial Shareholders.

There is no arrangement or understanding with any of our Controlling Shareholders, Substantial Shareholders, customers, suppliers or any other person, pursuant to which any of our Directors or Executive Officers was selected as our Director or Executive Officer.

DIRECTORS, MANAGEMENT AND STAFF

MANAGEMENT REPORTING STRUCTURE

As at the Latest Practicable Date, our management reporting structure is as follows:



DIRECTORS, MANAGEMENT AND STAFF

EMPLOYEES

As at the Latest Practicable Date, our Group had a workforce of 186 full-time employees, inclusive of contract workers engaged for specific projects.

The functional distribution of our Group's employees as at 30 September 2019, 30 September 2020 and 30 September 2021 and the Latest Practicable Date are as follows:

Function	As at 30 September			As at the Latest Practicable Date
	2019	2020	2021	
Administration (including Human Resource (HR) and Information Technology (IT))	23	21	21	25
Finance	3	3	3	9
Operations	117	125	139	152
Total	143	149	163	186

The increase in the aggregate number of employees from 143 as at 30 September 2019 to 186 as at the Latest Practicable Date was primarily due to the expansion of our Group's overseas operations.

The geographical breakdown of the full-time employees of our Group as at 30 September 2019, 30 September 2020 and 30 September 2021 and the Latest Practicable Date are as follows:

Country	As at 30 September			As at the Latest Practicable Date
	2019	2020	2021	
Singapore	99	99	93	91
Malaysia	12	15	23	29
Thailand	32	35	47	66
Total	143	149	163	186

We do not employ a significant number of temporary employees. We do not experience any significant seasonal fluctuations in our number of employees.

Our employees are not covered by any collective bargaining agreements and are not unionised. The relationship and co-operation between the management and staff have been good and are expected to continue and remain as such in the future. There has not been any incidence of work stoppages or labour disputes which affected our operations.

As at the Latest Practicable Date, other than the amounts set aside or accrued as required for compliance with the applicable laws of Singapore and such other jurisdictions in which our Group operates, no amounts have been set aside or accrued by our Group to provide for pension, retirement or similar benefits for any of our employees.

As at the Latest Practicable Date, other than Mr. Kelvin Lim, our Executive Chairman, none of our full-time employees are related to our Directors, Executive Officers, Controlling Shareholders and/or Substantial Shareholders.

DIRECTORS, MANAGEMENT AND STAFF

REMUNERATION OF DIRECTORS, EXECUTIVE OFFICERS AND RELATED EMPLOYEES

Directors and Executive Officers

The remuneration paid during the Period Under Review, and the estimated remuneration to be paid for the current FY2022, to our Directors and Executive Officers for services rendered to our Group are set out in the following remuneration bands of S\$250,000⁽¹⁾:

Name	FY2019 ⁽²⁾ (Actual)	FY2020 ⁽²⁾ (Actual)	FY2021 ⁽²⁾ (Actual)	FY2022 ⁽³⁾ (Estimated)
Directors				
Kelvin Lim ⁽⁴⁾	–	–	–	Band A
Lin Kaixian ⁽⁵⁾	Band B	Band B	Band B	Band B
Leon Yee	–	–	–	Band A
Catherine Tan	–	–	–	Band A
Lim Kian Thong	–	–	–	Band A
Executive Officers				
Hew Chee Fatt ⁽⁶⁾	Band B	Band B	Band B	Band B
Khaw Shee Kai ⁽⁷⁾	– ⁽⁸⁾	– ⁽⁸⁾	Band A	Band A

Notes:

- (1) Band A: Compensation of up to S\$250,000 per annum.
Band B: Compensation of between S\$250,001 to S\$500,000 per annum.
Band C: Compensation from S\$500,001 to S\$750,000 per annum.
Band D: Compensation from S\$750,001 to S\$1,000,000 per annum.
- (2) Compensation includes any benefits in kind, any deferred compensation accrued for the relevant financial year and payable at a later date, provident fund contribution and directors' fees and bonuses (as the case may be).
- (3) The estimated amount of compensation payable for FY2022 excludes any bonus or profit-sharing plan or any other profit-linked agreement or arrangement which have not been paid, as such bonuses (if any) are variable and discretionary in nature.
- (4) Under the terms of his Service Agreement, Mr. Kelvin Lim is entitled to an incentive bonus. Please refer to the section entitled "*Directors, Executive Officers and Employees – Service Agreements*" of this Offer Document for further details.
- (5) Under the terms of his Service Agreement, Mr. Lin Kaixian is entitled to a fixed bonus and an incentive bonus. Please refer to the section entitled "*Directors, Executive Officers and Employees – Service Agreements*" of this Offer Document for further details.
- (6) Under the terms of his employment agreement with HLA Container Services, Mr. Hew Chee Fatt may be entitled to a performance bonus depending on, *inter alia*, the performance of HLA Container Services. The total remuneration of Mr. Hew Chee Fatt (including the terms of the performance bonus) is in line with those of our industry and our competitors. The relationship between our Group and Mr. Hew Chee Fatt is akin to that of joint venture partners, and Mr. Hew Chee Fatt's employment with HLA Container Services is pursuant to the terms of the joint venture between our Group and Mr. Hew Chee Fatt. Accordingly, given that Mr. Hew Chee Fatt is solely involved in our Container Depot Services Business undertaken by the HLA Group, Mr. Hew Chee Fatt's employment agreement is with HLA Container Services instead of our Group. There are no termination payments or severance payments (including golden parachute payments) and either Mr. Hew Chee Fatt or HLA Container Services may terminate the employment agreement at any time by giving to the other not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary based on his last drawn monthly salary.

Mr. Hew Chee Fatt has covenanted that he shall not, during his employment with HLA Container Services and within a period of 12 months commencing on the date on which a notice to terminate the employment agreement is issued by either party, except with HLA Container Services' consent:
 - (a) be engaged or interested either directly or indirectly in any capacity in any trade, business, occupation or activities which may hinder or otherwise interfere with the performance of his duties or which may conflict with the interests and business from time to time of any HLA Group Company whether under common law or under the provisions of the Companies Act;
 - (b) hold any HCF Material Interest in any business which is wholly or partly in competition within the HLA Prohibited Area with the HLA Business;
 - (c) seek in any capacity whatsoever any business, orders or custom from any HLA Customer in relation to any products or services which are substantially or materially similar to the HLA Restricted Products or HLA Restricted Services;

DIRECTORS, MANAGEMENT AND STAFF

- (d) accept in any capacity whatsoever any orders from any HLA Customer in relation to any products or services which are substantially or materially similar to the HLA Restricted Products or HLA Restricted Services;
- (e) induce or seek to induce by any means whatsoever any HLA Customer to cease dealing with any HLA Group Company or to restrict or vary the terms upon which it deals with any HLA Group Company; and
- (f) represent himself or permit himself to be held out by any person, firm or company as being in any way connected with or interested in any HLA Group Company.

Mr. Hew Chee Fatt has also covenanted that he shall not, during his employment with HLA Container Services and for a period of 12 months commencing upon the termination of his employment or directorship, individually or on behalf of persons not parties to his employment agreement now, aid or endeavour to solicit or induce any other employee, employees, consultant and/or consultants of HLA Container Services and the HLA Group in order to accept a position of any kind with any other person, company, partnership or corporation.

- (7) Under the terms of his Service Agreement, Mr. Khaw Shee Kai is entitled to a fixed bonus and an incentive bonus. Please refer to the section entitled “*Directors, Executive Officers and Employees – Service Agreements*” of this Offer Document for further details.
- (8) Mr. Khaw Shee Kai joined our Group in September 2021.

Save as described above and in the section entitled “*Directors, Executive Officers and Employees – Service Agreements*” of this Offer Document, as at the date of this Offer Document, we do not have in place any formal bonus or profit-sharing plan or any other profit-linked agreement or arrangement with any of our employees and bonus is expected to be paid on a discretionary basis.

Save for the LHN Logistics Performance Share Plan, no remuneration is to be paid in the form of share awards or share options to any of our Directors, Executive Officers or employees. As at the Latest Practicable Date, no Awards have been made under the LHN Logistics Performance Share Plan.

As at the Latest Practicable Date, our Group does not have any employees who are immediate family members of a Director.

As at the Latest Practicable Date, our Group does not have a CEO.

SERVICE AGREEMENTS

On 19 April 2022, our Company entered into the Service Agreements with our Executive Chairman, Mr. Kelvin Lim, our Executive Director and Managing Director (Transportation Business), Mr. Lin Kaixian, and our Financial Controller, Mr. Khaw Shee Kai (each an “**Appointee**”).

The Service Agreements are valid for an initial period of three years with effect from the date of admission of our Company to Catalist (“**Initial Term**”). Upon the expiry of the Initial Term, the employment of the Appointees shall be automatically renewed on a yearly basis on such terms and conditions as the parties may agree unless terminated in accordance with the respective Service Agreements.

The Service Agreements provide for, *inter alia*, the remuneration payable to the Appointees, annual leave, grounds of termination and certain restrictive covenants (including non-compete obligation).

Under the terms of his Service Agreement, Mr. Kelvin Lim is entitled to a fixed monthly salary. He is also entitled to an incentive bonus in respect of each financial year which shall be calculated based on 3% of the operating profit after tax of our Company for that financial year, provided that the financial target set for our Group has been met. The total remuneration of Mr. Kelvin Lim (including the terms of the incentive bonus) is in line with those of our industry and our competitors. In assessing the appropriateness of Mr. Kelvin Lim’s remuneration package for his duties and responsibilities in our Company, our Nominating Committee has taken into consideration Mr. Kelvin Lim’s dual appointment on LHN Limited and our Company.

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Under the terms of his Service Agreement, Mr. Lin Kaixian is entitled to a fixed monthly salary, as well as an annual fixed bonus of one month of his monthly salary. He is also entitled to an incentive bonus in respect of each financial year which shall be calculated based on a fixed percentage of the operating profit after tax of our Company for that financial year attributable to our Transportation Business, provided that the financial target set for our Transportation Business has been met. The total remuneration of Mr. Lin Kaixian (including the terms of the fixed bonus and the incentive bonus) is in line with those of our industry and our competitors.

Under the terms of his Service Agreement, Mr. Khaw Shee Kai is entitled to a fixed monthly salary, as well as an annual fixed bonus of one month of his monthly salary. He is also entitled to an incentive bonus in respect of each financial year which shall be at least one month of his monthly salary, depending on whether our Company has met certain financial targets for that financial year.

Their respective remuneration and any other benefits in kind shall be subject to annual review by our Remuneration Committee after the audited accounts of our Group for the immediate preceding financial year have been approved or such other day as our Remuneration Committee may approve. Any increase in an Appointee's remuneration and benefits shall be subject to the approval of our Remuneration Committee and our Board.

All reasonable out-of-pocket expenses incurred by the Appointees in the discharge of their duties, including costs relating to travelling, accommodation and entertainment, will be borne by our Company. In addition, Mr. Lin Kaixian shall be entitled to a fixed monthly local transport allowance of S\$1,200.

Either the Appointee or our Company may terminate the respective Service Agreements at any time by giving to the other not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary based on the Appointee's last drawn monthly salary.

Subject to the approvals of Shareholders, the SGX-ST and other regulatory authorities, where necessary, and subject to the eligibility criteria set out in the relevant employee share scheme or plan, each Appointee shall be eligible to participate in the performance share plan or other employee share scheme implemented by our Company (if any) on such terms as may be determined by our Remuneration Committee at its sole and absolute discretion.

Our Group may also terminate the employment of each Appointee at any time without notice or payment in lieu of notice under the following circumstances:

- (a) if the Appointee commits any material or repeated breach (as determined by our Company in its sole discretion) of any of the provisions contained herein;
- (b) if the Appointee neglects or refuses, without reasonable cause, to attend to the business of our Company or any Group Company to which he is assigned duties;
- (c) if the Appointee is guilty of dishonesty, fraud, criminal breach of trust, any grave or willful misconduct, or gross neglect or gross negligence in the discharge of his duties hereunder;
- (d) if the Appointee become bankrupt, applies for a bankruptcy petition or has a bankruptcy order made against him, applies for or has made against him a receiving order or makes any composition or enters into any deed of arrangement with his creditors;
- (e) if the Appointee is guilty of conduct tending to bring himself or our Company into disrepute or to prejudice the business interests of our Group;
- (f) if the Appointee lacks capacity as defined in the Mental Capacity Act 2008;

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- (g) if the Appointee commits any act of criminal breach of trust or dishonesty or be convicted of any offence (save for an offence under road traffic legislation for which he is not sentenced to any term of immediate or suspended imprisonment or an offence which in the reasonable opinion of our Board does not affect his position in our Company) or has any judgement, including findings, in relation to fraud, misrepresentation or dishonesty, given against him, whether or not in connection with or referable to his employment;
- (h) if the Appointee is found to have made illegal monetary profit or received any gratuities or other rewards (whether in cash or kind) out of any of our Group's affairs; or
- (i) if the Appointee is disqualified or prohibited from acting as a director or as a key executive officer of managerial position in any jurisdiction by reason of an order made by any competent court for reasons under any applicable laws or regulations, the Constitution other than on technical grounds, or under any of the Catalyst Rules.

None of the Appointees will be entitled to any benefit upon termination of his Service Agreement.

Under the Service Agreements, each of the Appointees has covenanted that he shall not, during his employment with our Company and within a period of 12 months following its termination:

- (a) either alone or jointly with, through or on behalf of any person, company or entity carry on, or be engaged, or be interested in any capacity (save for interests in the nature of investment in quoted or listed securities of up to five percent of the total amount of issued securities of the same class in a corporation listed on any stock exchange, with no control or influence over such entity) in any business in Singapore and/or any other country in which our Group has operations from time to time (the "**Territory**") which is in competition or will compete (whether directly or indirectly) with or is similar to the business of our Group from time to time (the "**Business**");
- (b) either alone or jointly with, through or on behalf of any person, company or entity in any capacity, have any interest, directly or indirectly, in any person or entity who carries on, and/or provide any assistance in any way (including but not limited to managing, providing technical or other advice, financial assistance or otherwise) to any person or entity to carry on any business or other activity which competes with or is similar to the Business of our Group within the Territory, save for interests in the nature of investment in quoted or listed securities of up to five percent of the total amount of issued securities of the same class in a corporation listed on any stock exchange, with no control or influence over such entity;
- (c) whether directly or indirectly, solicit or entice away, or attempt to solicit or entice away from our Group, any person who is an officer, manager or employee of our Group, whether or not such person would commit a breach of his contract of employment with our Group by reason of leaving such employment;
- (d) whether directly or indirectly, interfere or seek to interfere with or make arrangements which have the effect of harming contractual or other trade relations between our Group and any of our Group's suppliers, customers, clients, agents or correspondents, which will cause, or is likely to cause, such supplier, customer, client, agent or correspondent to cease or reduce the amount of business conducted with our Group;
- (e) whether directly or indirectly, share resources (including employees', customers' and suppliers' information), marketing campaigns, trade secrets, operational premises and facilities with any person, company or entity engaged which will compete (whether directly or indirectly) with the Business within the Territory;
- (f) if any business opportunity to engage in any Business in the Territory is offered to him or any of his associates, he shall immediately notify or cause him and/or his associates to notify our Company of such business opportunity, and if directed to do so by our Board, he will assist our Group to obtain such business opportunity on terms acceptable to our Group; and/or

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- (g) cause or permit any person or entity directly or indirectly under his control or in which he has any beneficial interests to do any of the foregoing acts of things.

Had the Service Agreements mentioned above been in place since the beginning of FY2021, the aggregate remuneration (including contributions to the CPF and other benefits, if any) paid or provided to the Appointees would have been approximately S\$0.7 million instead of approximately S\$0.3 million.

Save as disclosed above, there are no other existing or proposed service contracts entered into or to be entered into between our Company and our subsidiaries with any of our Directors. There are no existing or proposed service agreements entered into or to be entered into between our Company and our subsidiaries with any of our Directors which provide for benefits upon termination of employment.

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In conjunction with the Listing, we have adopted a performance share plan known as the “LHN Logistics Performance Share Plan”, which was approved by Shareholders on 28 March 2022. The rules of our PSP are set out in the section entitled “*Appendix C – Rules of the LHN Logistics Performance Share Plan*” of this Offer Document. Capitalised terms used throughout this section shall, unless otherwise defined in the section entitled “*Definitions*” of this Offer Document, bear the meanings as defined in the section entitled “*Appendix C – Rules of the LHN Logistics Performance Share Plan*” of this Offer Document.

The PSP will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. The PSP forms an integral and important component of our compensation plan and is designed primarily to reward and retain directors and employees whose services are vital to the growth and performance of our Company and/or our Group.

As at the Latest Practicable Date, no Awards have been granted under the PSP.

Objectives of the PSP

The main objectives of the PSP are as follows:

- (a) to attract potential employees with relevant skills to contribute to our Group and to create value for Shareholders;
- (b) to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of our Group;
- (c) to motivate the Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to our Group;
- (d) to align the interests of the Participants with the interests of Shareholders;
- (e) to give recognition to the contributions made by the Participants to the success of our Group; and
- (f) to retain key employees of our Group whose contributions are essential to the long-term prosperity of our Group.

The rationale for adopting the PSP is to give our Company greater flexibility to align the interests of employees, especially our key personnel, with that of Shareholders. It is also intended to reward, retain and motivate employees to achieve superior performance which creates and enhances economic value for Shareholders. A performance target based Award may be granted.

As the Shares will be issued free under the PSP, the Participants would receive the same benefit from an Award in respect of fewer Shares as they would receive if share options were granted instead in respect of a larger number of Shares. The PSP would therefore allow our Company to provide an incentive to employees while reducing the dilutive effect to Shareholders.

The Awards given to a particular Participant will be determined at the discretion of the Committee, who will take into account factors such as the Participant’s capability, scope of responsibility, skill and vulnerability to leaving the employment of our Group. In deciding on an Award to be granted to a Participant, the Committee will also consider all aspects of the compensation and/or benefits given to the Participant and such other share-based incentive schemes of our Company, if any. The Committee may also set specific criteria and performance targets for each of the Participant, taking into account factors such as (i) our Company’s and our Group’s business goals and directions for each financial year; (ii) the Participant’s actual job scope and responsibilities; and (iii) the prevailing economic conditions.

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Summary of the PSP

The following is a summary of the rules of the PSP which should be read in conjunction with the section entitled “Appendix C – Rules of the LHN Logistics Performance Share Plan” of this Offer Document.

(1) Eligibility

The following persons shall be eligible to participate in the PSP:

- (a) Group Employees (including Group Executive Directors) who have attained the age of 21 years on or before the date of grant of the Award; and
- (b) Non-Executive Directors (including Independent Directors) who have attained the age of 21 years on or before the date of grant of the Award.

Controlling Shareholders and Associates of our Controlling Shareholders who meet the above eligibility criteria are also eligible to participate in the PSP provided that (a) the participation of, and (b) the terms of each grant and the actual number of Awards granted under the PSP to, a Participant who is our Controlling Shareholder or an Associate of our Controlling Shareholder shall be approved by our independent Shareholders in a general meeting in separate resolutions for each such person, and the basis for seeking such Shareholders’ approval will be included in the circular to Shareholders.

There shall be no restriction on the eligibility of any Participant to participate in any other share incentive schemes or share plans implemented or to be implemented by our Company or any other company within our Group.

Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the PSP may be amended from time to time at the absolute discretion of the Committee.

(2) Awards

Awards represent the right of a Participant to receive fully paid Shares free of charge, upon the Participant achieving prescribed Performance Targets.

The selection of the Participants and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the PSP shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of our Group.

In the case of a performance-related Award, the Performance Targets will be set by the Committee depending on each individual Participant’s job scope and responsibilities. The Performance Targets to be set shall take into account both the medium and long-term corporate objectives of our Group and the individual performance of the Participant and will be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth. The Performance Targets could be based on criteria such as sales growth, growth in earnings and return on investment. In addition, the Participant’s length of service with our Group, achievement of past performance targets, value-add to our Group’s performance and development and overall enhancement to Shareholder value, *inter alia*, will be taken into account.

Awards may be granted at any time in the course of a financial year, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent. Awards may only be vested and hence any Shares comprised in such Awards may only be delivered on or after the second Market Day from the date on which the aforesaid announcement is made.

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An Award letter confirming the Award will be sent to each Participant as soon as reasonably practicable after the Award is finalised, specifying, *inter alia*, in relation to the Award:

- (i) in relation to a performance-related Award, the Performance Targets and the performance period during which the prescribed Performance Targets are to be met;
- (ii) the number of Shares to be vested on the Participant; and
- (iii) the date by which the Award shall be vested.

The Committee will take into account various factors when determining the method to arrive at the exact number of Shares comprised in an Award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of our Company and the pre-determined dollar amount which the Committee decides that a Participant deserves for meeting his Performance Targets. For example, Shares may be awarded based on pre-determined dollar amounts such that the quantum of Shares comprised in Awards is dependent on the closing price of Shares transacted on the Market Day the Award is vested. Alternatively, the Committee may decide the absolute numbers of Shares to be awarded to Participants irrespective of the price of the Shares. The Committee shall monitor the grant of Awards carefully to ensure that the size of the PSP will comply with the relevant rules of the Catalist Rules.

(3) Size and duration of the PSP

The total number of Shares which may be delivered pursuant to the vesting of Awards on any date, when added to the aggregate number of Shares issued and/or issuable in respect of (a) all Awards granted under the PSP; and (b) all other Shares issued and/or issuable under any other share-based incentive schemes or share plans of our Company, shall not exceed 15.0% of the total number of issued Shares (excluding treasury shares) of our Company from time to time.

Our Directors believe that the size of the PSP will give our Company sufficient flexibility to decide the number of Shares to be offered under the PSP. However, it does not indicate that the Committee will definitely issue Shares up to the prescribed limit. The Committee will exercise its discretion in deciding the number of Shares to be granted to each Participant under the PSP. This, in turn, will depend on and be commensurate with the performance and value of the Participant to our Group.

The aggregate number of Shares that are available to our Controlling Shareholders or Associates of our Controlling Shareholders under the PSP shall not exceed 25.0% of the total number of Shares available under the PSP. The number of Shares that are available to each Controlling Shareholder or Associate of our Controlling Shareholder under the PSP shall not exceed 10.0% of the Shares available under the PSP.

The PSP shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the PSP is adopted by our Company in a general meeting, provided always that the PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the PSP, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

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(4) Operation of the PSP

The Committee shall have the discretion to determine whether Performance Targets have been met (whether fully or partially) or exceeded and/or whether the Participant's performance and/or contribution to our Company and/or any of our subsidiaries justifies the vesting of an Award. In making any such determination, the Committee shall have the right to make reference to the audited results of our Company or our Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the Performance Targets if the Committee decides that a changed Performance Targets would be a fairer measure of performance.

Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the Committee being satisfied that the Participant has achieved the Performance Targets.

Subject to the prevailing legislation and the provisions of the Catalist Rules, our Company will be delivering Shares to Participants upon vesting of their Awards by way of an issue of new Shares or the transfer of existing Shares held as treasury shares to the Participants. In determining whether to issue new Shares or to purchase existing Shares for delivery to Participants upon the vesting of their Awards, our Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on our Company of either issuing new Shares or purchasing existing Shares.

New Shares allotted and issued on the release of an Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the date of issue of the new Shares or the date of transfer of treasury shares pursuant to the vesting of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

(5) Adjustments and alterations under the PSP

(a) *Variation of Capital*

If a variation in the issued and paid-up ordinary share capital of our Company (whether by way of a bonus issue, a capitalisation of profits or reserves or rights issue, capital reduction, sub-division, consolidation, distribution or otherwise) shall take place, then:

- (i) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (ii) the class and/or number of Shares over which future Awards may be granted under the PSP,

shall be adjusted by the Committee to give each Participant the same proportion of the equity capital of our Company as that to which he was previously entitled and, in doing so, the Committee shall determine at its own discretion the manner in which such adjustment shall be made.

Unless the Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:

- (i) the issue of securities as consideration for an acquisition or a private placement of securities;
- (ii) the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on Catalist during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;

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- (iii) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees pursuant to any share option scheme or share plan approved by Shareholders in general meeting, including the PSP; and
- (iv) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by our Company.

Notwithstanding the provisions of the rules of the PSP:

- (i) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and
- (ii) any adjustment (other than on a bonus issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

(b) Modifications to the PSP

Any or all the provisions of the PSP may be modified and/or altered at any time and from time to time by resolution of the Committee, provided that:

- (i) any modification or alteration which would be to the advantage of Participants under the PSP shall be subject to the prior approval of Shareholders in a general meeting; and
- (ii) no modification or alteration shall be made without due compliance with the Catalyst Rules and such other laws or regulations as may be applicable.

(6) Reporting requirements

Under the Catalyst Rules, an immediate announcement must be made on the date of grant of an Award and provide details of the grant, including the following:

- (a) date of grant;
- (b) market price of the Shares on the date of grant of the Award;
- (c) number of Shares granted under the Award;
- (d) number of Shares granted to each Director and Controlling Shareholder (and each of their Associates) under the Award, if any; and
- (e) the vesting period in relation to the Award.

The following disclosures (as applicable) will be made by our Company in our annual report for so long as the PSP continues in operation:

- (a) the names of the members of the Committee administering the PSP;
- (b) in respect of the following Participants:
 - (i) Directors of our Company;
 - (ii) Participants who are Controlling Shareholders and their Associates; and
 - (iii) Participants (other than those in paragraph (b)(i) above) who have received Shares pursuant to the vesting of Awards granted under the PSP which, in aggregate, represent five per cent. (5.0)% or more of the total number of Shares available under the PSP,

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the following information:

- (aa) the name of the Participant;
 - (bb) the aggregate number of Shares comprised in Awards which have been granted to such Participant during the financial year under review;
 - (cc) the aggregate number of Shares comprised in Awards which have been granted to such Participant since the commencement of the PSP to the end of the financial year under review;
 - (dd) the aggregate number of Shares comprised in Awards which have been issued and/or transferred to such Participant pursuant to the vesting of Awards under the PSP since the commencement of the PSP to the end of the financial year under review; and
 - (ee) the aggregate number of Shares comprised in Awards which have not been vested as at the end of the financial year under review; and
- (c) such other information as may be required by the Catalist Rules or the Companies Act.

If any of the above is not applicable, an appropriate negative statement shall be included.

(7) Role and composition of the Committee

The Committee shall be responsible for the administration of the PSP and shall consist of our Directors. As at the date of this Offer Document, the Committee comprises Mr. Leon Yee, Ms. Catherine Tan and Mr. Lim Kian Thong.

The Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the PSP) for the implementation and administration of the PSP as they think fit including, but not limited to:

- (a) imposing restrictions on the number of Awards that may be vested within each financial year; and
- (b) amending Performance Targets if by so doing, it would be a fairer measure of performance for a Participant or for the PSP as a whole.

In compliance with the requirements of the Catalist Rules, any Participant of the PSP who is a member of the Committee shall not be involved in its deliberations in respect of Awards to be granted to or held by him or his Associate.

(8) Abstention from voting

Participants who are also Shareholders and are eligible to participate in this Plan must abstain from voting on any resolution relating to the participation of, or grant of Awards to the Participants.

Rationale for participation of our Executive Directors and Group's employees in the PSP

The extension of the PSP to our Executive Directors and Group's employees allows us to have a fair and equitable system to reward our Executive Directors and Group's employees who have made and who continue to make significant contributions to the long-term growth of our Group. We believe that the grant of Awards to our Executive Directors and Group's employees will enable us to attract, retain and provide incentives to our Directors and Group's employees to produce higher standards of performance, encourage greater dedication and loyalty by enabling our Company to give recognition to past contributions and services and motivate them generally to contribute towards the long-term growth of our Group.

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Rationale for participation by our Controlling Shareholders and the Associates of our Controlling Shareholders in the PSP

Our Company acknowledges that the services and contributions of employees who are our Controlling Shareholders or Associates of our Controlling Shareholders are important to the development and success of our Group. The extension of the PSP to confirmed full-time employees who are our Controlling Shareholders or Associates of our Controlling Shareholders allows our Group to have a fair and equitable system to reward employees who have actively contributed to the progress and success of our Group. The participation of our Controlling Shareholders or the Associates of our Controlling Shareholders in the PSP will serve both as a reward to them for their dedicated services to our Group and a motivation for them to take a long-term view of our Group.

Although Participants who are our Controlling Shareholders or Associates of our Controlling Shareholders may already have shareholding interests in our Company, the extension of the PSP to include them ensures that they are equally entitled, with the other employees of our Group who are not our Controlling Shareholders or Associates of our Controlling Shareholders, to take part and benefit from this system of remuneration. We are of the view that a person who would otherwise be eligible should not be excluded from participating in the PSP solely by reason that he/she is our Controlling Shareholder or an Associate of our Controlling Shareholder(s).

The specific approval of our independent Shareholders is required for the participation of such persons as well as the actual number of and terms of such Awards. A separate resolution must be passed for each such participant. In seeking such approval from our independent Shareholders, clear justification as to the participation of our Controlling Shareholders and/or Associates of our Controlling Shareholders, the number of and terms of the Awards to be granted to our Controlling Shareholders or Associates of our Controlling Shareholders shall be provided. Accordingly, we are of the view that there are sufficient safeguards against any abuse of the PSP resulting from the participation of employees who are our Controlling Shareholders or Associates of our Controlling Shareholders.

It is proposed that Mr. Kelvin Lim, our indirect Controlling Shareholder and our Executive Chairman, be entitled to participate in the PSP. The shareholding interests of Mr. Kelvin Lim in the issued share capital of our Company immediately before and after the Placement are disclosed in the section entitled “*Shareholders -- Shareholding and Ownership Structure*” of this Offer Document.

Rationale for participation of our indirect Controlling Shareholder, namely Mr. Kelvin Lim, in the PSP

Mr. Kelvin Lim is our Executive Chairman and our indirect Controlling Shareholder. His role is to provide guidance to the business development and overall management of our Group, in particular, business strategies and investment activities. Our Directors (excluding Mr. Kelvin Lim) believe that the potential contribution that may be made by Mr. Kelvin Lim to our Group's future development will be substantial and his continuing contribution is an important factor for the further growth and success of our Group. Hence, our Directors (excluding Mr. Kelvin Lim) are of the view that the inclusion of Mr. Kelvin Lim in the PSP will give due recognition for his services and contributions to the growth and development of our Group. The extension of the PSP to Mr. Kelvin Lim is consistent with our Company's objectives to motivate our employees to achieve and maintain a high level of performance and contribution which is vital to the success of our Company. Although Mr. Kelvin Lim currently has deemed shareholding interests in our Company, the extension of the PSP to him will ensure that he is equally entitled, with the other employees who are not our Controlling Shareholders, to take part in and benefit from this system of remuneration, thereby enhancing his long-term commitment to our Company.

Acknowledgment and approval by subscribers of Placement Shares

The participation of Mr. Kelvin Lim in the PSP will take place only after the Listing. By subscribing for the Placement Shares, investors shall be deemed to have acknowledged and approved the participation by Mr. Kelvin Lim in the PSP. Nonetheless, under the Catalist Rules, the specific grant of Awards to Mr. Kelvin Lim and any of our other Controlling Shareholders or their Associates will have to be approved in separate resolutions by independent Shareholders in general meeting.

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Rationale for participation by Non-Executive Directors (including Independent Directors)

While the PSP caters principally to Group Employees, it is recognised that there are other persons who make significant contributions to our Group through their close working relationships with our Group, even though they are not employed within our Group. Such persons include our Non-Executive Directors.

Our Non-Executive Directors are persons from different professions and working backgrounds, bringing to our Group their wealth of knowledge, business expertise and contacts in the business community. They play an important role in helping our Group shape its business strategy by allowing our Group to draw on their diverse backgrounds and working experience. It is crucial for our Group to attract, retain and incentivise our Non-Executive Directors. By aligning the interests of our Non-Executive Directors with the interests of Shareholders, our Company aims to inculcate a sense of commitment on the part of our Non-Executive Directors towards serving the short and long-term objectives of our Group.

Our Directors are of the view that including our Non-Executive Directors in the PSP will show our Company's appreciation for, and further motivate them in their contribution towards the success of our Group. However, as their services and contributions cannot be measured in the same way as the full-time employees of our Group, while it is desired that participation in the PSP be made open to our Non-Executive Directors, any Awards that may be granted to any such Non-Executive Director would be intended only as a token of our Company's appreciation.

For the purpose of assessing the contributions of our Non-Executive Directors, the Remuneration Committee will propose a performance framework comprising mainly non-financial performance measurement criteria such as the extent of involvement and responsibilities shouldered by our Non-Executive Directors. In addition, our Remuneration Committee will also consider the scope of advice given, the number of contacts and size of deals which our Group is able to procure from the contacts and recommendations of our Non-Executive Directors. Our Remuneration Committee may also decide that no Awards shall be made in any financial year or no grant and/or Award may be made at all.

It is envisaged that the vesting of Awards, and hence the number of Shares to be delivered to our Non-Executive Directors based on the criteria set out above will be relatively small, in terms of frequency and numbers. Based on this, our Directors are of the view that the participation by our Non-Executive Directors in the PSP will not compromise the independent status of our Independent Directors.

FINANCIAL EFFECTS OF THE PSP

Cost of Awards

Entities shall apply Singapore Financial Reporting Standard (International) 2 ("**SFRS(I) 2**") for all share-based payment transactions. Participants will receive Shares and the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards will be recognised as a charge to profit or loss over the period between the grant date and the vesting date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Shares vested at the vesting date, with a corresponding credit to reserve account. Before the end of the vesting period, at each accounting year end, the estimate of the number of Awards that are expected to vest by the vesting date is subject to revision, and the impact of the revised estimate will be recognised in profit or loss with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to profit or loss is made.

The amount charged to profit or loss would be the same whether our Company settles the Awards by issuing new Shares or by purchasing existing Shares. The amount of the charge to profit or loss also depends on whether or not the Performance Target attached to an Award is measured by reference to the market price of the Shares. This is known as a market condition. If the Performance Target is a market condition, the probability of the Performance Target being met is taken into account in estimating the fair value of the Award granted at the grant date, and no adjustments to amounts charged to profit or loss are made if the market condition is not met. However, if the Performance Target is not a market condition,

THE LHN LOGISTICS PERFORMANCE SHARE PLAN

the fair value per Share of the Awards granted at the grant date is used to compute the amount to be charged to profit or loss at each accounting date, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition, there would be no charge to profit or loss if the Awards do not ultimately vest.

Share capital

The PSP will result in an increase in our Company's issued and paid-up share capital where new Shares are issued to Participants. The number of new Shares issued will depend on, among others, the size of the Awards granted under the PSP. In any case, the PSP provides that the number of shares to be issued under the said PSP will be subject to a maximum limit of 15.0% of our total issued Shares. The aggregate number of Shares available under the PSP shall not exceed 15.0% of the total issued share capital of our Company post- Placement and from time to time. If instead of issuing new Shares to the Participants, treasury shares are transferred to Participants or our Company pays the equivalent cash value, the PSP would have no impact on our Company's total number of issued Shares.

NTA

The PSP will result in a charge to our Company's profit or loss over the period from the grant date to the vesting date of the Awards. The amount of the charge will be computed in accordance with SFRS(I) 2. When new Shares are issued under the PSP, there would be no effect on the NTA. However, instead of issuing new Shares to Participants, existing Shares are purchased for delivery to Participants, or our Company pays the equivalent cash value, the NTA would be impacted by the cost of the Shares purchased or the cash payment, respectively.

EPS

The PSP will result in a charge to earnings equivalent over the period from the grant date to the vesting date, computed in accordance with SFRS(I) 2.

It should again be noted that the delivery of Shares to Participants of the PSP will generally be contingent upon the Participants meeting the prescribed Performance Targets and conditions.

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Our Directors recognise the importance of corporate governance and the maintenance of high standards of accountability to Shareholders of our Company. Accordingly, our Board has established three committees (a) our Audit and Risk Committee; (b) our Nominating Committee; and (c) our Remuneration Committee.

CORPORATE SOCIAL RESPONSIBILITY

Our approach to sustainability is to embed sustainable practices in our Group's everyday operations and align sustainability goals with our Group's overall strategic direction. Over the years, our Group remains committed to conducting its business operations in an ethical and responsible manner. A monitoring system is in place to ensure the business is on track to achieve those goals and to continuously improve our performance in key environmental, social and governance ("ESG") factors. Our corporate social responsibility policies focus on four main pillars, namely, protecting our environment, safeguarding health and safety, cultivating strong business values and creating a fair workplace.

Protecting Our Environment

Our Group aims to contribute to the collective effort to reduce Singapore's overall Greenhouse Gas emissions through the following:

- (i) new vehicle selection in accordance with Euro 46 Standards and above;
- (ii) regular servicing of our fleet for optimum fuel efficiency;
- (iii) route analysis prior to each trip to find the most efficient route; and
- (iv) monitoring of fuel consumption to encourage fuel-efficient driving and requiring drivers to turn off engine when idle.

Safeguarding Health and Safety

Our Group strives to create a culture where all staff value individual commitment towards safe work practices and to create workplaces that are safe and conducive for our employees to work in through the following:

- (i) mandatory safety induction program for all drivers;
- (ii) installing all vehicles with safety kits, which include fire extinguishers, personal protection equipment and first-aid boxes;
- (iii) conducting breathalyser and drug tests on drivers based on a random selection process;
- (iv) standby of company emergency response vehicle in the event of accidents or breakdowns of vehicles;
- (v) driver training on road safety;
- (vi) monitoring of speed limits with GPS system installed in all our trucks; and
- (vii) installing mobile eye technology in vehicles to prompt drivers of pre-collision warnings, and collecting data on the driving behaviour of our drives for monitoring and improvement purposes.

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Cultivating Strong Business Values

High ethical standards in accordance with the Code of Corporate Governance 2018 is integral to our Group's corporate identity and how we conduct our business. We maintain robust internal controls, as well as whistle-blowing and conflict of interest policies. We also ensure compliance with all relevant laws and regulations in countries where we operate, and maintain transparency and accountability within our organisation. We also understand that security of information is critical in maintaining our stakeholders' trust in the business. To that end, we have implemented a personal data protection policy and established a data protection committee to monitor compliance with the Personal Data Protection Act 2012 of Singapore and matters relating to customers' data protection and privacy. We ensure that all confidential data is securely stored in a robust information system which undergoes an annual audit carried out by an accredited party. We also conduct penetration tests to prevent hacking of data on a regular basis. As our business thrives on mutually beneficial and strong relationships formed with our customers, we conduct annual customer satisfaction surveys where any complaints received will be logged into our system and addressed by the next working day.

Creating A Fair Workplace

We have pledged our commitment to adopt the five key principles defined by the Tripartite Guidelines on Fair Employment Practices ("TGFEF") and we believe in developing in-house talents for the continued growth and success of our Group.

Our Group has complied with all MOM guidelines, and all eligible job applications, internal transfers and promotions are merit-based regardless of race, ethnicity, religion, age and gender.

We also provide sponsorships to employees to encourage lifelong learning. Feedback is garnered after every training programme to measure the relevance and usefulness of subjects covered to employees. We conduct performance appraisals for all employees, and benchmarking exercises are conducted against market's best practices in ensuring that adequate and quality training is provided to our employees.

We will be required to disclose our corporate social responsibility policies with reference to the SGX-ST's Sustainability Reporting Guide. Our Board of Directors will establish a corporate social responsibility policy which will include the review of the following areas of our Group's activities:

- (a) to review and recommend our Group's policy in respect of corporate social responsibility issues;
- (b) to review our Group's health, safety and environment policies and standards;
- (c) to review the social impact of our Group's business practices in the communities that we operate in;
- (d) to review and recommend policies and practices with regards to key stakeholders (suppliers, customers and employees); and
- (e) to review and recommend policies and practices with regards to regulators.

AUDIT AND RISK COMMITTEE

Our Audit and Risk Committee comprises our Independent Directors, Mr. Leon Yee, Ms. Catherine Tan and Mr. Lim Kian Thong. The Chairman of our Audit and Risk Committee is Mr. Lim Kian Thong.

Our Audit and Risk Committee is responsible for:

- (a) assisting our Board of Directors in discharging its statutory responsibilities on financing and accounting matters;
- (b) reviewing the assurance from our Executive Chairman and the Head of Finance on the financial records and financial statements of our Company;

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- (c) reviewing the half-yearly and annual financial statements prior to submission to our Board of Directors for approval;
- (d) reviewing significant financial reporting issues and judgements to ensure the integrity of our financial statements, which includes reviewing and discussing with our internal and external auditors any issues and concerns arising from the audits, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on our Group's financial performance or financial position and our management's response to such issues;
- (e) reviewing any formal announcements relating to our financial performance and ensuring that the outcome of the review our Group's key financial risk areas are disclosed in our annual reports, and if the findings are material, to be announced via SGXNET in accordance with the Catalist Rules;
- (f) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- (g) reviewing the external auditor's audit plan and audit report, and the external auditor's evaluation of the system of internal accounting controls, including financial, operational, compliance and information technology controls, as well as reviewing our Company's implementation of any recommendations to address any control weaknesses highlighted by the external auditor;
- (h) reviewing our policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, and in particular, ensuring our Company publicly discloses and clearly communicates to our employees the existence of a whistle-blowing policy and procedures for raising such concerns;
- (i) reviewing the key financial risk areas, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by our Board of Directors, with a view to providing an independent oversight on our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNet;
- (j) reviewing at least annually the adequacy and effectiveness of our risk management and internal controls systems, including financial, operational, compliance and information technology controls, and, where necessary and appropriate, provide a statement on our Board's comment on the adequacy and effectiveness of our Company's internal controls;
- (k) reviewing any Interested Person Transactions and monitoring the procedures established to regulate Interested Person Transactions, including ensuring compliance with our Company's internal control system and the relevant provisions of the Catalist Rules, as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interests have been put in place (please refer to the sections entitled "*Interested Person Transactions – Methods and Procedures for Mandated Transactions with Mandated Interested Persons*" and "*Interested Person Transactions – Potential Conflicts of Interest*" of this Offer Document for further details);
- (l) reviewing and assessing from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with our Controlling Shareholders and propose, where appropriate, the relevant measures for the management of such conflicts
- (m) reviewing the implementation by our Group of the internal control recommendations made by the internal auditors and following up on and review of the effective implementation of the proposed rectification measures for the low-risk internal controls weaknesses identified by the internal auditors during Listing due diligence;
- (n) reviewing transactions undertaken by our Group which fall within the scope of Chapter 10 of the Catalist Rules;

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- (o) to be the primary reporting line of the internal audit function and ensuring that the internal audit function has direct, unrestricted and unfettered access to all our Group's documents, records, properties and personnel, including the Chairman of our Board of Directors and our Audit and Risk Committee;
- (p) ensuring that the internal audit function is adequately resourced and has appropriate standing within our Company;
- (q) reviewing the scope and results of the internal audit procedures, and at least annually, the adequacy, effectiveness, independence, scope and results of our internal audit function;
- (r) ensuring the internal audit function is independent, effective and adequately resourced, is staffed with persons with the relevant qualifications and experience, and deciding on the appointment, termination and remuneration of the head of the internal audit function;
- (s) meeting with our external auditors and internal auditors, in each case without the presence of our management, at least annually and review the co-operation given by the management to the internal and external auditors, where applicable;
- (t) reviewing the assistance, coordination and co-operation given to our Group's management to the internal and external auditors;
- (u) reviewing the nature, extent and costs of non-audit services performed by the external auditor, to ensure their independence and objectivity;
- (v) appraising and reporting to our Board of Directors on the audits undertaken by the external auditors and internal auditors and the adequacy of disclosure of information;
- (w) where necessary, commissioning an independent audit on internal controls and risk management systems for the assurance of our Audit and Risk Committee, or where it is not satisfied with our systems of internal controls and risk management;
- (x) making recommendations to our Board of Directors on (i) the proposals to Shareholders on the appointment, reappointment and removal of the external auditor; and (ii) the remuneration and terms of engagement of the external auditor;
- (y) undertaking such other reviews and projects as may be requested by our Board of Directors, and reporting to our Board its findings from time to time on matters arising and requiring the attention of our Audit and Risk Committee;
- (z) monitoring the measures undertaken by our Group to mitigate and to the extent possible remediate non-compliance by our Group, and having oversight of and reviewing such measures to monitor and to the extent possible prevent further recurrence of non-compliances;
- (aa) reviewing changes in accounting policies and practices, major risk areas and significant adjustments arising from audits, compliance statutory and regulatory requirements including the accounting standards and the Catalist Rules, and concerns and issues arising from audits including any matters which our external and internal auditors may wish to discuss in the absence of our management;
- (bb) reviewing and approving all hedging policies implemented by our Group (if any) and conducting periodic review of foreign exchange transactions and hedging policies and procedures;
- (cc) monitoring the implementation of a policy and procedures for sustainability reporting;
- (dd) appraising the performance of our Financial Controller and/or the Head of Finance on an annual basis;

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- (ee) monitoring the use of the proceeds from the Placement;
- (ff) reviewing the procedures and policies put in place to ensure compliance with various laws and regulations at least annually, to ensure that such procedures and policies are commensurate with our Group's operations and expansion plans from time to time;
- (gg) having oversight of and monitoring and reviewing the political situation in Myanmar before our Group makes the decision to proceed with its business plans in Myanmar. On a continuing basis, our Audit and Risk Committee will also monitor and review the political and legal concerns and that all requisite licences, permits and approvals have been obtained by our Group;
- (hh) having oversight of and monitoring the coming into force of the Trademark Law in Myanmar (Pyidaungsu Hluttaw Law No. 3/2019) dated 30 January 2019 (the "**Trademark Law**") and ensuring that the requisite trademark registration procedures under the Trademark Law are completed once the Trademark Law comes into force;
- (ii) reviewing the procedures by which employees of our Group may, in confidence, report to the chairman of our Audit and Risk Committee, possible improprieties in matters of financial reporting or other matters;
- (jj) reviewing and establishing procedures for receipt, retention and treatment of complaints received by our Group, including among others, criminal offences involving our Group or our employees, and/or questionable accounting, auditing, business, safety or other matters that impact negatively on our Group, and ensuring that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and
- (kk) undertaking generally such other functions and duties as may be required by law or the Catalyst Rules or as recommended by the Code of Corporate Governance 2018, and by amendments made thereto from time to time.

Apart from the duties listed above, our Audit and Risk Committee will ensure that arrangements are in place for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. Our Audit and Risk Committee will commission and review the findings of internal investigations into such matters or matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on our Group's operating results and financial position, and the management's response. Our Audit and Risk Committee will also ensure that the appropriate follow-up actions are taken. In the event that a member of our Audit and Risk Committee is interested in any matter being considered by our Audit and Risk Committee, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

Adequacy of Internal Controls

In preparation for our Listing, our Audit and Risk Committee has held discussions with the internal auditors, Ernst & Young Advisory Pte Ltd, in relation to our internal controls. During the course of discussions, our Audit and Risk Committee was given a broad overview of our Group's current internal control procedures. Our Board also noted that the internal auditors has confirmed that they are satisfied that the management of our Group has adequately addressed all material points raised in relation to our Group's internal control weaknesses. Further, the internal auditors have also reviewed, where applicable, the effectiveness of measures put in place and/or enhanced by our Group to mitigate and to the extent possible prevent the recurrence of past non-compliances. Where any outstanding internal control weaknesses remain, a follow up review will be conducted post-Listing as part of the internal audit plan on such outstanding internal control weaknesses. The scope of the internal auditors' overall internal control environment assessment covered the operating entities of our Group and was developed with reference to the five key elements stated in the Internal Control Integrated Framework, published by the Committee of Sponsoring Organisations of the Treadway Commission, which includes risk assessment, control activities, information and communication and monitoring. The review was conducted on the key business

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processes of (a) cash and bank management; (b) revenue, receivables and collections; (c) procurement to payment; (d) fixed asset management; (e) human resource and payroll; (f) financial preparation and reporting; (g) related/interested party transactions; and (h) IT general controls.

Our Board of Directors has also noted that no material internal accounting control weaknesses have been raised by the Independent Auditor and Reporting Accountant in the ordinary course of their audit that may have a significant effect on the preparation of the combined financial statements of our Group for the Period Under Review.

Following the Listing, our Audit and Risk Committee will continually review the effectiveness of our internal control procedures and, if necessary, outsource our internal audit function to ensure the adequacy and sufficiency of internal control procedures within our Group.

Based on the foregoing, our Board, after making all reasonable enquiries and to the best of its knowledge and belief, with the concurrence of our Audit and Risk Committee, based on the internal controls established and maintained by our Group, work performed by the external and internal auditors, and reviews by our Board and our Audit and Risk Committee, is of the opinion that our internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective. No material weaknesses have been identified by our Board or our Audit and Risk Committee.

Our Audit and Risk Committee will be commissioning an annual internal control audit until such time as our Audit and Risk Committee is satisfied that our internal controls are both adequate and effective to address the financial, operational and compliance risks of our Group (if any). Prior to the decommissioning of such internal audit, our Group will report to the Sponsor and Issue Manager on how any key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal control audit, as well as the measures taken to rectify our key weaknesses in and/or strengthen the internal controls of our Group. Thereafter, such audits may be re-initiated by our Audit and Risk Committee as and when it deems fit to satisfy itself that our Group's internal controls remain adequate and effective. Upon the completion of an internal control audit, our Board shall make the appropriate disclosures via SGXNET of any weaknesses in our Group's internal controls which may be material or of a price-sensitive nature, as well as any follow-up actions to be taken by our Board.

Audit and Risk Committee's Opinion on the Suitability and Independence of our Financial Controller

Our Audit and Risk Committee having conducted an interview with Mr. Khaw Shee Kai and having considered:

- (a) the qualifications and past working experience of Mr. Khaw Shee Kai, which are compatible with his position as our Financial Controller;
- (b) his abilities, familiarity and diligence in relation to the financial matters and information of our Group;
- (c) his demonstration of the requisite competency in finance-related matters of our Group in connection with the preparation for the Listing;
- (d) his remuneration package which has taken into consideration, among others, the benchmarking against salary surveys and the historical compensation paid by our Group to him as well as his role and contributions to our Group;
- (e) the feedback from the internal auditors in assessing the suitability of Mr. Khaw Shee Kai as our Financial Controller;
- (f) the absence of negative feedback from the Independent Auditor and Reporting Accountant, PricewaterhouseCoopers LLP, that Mr. Khaw Shee Kai is not suitable for the position of our Financial Controller,

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is of the opinion that Mr. Khaw Shee Kai has the necessary expertise and experience and is independent in the discharge of his duties as our Financial Controller. The roles and responsibilities of the Financial Controller would include that of the Head of Finance and the Financial Controller will assume the role of the Head of Finance if the Financial Controller is heading the finance department.

After making all reasonable enquiries, and to the best of the knowledge and belief of our Audit and Risk Committee, nothing has come to the attention of the members of our Audit and Risk Committee to cause them to believe that Mr. Khaw Shee Kai does not have the competence, character and integrity expected of a Financial Controller (or its equivalent rank) of a listed issuer.

NOMINATING COMMITTEE

Our Nominating Committee comprises our Independent Directors, Mr. Leon Yee, Ms. Catherine Tan and Mr. Lim Kian Thong. The Chairman of our Nominating Committee is Mr. Leon Yee.

Our Nominating Committee is responsible for:

- (a) making recommendations to our Board of Directors on relevant matters relating to (i) the review of board succession plans for directors, in particular, the appointment and/or replacement of our Executive Chairman and key management personnel and executive officers (including the CEO, if applicable); (ii) the process and criteria for evaluation of the performance of our Board, our Board committees and our Directors; (iii) the review of training and professional development programs for our Board and our Directors; and (iv) the appointment and re-appointment of our Directors (including alternate Directors, if applicable, and re-nominations of existing Directors for re-election in accordance with our Constitution, taking into account each individual Director's contribution and performance), including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates;
- (b) ensuring that our Directors submit themselves for re-nomination and re-election at least once every three years;
- (c) reviewing and determining annually, and as and when circumstances require, if a Director is independent, in accordance with the Code of Corporate Governance 2018 and any other salient factors;
- (d) undertaking a formal annual assessment of our Board's effectiveness as a whole and that of each of our Board committees and individual directors and recommending for our Board's approval the objective performance criteria and process for the evaluation of the effectiveness of our Board as a whole, and of each of our Board committees separately, as well as the contribution of each individual Director to our Board;
- (e) reviewing the composition of our Board of Directors annually to ensure that our Board of Directors and our Board committees are of an appropriate size, comprise Directors who as a group provide an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate, and are of an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of our Company and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge;
- (f) setting the objectives for achieving board diversity and reviewing our Company's progress towards achieving these objectives;
- (g) ensuring that our Directors disclose their relationships with our Company, related corporations, Substantial Shareholders or officers, if any, which may affect their independence and review such disclosures from our Directors and highlight these to our Board as required;

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- (h) ensuring that new Directors are aware of their duties and obligations, as well as reviewing and deciding whether a Director is able to and has been adequately carrying out his or her duties as a Director;
- (i) reviewing other directorships held by each Director and deciding if that Director is able to and has been adequately carrying out his or her duties as a Director, taking into account that Director's number of directorships and other principal commitments and establishing guidelines on what a reasonable and maximum number of such directorships and principal commitments for each Director (or type of Director) should be. Where any Director holds a significant number of listed company directorships and principal commitments which involve significant time commitment, providing a reasoned assessment of the ability of that Director to diligently discharge his/her duties, taking into consideration that Director's number of listed company board representation and other principal commitments;
- (j) having oversight of and regularly reviewing the performance of our Executive Officer, Mr. Hew Chee Fatt; and
- (k) reviewing and approving the new employment of employees of our Group who are relatives of any of our Directors, the CEO (if applicable) or Substantial Shareholders and their proposed terms of their employment.

In addition, our Nominating Committee will make recommendations to our Board of Directors on the objective performance criteria and process for the evaluation of the effectiveness of our Board as a whole, and of each Board committee separately, as well as the contribution by our Executive Chairman and each individual Director to our Board. In this regard, our Nominating Committee will decide how our Board of Directors' performance is to be evaluated and propose objective performance criteria which address how our Board of Directors has enhanced long-term shareholder value. Our Nominating Committee will also implement a process for assessing the effectiveness of our Board of Directors as a whole and our Board committees and for assessing the contribution of our Executive Chairman and each individual Director to the effectiveness of our Board of Directors. Our Executive Chairman will act on the results of the performance evaluation of our Board of Directors, and in consultation with our Nominating Committee, propose, where appropriate, new members to be appointed to our Board of Directors or seek the resignation of Directors. Each member of our Nominating Committee is required to abstain from voting, approving or making a recommendation on any resolutions of our Nominating Committee in which he has a conflict of interest in the subject matter under consideration.

Nominating Committee's view of our Independent Directors

Our Nominating Committee, having taken into consideration the following:

- (a) the number of listed company directorships by each of our Independent Directors;
- (b) the principal commitments of our Independent Directors;
- (c) the confirmations by our Independent Directors stating that they are each able to devote sufficient time and attention to the matters of our Company;
- (d) the confirmations by our Independent Directors that each of them is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any of our Controlling Shareholder, has no relationship with our Company, its related corporations or with any directors of these corporations, its Substantial Shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of his or her independent business judgement with a view to the best interests of our Company;
- (e) our Independent Directors' working experience and expertise in different areas of specialisation;
- (f) disclosures in the section entitled "*General Information – Material Background Information*" of this Offer Document, where applicable; and
- (g) the composition of our Board,

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is of the view that (i) each of our Independent Directors is individually and collectively able to devote sufficient time to the discharge of their duties and are suitable and possess relevant experience as Independent Directors of our Company; and (ii) our Independent Directors, as a whole, represent a strong and independent element on our Board which is able to exercise objective judgement on corporate affairs independently from our Controlling Shareholders. In respect of Ms. Catherine Tan, our Nominating Committee has considered that she had previously managed the account of the LHN Limited group in her capacity as Senior Vice President in the SME Banking department at DBS Bank, Singapore, and are of the view that the banking relationship between the LHN Limited group and DBS Bank Ltd will not interfere or be reasonably perceived to interfere with the independent judgement of Ms. Catherine Tan in her role as an Independent Director of our Company in accordance with the Code of Corporate Governance 2018 and Catalyst Rule 406(3)(d), taking into account the following reasons:

- (a) in accordance with Catalyst Rule 406(3)(d), she is considered independent as:
 - (i) she has not been employed by our Group or its related corporations for the current or any of the past three (3) financial years;
 - (ii) she does not have any immediate family members who are employed or have been employed by our Group or its related corporations for the current or any of the past three (3) financial years; and
 - (iii) she has not been a Director for an aggregate period of more than nine (9) years; and
- (b) in accordance with the Code of Corporate Governance 2018, in particular Guideline 2.1 and Practice Guidance 2, she has no existing relationship with our Group that could interfere, or be reasonably perceived to interfere, with the exercise of her independent business judgment in the best interests of our Company. In particular:
 - (i) notwithstanding her current employment at DBS Bank Ltd, she is no longer in the SME banking department (having transferred to the regional loan product department since January 2021) or overseeing the LHN Limited group account at DBS Bank Ltd. Her relationship with Mr. Kelvin Lim and the management team has been strictly professional over the years and she has interacted with them purely in her professional capacity;
 - (ii) she was only approached as a potential candidate as an Independent Director after she was no longer overseeing the LHN Limited group banking relationship in DBS Bank Ltd;
 - (iii) there were no queries raised by DBS Bank Ltd and she has cleared internal conflict checks with DBS Bank Ltd with respect to her appointment as an Independent Director; and
 - (iv) she has executed a letter of confirmation of her independence from our Group.

Each member of our Nominating Committee has abstained from participating in the assessment of his own suitability as an Independent Director.

REMUNERATION COMMITTEE

Our Remuneration Committee comprises our Independent Directors, Mr. Leon Yee, Ms. Catherine Tan and Mr. Lim Kian Thong. The Chairman of our Remuneration Committee is Ms. Catherine Tan.

Our Remuneration Committee is responsible for:

- (a) reviewing and recommending to our Board of Directors, in consultation with the Executive Chairman of our Board of Directors, for endorsement, a comprehensive remuneration policy framework and guidelines for remuneration of our Directors and other persons having authority and responsibility for planning, directing and controlling the activities of our Company (“**Key Management Personnel**”);

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- (b) ensuring the remuneration policies and systems of our Group, as approved by our Board, support our Group's objectives and strategies, and are consistently being administered and being adhered to within our Group;
- (c) reviewing and recommending to our Board of Directors, for endorsement, the specific remuneration packages for each of our Directors and Key Management Personnel;
- (d) considering all aspects of remuneration (including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination payments), including termination terms, to ensure they are fair;
- (e) ensuring that the level and structure of remuneration of our Board of Directors and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of our Company, taking into account our strategic objectives;
- (f) ensuring that a significant and appropriate proportion of our Executive Directors' and Key Management Personnel's remuneration is structured so as to link rewards to corporate and individual performance, and that performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of our Company;
- (g) reviewing the terms of performance-related remuneration scheme or incentive schemes (if any) and determining the eligibility criteria of the employees who can participate in such scheme;
- (h) ensuring that the remuneration of our Non-Executive Directors is appropriate to their level of contribution, taking into account factors such as effort, time spent and responsibilities;
- (i) reviewing our remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation and the statements in our annual report with a view to achieving clear disclosure of the same;
- (j) reviewing and approving the design of all share option plans, employee share option schemes and/or other equity-based plans and benefits-in-kind;
- (k) in the case of service contracts and employment contracts, reviewing our Company's obligations arising in the event of termination of our Executive Directors' or Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance;
- (l) approving performance targets for assessing the performance of each of our Key Management Personnel and recommend such targets as well as employee specific remuneration packages for each of such Key Management Personnel, for endorsement by our Board; and
- (m) conducting an annual review of and approving the remuneration of employees of our Group who are relatives of any of our Directors, the CEO (if applicable) or Substantial Shareholders (including bonuses, increments and/or promotions) and to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.

Our Remuneration Committee also periodically considers and reviews remuneration packages in order to maintain their attractiveness, to retain and motivate our Directors to provide good stewardship of our Company and key executives to successfully manage our Company, and to align the level and structure of remuneration with the long-term interests and risk policies of our Company. If a member of our Remuneration Committee has an interest in a matter being reviewed or considered by our Remuneration Committee, he will abstain from voting on the matter.

CORPORATE GOVERNANCE

BOARD PRACTICES

Our Executive Directors will be appointed for an initial term of three years, and their appointments will be renewed thereafter automatically on a yearly basis unless their service agreements are terminated. Our Independent Directors will hold office for an initial term of three years with effect from their date of appointment, and such term may be renewed if so recommended by our Nominating Committee and our Remuneration Committee, and approved by our Board of Directors, subject to the relevant provisions of the Companies Act, the Constitution and the Catalist Rules. Our Directors are to be appointed by Shareholders at a general meeting, and an election of Directors takes place annually. One third (or the number nearest to one-third) of our Directors are required to retire from office at least once every three years at each annual general meeting. Further, all of our Directors are required to retire from office at least once every three years. However, a retiring Director is eligible for re-election at the meeting at which he/she retires. Further details on the appointment and retirement of Directors can be found in the section entitled “*Appendix B – Selected Extracts of Our Constitution*” of this Offer Document.

DESCRIPTION OF ORDINARY SHARES

The following statements are brief summaries of the rights and privileges of Shareholders conferred by the laws of Singapore and our Constitution.

The following description summarises the material provisions of our Constitution but is qualified by reference to our Constitution, a copy of which is available for inspection at our registered office during normal business hours for a period of six months from the date of this Offer Document.

Ordinary Shares

All of our Shares are in registered form. We may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

New Shares

New Shares may only be issued with the prior approval of Shareholders in a general meeting. The aggregate number of shares to be issued pursuant to such approval may not exceed 100.0% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital, of which the aggregate number of Shares to be issued other than on a *pro rata* basis to Shareholders may not exceed 50.0% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital (the percentage of issued share capital being based on our Company's issued share capital at the time such authority is given after adjusting for new Shares arising from the conversion or exercise of any convertible securities, new Shares arising from exercising share options or vesting of share awards, provided the share options or share awards were granted in compliance with the Catalist Rules, any subsequent bonus issue, consolidation or subdivision of Shares).

The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted or the date by which the annual general meeting is required by law to be held, whichever is earlier. Subject to the foregoing, the provisions of the Companies Act and any special rights attached to any class of shares currently issued, all new Shares are under the control of our Board of Directors who may allot and issue the same with such rights and restrictions as it may think fit.

Shareholders

Only persons who are registered in the Register of Shareholders and, in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for the Shares, are recognised as Shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the Depository Register for that Share. We may close our Register of Shareholders for any time or times if we provide the SGX-ST with at least five (5) clear market days' notice, or such other periods as may be prescribed by the SGX-ST. However, the Register of Shareholders may not be closed for more than 30 days in aggregate in any calendar year. We typically close our Register of Shareholders to determine shareholders' entitlement to receive dividends and/or other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid Shares except where required by law or the Catalist Rules or the rules or by-laws of any stock exchange on which our Company is listed. Our Board of Directors may decline to register any transfer of Shares which are not fully paid Shares or Shares on which we have a lien. Our Shares may be transferred by a duly signed instrument of transfer in a form approved by the SGX-ST or any stock exchange on which our Company is listed. Our Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. We will replace lost or destroyed certificates for Shares if it is properly notified and if the applicant pays a fee which will not exceed S\$2.00 and furnishes any evidence and indemnity that our Board of Directors may require.

DESCRIPTION OF ORDINARY SHARES

General Meetings of Shareholders

We are required to hold an annual general meeting every year. Our Board of Directors may convene an Extraordinary General Meeting whenever it deems fit and must do so if Shareholders representing not less than 10.0% of the total voting rights of all Shareholders request in writing that such a meeting be held. In addition, two or more shareholders holding not less than 10.0% of our issued share capital may call a meeting. Unless otherwise required by law or by our Constitution, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to the Constitution, a change of our corporate name and a reduction in the share capital, share premium account or capital redemption reserve fund. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each Shareholder who has supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Subject always to the Companies Act, applicable laws and listing rules of the SGX-ST, Shareholders may participate at a general meeting by electronic means, including but not limited to electronic communication, video conferencing, tele-conferencing or such other electronic means whereby all persons participating in the meeting are able to hear and, if applicable, see each other and such participation shall constitute presence in person at such meeting and Shareholders (or their proxy or, in the case of a corporation, their respective corporate representatives) so participating shall be counted in the quorum for the meeting. Unless otherwise is determined by our Directors, the "place" of such meeting (when it is convened, held and/or conducted by electronic means) shall be deemed to be our Company's place of business in Singapore.

Voting Rights

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy and (in the case of a corporation) by a representative. Proxies need not be Shareholders. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name is certified by CDP as appearing on the Depository Register maintained by CDP 72 hours before the general meeting. Except as otherwise provided in our Constitution, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Constitution, on a show of hands, every Shareholder present in person and by proxy shall have one vote (provided that (i) in the case of a Shareholder who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that Shareholder or, failing such determination, the chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and (ii) in the case of a Shareholder who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands), and on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 5.0% of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by not less than five Shareholders present in person or by proxy and entitled to vote. In the case of an equality of votes, whether on a show of hands or a poll, the chairman of the meeting at which the poll or show of hands takes place shall be entitled to a casting vote.

Dividends

We may, by ordinary resolution of Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits. Our Board of Directors may also declare an interim dividend without the approval of Shareholders. All dividends are paid *pro rata* among Shareholders in proportion to the amount paid-up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provides otherwise. Unless otherwise directed, dividends may be paid by cheque, draft, warrant or

DESCRIPTION OF ORDINARY SHARES

cashiers' order sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issues

Our Board of Directors may, with approval by Shareholders at a general meeting, capitalise any reserves or profits (including profits or money carried and standing to a reserve) and distribute the same as bonus shares credited as paid-up to Shareholders in proportion to their shareholdings. Our Board of Directors may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

Takeovers

The SFA and the Singapore Code on Takeovers and Mergers regulate the acquisition of ordinary shares of public companies and certain provisions that may delay, deter or prevent a future takeover or change in control of our Company. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting Shares must extend a takeover offer for the remaining voting Shares in accordance with the provisions of the Singapore Code on Takeovers and Mergers. Persons presumed to be "acting in concert" include and are not limited to a company and its parent company, its subsidiaries, and fellow subsidiaries and its parent company, a company and its directors (including their relatives), a company and its pension funds, a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, and a financial or other professional advisor and its client in respect of shares held by the financial advisor and shares in the client held by funds managed by the financial advisor on a discretionary basis. A mandatory offer for consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the preceding six months.

A mandatory takeover offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% of the voting shares acquires additional voting shares representing more than 1.0% of the voting shares in any six-month period. Under the Singapore Code on Takeovers and Mergers, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding six months.

Liquidation or Other Return of Capital

If we liquidate or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

Indemnity

To the extent permitted by Singapore law, our Constitution provide that, subject to the Companies Act, our Board of Directors and officers shall be entitled to be indemnified by us against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him or her in the execution and discharge of his or her duties or in relation thereto including any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgment is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the Court. We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, wilful default, breach of duty or breach of trust of which they may be guilty in relation to us.

DESCRIPTION OF ORDINARY SHARES

Limitations on Rights to Hold or Vote Shares

Except as described in “Voting Rights” and “Takeovers” above, there are no limitations imposed by Singapore law or by our Constitution on the rights of non-resident Shareholders to hold or vote in respect of the Shares.

Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected, *inter alia*, under Section 216 of the Companies Act, which gives the Singapore Courts a general power to make any order, upon application by any Shareholder, as they think fit to remedy any of the following situations:

- (a) our affairs are being conducted or the powers of our Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more Shareholders; or
- (b) we take an action, or threaten to take an action, or Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more Shareholders, including the applicant.

Singapore Courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of the affairs of our Company in the future;
- (c) authorise civil proceedings to be brought in our name of, or on behalf of, our Company by a person or persons and on such terms as the Court may direct;
- (d) provide for the purchase of a minority Shareholder’s Shares by our other Shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital;
- (e) provide that the Constitution be amended; or
- (f) provide that we be wound up.

Treasury Shares

Our Constitution expressly permits our Company to purchase or acquire shares or stocks of our Company and to hold such shares or stocks (or any of them) as treasury shares in accordance with requirements of Section 76 of the Companies Act. Our Company may make a purchase or acquisition of our own shares (i) on a securities exchange if the purchase or acquisition has been authorised in advance by our Company in general meeting; or (ii) otherwise than on a securities exchange if the purchase or acquisition is made in accordance with an equal access scheme authorised in advance by our Company in general meeting. The aggregate number of Shares held as treasury shares shall not at any time exceed 10.0% of the total number of Shares of our Company at that time. Any excess shares shall be disposed or cancelled before the end of a period of six months beginning with the day on which that contravention of limit occurs, or such further period as the Registrar may allow. Where Shares or stocks are held as treasury shares by our Company through purchase or acquisition by our Company, our Company shall be entered in the register as the member holding those shares or stocks.

Our Company shall not exercise any right in respect of the treasury shares and any purported exercise of such a right is void. Such rights include any right to attend or vote at meetings and our Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

DESCRIPTION OF ORDINARY SHARES

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of our Company's assets (including any distribution of assets to members on a winding up) may be made, to our Company in respect of the treasury shares. However, this would not prevent an allotment of shares as fully paid bonus shares in respect of the treasury shares or the sub-division or consolidation of any treasury share into treasury share of a smaller amount, if the total value of the treasury shares after the sub-division or consolidation is the same as the total value of the treasury shares before the sub-division or consolidation, as the case may be.

Where Shares are held as treasury shares, our Company may at any time (i) sell the Shares (or any of them) for cash; (ii) transfer the Shares (or any of them) for the purposes of or pursuant to an employees' share scheme; (iii) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person; (iv) cancel the Shares (or any of them); or (v) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister of Finance may by order prescribe.

Substantial Shareholders

The SFA requires our Substantial Shareholders to give notice to us of certain information as prescribed by the Authority, including particulars of their interest, within two business days of becoming aware of being our Substantial Shareholders or ceasing to be our Substantial Shareholder and being aware of any change in the percentage level of their interest. "Percentage level", in relation to a Substantial Shareholder, is the percentage figure ascertained by expressing the total votes attached to all the voting shares in which the Substantial Shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time, as a percentage of the total votes attached to all of the voting shares (excluding treasury shares), and if it is not a whole number, rounding that figure down to the next whole number.

Under the SFA, a person has a substantial shareholding in us if he has an interest (or interests) in one or more of our voting shares (excluding treasury shares) and the total votes attached to those shares are not less than 5.0% of the total votes attached to all of our voting shares (excluding treasury shares).

EXCHANGE RATES AND EXCHANGE CONTROLS

EXCHANGE RATES

The following table sets out, for each of the financial years or period indicated, the average and closing exchange rates between S\$ and RM, THB and US\$. Where applicable, the exchange rates in the table below used for the translation of our Group's financial statements are disclosed elsewhere in this Offer Document.

	S\$1.00 : RM ⁽¹⁾		S\$1.00 : THB ⁽¹⁾		US\$1.00 : S\$1.00 ⁽¹⁾	
	Average ⁽²⁾	Closing	Average ⁽²⁾	Closing	Average ⁽²⁾	Closing
FY2019	0.3298	0.3299	0.0432	0.0452	1.3667	1.3813
FY2020	0.3278	0.3292	0.0443	0.0432	1.2821	1.3692
FY2021	0.3253	0.3250	0.0429	0.0402	1.3405	1.3611

Source: Monetary Authority of Singapore

The table below sets forth the highest and lowest exchange rates between S\$ and RM, THB and US\$ for each of the past six (6) months prior to the Latest Practicable Date.

	S\$1.00 : RM ⁽¹⁾		S\$1.00 : THB ⁽¹⁾		US\$1.00 : S\$1.00 ⁽¹⁾	
	Highest	Lowest	Highest	Lowest	Highest	Lowest
September 2021	3.1008	3.0769	24.9638	24.0657	1.3611	1.3403
October 2021	3.1008	3.0703	24.9601	24.5688	1.3603	1.3424
November 2021	3.0950	3.0675	24.7678	24.0252	1.3709	1.3471
December 2021	3.0960	3.0826	24.8034	24.3914	1.3698	1.3517
January 2022	3.1182	3.0864	24.8682	24.4606	1.3588	1.3431
February 2022	3.1162	3.0893	24.6233	23.8909	1.3597	1.3431

Source: Monetary Authority of Singapore

As at the Latest Practicable Date, the exchange rate between S\$ and RM, THB and US\$ was S\$1.00 to RM3.1027, S\$1.00 to THB24.6591 and US\$1.00 to S\$1.3488 respectively.

Notes:

- (1) The above exchange rates have been calculated with reference to exchange rates quoted from the Monetary Authority of Singapore. The exchange rates are the average of buying and selling interbank rates quotes around midday in Singapore and could differ from those quoted by foreign exchange dealers. The exchange rates should not be construed as representations that the RM, THB and/or US\$ amounts actually represent such amounts or could be converted into the S\$ at the rate indicated, or at any other rate, or at all. The Monetary Authority of Singapore has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA. While our Company and the Sponsor and Issue Manager have taken reasonable actions to ensure that the information from the Monetary Authority of Singapore's database has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly from such database, none of our Company and the Sponsor and Issue Manager or any other party has conducted an independent review of the information contained in that database or verified the accuracy of the contents of the relevant information.
- (2) The yearly or periodic average rate is calculated based on the average of the exchange rate on the last business day of each month during that year or period.

Singapore

As at the Latest Practicable Date, there were no foreign exchange control restrictions in effect in Singapore.

EXCHANGE RATES AND EXCHANGE CONTROLS

Malaysia

The exchange control restrictions in Malaysia are governed by the Foreign Exchange Administration (“**FEA**”) rules which are issued by Bank Negara, the Central Bank of Malaysia. In upholding the FEA rules, Bank Negara has issued guidelines in the form of notices (“**FEA Notices**”) pursuant to section 214 of FSA and section 225 of IFSA (both of which came into operation on 30 June 2013) which generally set out transactions that are allowed by Bank Negara and are otherwise prohibited under section 214 (read together with schedule 14) of the FSA and section 225 (read together with schedule 14) of the IFSA. Accordingly, a person must obtain the approval of Bank Negara to undertake or engage in any transactions that are not provided or allowed by Bank Negara under any of the FEA Notices. The FEA Notices may be amended or revoked by Bank Negara through the issuance of subsequent FEA Notices. Any non-compliance with any requirement, restriction or condition imposed in the granting of the approval by Bank Negara in relation to any transaction set out under the FEA Notices is an offence under subsection 214(9) of the FSA and subsection 225(9) of the ISFA with a penalty of imprisonment not exceeding 10 years or a fine not exceeding RM50 million or both.

Rules applicable to non-residents

A non-resident is free to invest in any form of RM assets either as direct or portfolio investments in Malaysia. The investment can be funded through (i) the conversion of foreign currency to RM with licensed onshore banks (excluding licensed international Islamic banks) or through an appointed overseas office of the licensed onshore bank’s banking group; (ii) foreign currency borrowings from licensed onshore banks; or (iii) RM borrowing from licensed onshore banks (excluding licensed international Islamic banks) for real sector activities and for the purchase of residential and commercial properties in Malaysia except for the purchase of land only. Pursuant to FEA Notice 4, a non-resident is allowed to repatriate funds from Malaysia, including any income earned or proceeds from divestment of RM asset, provided that the repatriation is made in foreign currency. In addition, foreign exchange administration rules allows non-residents to remit out divestment proceeds, profits, dividends or any income arising from investments in Malaysia. Repatriation, however, must be made in foreign currency.

Rules applicable to residents

(a) Payments and receipts in RM between residents and non-residents

Residents are allowed to pay or receive in RM to or from a non-resident for the following:

- (i) settlement of a RM asset including any income and profit due from the RM asset;
- (ii) settlement of trade in goods, excluding payment between non-residents for settlement of trade in goods or services outside Malaysia;
- (iii) settlement of court judgement where the transaction under litigation is undertaken in compliance with the FEA Notices;
- (iv) income earned or expenses incurred in Malaysia;
- (v) settlement for a commodity murabahah transaction between a resident and non-resident participant undertaken through resident commodity trading service provider;
- (vi) settlement of reinsurance for domestic insurance business or retakaful for domestic takaful business between a resident and a person licenced to undertake Labuan insurance or takaful business; or
- (vii) for any purpose between immediate family member.

EXCHANGE RATES AND EXCHANGE CONTROLS

(b) Payments and receipts in foreign currency between residents and non-residents

Residents are allowed to pay or receive in foreign currency to or from a non-resident for any purpose (subject to compliance with FEA Notice) other than for the following:

- (i) a derivative denominated in foreign currency offered by the resident save where it has been approved in writing by Bank Negara or allowed under Part B of Notice 5 of the FEA Notices;
- (ii) an exchange rate derivative offered by the non-resident save where it has been approved by Bank Negara or allowed under Notice 1 of the FEA Notices; or
- (iii) a derivative denominated in or referenced to RM save where it has been approved by Bank Negara or allowed under Part B of Notice 5 of the FEA Notices.

Thailand

Thailand's exchange controls are established by the Exchange Control Act B.E. 2485 (A.D. 1942) of Thailand ("**ECA**") and foreign exchange transactions are regulated by the Bank of Thailand ("**BOT**"). Foreign exchange transactions are permitted to be conducted through any commercial bank in Thailand that has been granted a foreign exchange licence by the Minister of Finance pursuant to the ECA ("**Authorised Bank**"), as well as certain other authorised entities that have been granted such a foreign exchange licence.

Under the ECA, outward remittance for the payment of certain current transactions, such as payment for imported goods, services, royalties, principal and interest payment on overseas loans, repatriation of profits or dividends on foreign investment, may be made in unlimited amounts upon submission of supporting documents required under the ECA by an Authorised Bank, except for the transactions listed under the negative list of the relevant regulations announced by the BOT which requiring the prior approval from the BOT.

Under the ECA, transfers in foreign currency for direct and portfolio investments in Thailand are freely permitted. Proceeds must be surrendered to an Authorised Bank or deposited in a foreign currency account with an Authorised Bank in Thailand within 360 days.

Repatriation of capital investments may be made freely without requiring permission as well as the repatriation of the principal amounts under loan agreements, repayment of capital investment following the liquidation of a business, and sale of equities, including outward remittances by Thai residents of foreign currencies for the purposes of, (a) in the case of a juristic entity, (i) making overseas investments of at least 10% in such shareholdings or loan extended to their overseas affiliated business establishments, in an unlimited appropriate amount; (ii) lending to overseas business establishments, in an aggregate amount not exceeding US\$50,000,000 or its equivalent per year; or (b) in the case of an individual, making overseas investments of at least 10% in such shareholdings or loan extended to overseas business establishments in an unlimited appropriate amount; or (c) buying overseas immovable property or leasehold of immovable property not in excess of US\$50,000,000 or its equivalent per year.

Individual investors and general corporate investors having assets less than THB5 billion, or not being an insurance or securities company or financial institution, or not being a company listed on the Stock Exchange of Thailand, can invest in securities abroad, without requiring permission, (i) through private funds and/or securities companies in an unlimited amount, or (ii) not through the private funds and/or securities companies in an aggregate amount not exceeding US\$5,000,000 or its equivalent per year, provided that those investors are required to submit certain documents as required under the ECA by an Authorised Bank.

EXCHANGE RATES AND EXCHANGE CONTROLS

Myanmar

Foreign Exchange Management Law (Pyidaungsu Hluttaw Law No. 12/2012) dated 10 August 2012, as amended by the Foreign Exchange Management Amendment Law (Pyidaungsu Hluttaw Law No. 64/2015) dated 15 December 2015 (“**FEML**”) and Foreign Exchange Management Regulations (Notification No. 7/2014) dated 30 September 2014, as amended by the Foreign Exchange Management Amendment Regulations (Notification No. 46/2021) dated 10 November 2021 (“**FEMR**”) govern foreign exchange operations including payments in foreign exchange within Myanmar and international payments and transfers in foreign exchange.

In general, FEML provides (among others) that Myanmar residents may hold foreign currencies only in the amounts and for the periods stipulated in accordance with regulations issued by the Central Bank of Myanmar (“**Central Bank**”). Separately, FEML also provides that the Central Bank “shall monitor and record the funds brought in as foreign investment, as a reference for repatriation of principal, interests, profits, dividends and other payments related to the investment.... Foreign investors shall declare their funds and provide evidence of the funds brought in for each transaction to the Central Bank. Foreign investors who fail to present documentary evidence may not be permitted to repatriate the funds abroad”. Further, section 38-d, FEML expressly provides that no one shall borrow money from abroad without the prior approval of the Central Bank. According to section 42-a, FEML, whoever is convicted for a violation of section 38-d, shall be punished with imprisonment for a term not exceeding one year or with a fine or with both.

FEMR clarifies that banks licenced by the Central Bank to deal in foreign banking including dealing in foreign exchange operations (“**Authorised Dealer**”) shall (among others) request and scrutinise documentary evidence in relation to all foreign exchange transactions (including inward and outward remittances of foreign currency); and if in any doubt as to the nature or purpose of such transactions, refer the matter to the Central Bank for its decision.

Further to the above, the Central Bank has recently directed the implementation of certain foreign exchange control measures including by way of Notification No. 12/2022 (“**Notification**”) and Directive No. 4/2022, both dated 3 April 2022 and a clarificatory directive, Directive No. 6/2022 dated 5 April 2022 (collectively “**Directives**”) which require (among others) that:

- (i) unless exempted with the approval of the Foreign Exchange Supervisory Committee (“**Committee**”) or save as exempted by further notification or directive to be issued by the Central Bank, “foreign currency earnings from abroad” of a Myanmar resident, remitted into such resident’s foreign currency bank account in Myanmar on and from 4 April 2022 be converted by Authorised Dealers within one working day into Myanmar Kyat at the rate of US\$1 = Myanmar Kyat 1,850 (for US\$ earnings) and at the relevant reference rates appended to Directive No. 4/2022 dated 3 April 2022 (for other foreign currency earnings), subject to notification by the Central Bank of any exchange rate changes; and the converted funds be credited to the resident’s Myanmar Kyat account opened with such Authorised Dealers;
- (ii) unless exempted with the approval of the Committee or save as exempted by further notification or directive to be issued by the Central Bank, “foreign currencies” standing in the foreign currency bank accounts of a Myanmar resident as of 3 April 2022 be converted by Authorised Dealers into Myanmar Kyat as mentioned above, and the converted funds be credited to the resident’s Myanmar Kyat account opened with such Authorised Dealers, save that no precise timeline has been fixed by the Central Bank for the required conversion in this case; and
- (iii) transfers of foreign currencies abroad (including repatriation of dividends) on and from 3 April 2022 shall only be made through Authorised Dealers, with the approval of the Committee. In this regard, Directive No. 6/2022 dated 5 April 2022 provides that if the Committee approves the transfer of foreign currency abroad, the Authorised Dealer shall be permitted to sell foreign currency to the approved transferor at the exchange rate specified by the Central Bank and may charge MMK 3 per US\$ as a service fee.

EXCHANGE RATES AND EXCHANGE CONTROLS

As the Notification was issued on 3 April 2022 and the Directives were each issued on 3 April 2022 and 5 April 2022 respectively, its provisions are yet to be tested and would be subject to ongoing interpretation and refinement in respect of their practical effect, implementation and enforcement. In this regard, the Notification and Directive No. 4/2022 dated 3 April 2022 expressly state that further instructions and details relating to the foreign exchange control measures stipulated therein will be issued, although the same do not specify any timeline(s) for such issuance.

TAXATION

SINGAPORE TAXATION

The following is a discussion of certain tax matters arising under the current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice. The discussion below is based on the assumption that our Company is a tax resident in Singapore for Singapore income tax purposes. The discussion is based on laws, regulations and interpretations now in effect and available as at the Latest Practicable Date. These laws and regulations are subject to changes, which may be retrospective to the date of issuance of our Shares. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out below.

The discussion is limited to a general description of certain Singapore income tax, stamp duty, estate duty and GST consequences with respect to the subscription for, ownership and disposal of our Shares, and does not purport to be a comprehensive nor exhaustive description of all tax considerations that may be relevant to a decision to subscribe for, hold or dispose of our Shares.

Prospective investors should consult their own professional tax advisers concerning the Singapore and foreign income tax, stamp duty, estate duty and other tax consequences of subscribing for and/or purchasing, owning and disposing our Shares. Neither our Company, our Directors nor any other persons involved in the Placement and the Listing accepts responsibility for any tax effects or liabilities resulting from the subscription for, holding or disposal of our Shares.

Income Tax

Corporate income tax

A company is regarded as tax resident in Singapore if the control and management of the company's business is exercised in Singapore.

A Singapore tax resident corporate taxpayer is subject to Singapore income tax on:

- (a) income accruing in or derived from Singapore; and
- (b) income derived from outside Singapore (i.e. foreign-sourced income) which is received or deemed received in Singapore, unless otherwise exempted.

A non-Singapore tax resident corporate taxpayer is liable to Singapore income tax on income accruing in or derived from Singapore. A non-Singapore tax resident corporate taxpayer is also liable to Singapore income tax on income derived from outside Singapore which is received or deemed to have been received in Singapore but generally only where such taxpayer is considered to be operating in or from Singapore.

Presently, tax exemption will be granted to a Singapore tax resident corporate taxpayer on its foreign-sourced dividends, foreign branch profits and foreign-sourced service income ("**specified foreign income**") received or deemed to be received in Singapore on or after 1 June 2003, subject to meeting the following qualifying conditions:

- (a) the specified foreign income has been subject to tax in the foreign jurisdiction from which the income is received;
- (b) at the time the specified foreign income is received in Singapore, the headline tax rate (i.e. highest corporate income tax rate) of the foreign jurisdiction from which the income is received is at least 15.0%; and
- (c) the Comptroller of Income Tax (the "**Comptroller**") is satisfied that the tax exemption would be beneficial to the Singapore tax resident corporate taxpayer.

TAXATION

Pursuant to a tax concession granted with effect from 30 July 2004, the above foreign income exemption has been extended to include specified foreign income which is exempted from tax (i.e. underlying and withholding tax) in the foreign jurisdiction as a result of a tax incentive granted by that foreign jurisdiction for carrying out substantive business activities in that foreign jurisdiction.

If the foreign income is not tax exempt in Singapore, a Singapore tax resident corporate taxpayer is entitled to claim foreign tax credit (“**FTC**”) for the overseas tax paid on such foreign income, subject to meeting the relevant conditions. The amount of foreign tax credit available to a Singapore tax resident corporate taxpayer is based on the lower of:

- (a) the Singapore tax payable on the particular source of income which qualifies for foreign tax credit; or
- (b) the actual foreign tax suffered on the same income.

Under the FTC pooling system, Singapore resident companies may elect to claim FTC on a pooled basis on any items of its foreign-sourced income, rather than the usual source-by-source and country-by-country basis, subject to meeting the relevant conditions as follows:

- (a) income tax must have been paid on the income in the foreign jurisdiction from which the income is derived;
- (b) at the time the foreign-sourced income is received in Singapore, the highest corporate tax rate (headline tax rate) of the foreign jurisdiction from which the income is derived is at least 15.0%;
- (c) there must be Singapore income tax payable on the foreign-sourced income; and
- (d) the taxpayer is entitled to claim foreign tax credits under sections 50, 50A or 50B of the Singapore Income Tax Act (“**SITA**”) on its foreign-sourced income.

The amount of foreign tax credit to be granted under the FTC pooling system is based on the lower of the total Singapore tax payable on the pooled foreign-sourced income and the pooled foreign taxes paid on that income.

With effect from the Year of Assessment (“**YA**”) 2020, the first S\$200,000 of a company’s normal chargeable income is exempt from tax as follows:

- (a) 75.0% of up to the first S\$10,000 of chargeable income; and
- (b) 50.0% of up to the next S\$190,000 of chargeable income.

For certain private companies, 75.0% of the first S\$100,000 of normal chargeable income and 50.0% of the next S\$100,000 of normal chargeable income is exempted from tax, subject to meeting the relevant conditions.

The remaining chargeable income (after deducting the applicable tax exemption of the first S\$200,000 of chargeable income) will be taxed at the prevailing corporate tax rate, currently at 17.0%.

Individual income tax

An individual is regarded as a tax resident in Singapore in a YA if, in the preceding calendar year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore, except for temporary absences.

An individual taxpayer (both tax resident and non-tax resident of Singapore) is subject to Singapore income tax on income accruing in or derived from Singapore, subject to certain exceptions. Foreign-sourced income received or deemed received in Singapore by an individual taxpayer, regardless of whether he/she is a tax resident or non-tax resident of Singapore, is generally exempt from income tax in Singapore, except for such income received through a partnership in Singapore by the resident individuals.

TAXATION

Currently, a Singapore tax resident individual is subject to tax at the progressive rates, ranging from 0% to 22.0%, after deductions of qualifying personal reliefs where applicable. A non-Singapore tax resident individual is generally taxed at the rate of 22.0% except for Singapore employment income which may be taxable at a flat rate of 15.0% or the progressive rates as a tax resident, whichever is higher.

Dividend Distributions

Singapore currently adopts the One-Tier Corporate Taxation System (“**One-Tier System**”). Under the One-Tier System, the tax paid by a Singapore tax resident company is a final tax. All dividends paid by a Singapore tax resident company are tax exempt in Singapore in the hands of the shareholders regardless of their tax residency and whether the shareholder is a company or an individual. Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders.

It is our management’s intention for our Company to be considered as a tax resident in Singapore for income tax purposes and they will take the necessary actions for our Company to be regarded as a tax resident in Singapore for income tax purposes.

Foreign Shareholders/investors are advised to consult their own tax advisers in respect of the tax laws of their respective countries of residence which are applicable on such dividends received by them and the applicability of any double taxation agreement that their country of residence may have with Singapore.

Gains on disposal of Shares

Singapore currently does not impose tax on capital gains. Any gains considered to be in the nature of capital made from the disposal of our Shares will not be taxable in Singapore. However, gains from the disposal of investments may be construed to be of an income nature and subject to Singapore income tax if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore and may be taxable in Singapore. There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. The characterisation of gains arising from the disposal of our Shares will depend primarily on the facts and circumstances of each Shareholder. As the precise facts and circumstances of one Shareholder will vary from another, Shareholders are advised to consult their own professional tax advisers on the Singapore tax consequences that may be applicable to their individual circumstances.

Section 13W of the SITA provides for certainty on non-taxability of gains derived by a corporate taxpayer from the disposal of ordinary shares during the period from 1 June 2012 to 31 December 2027 (both dates inclusive) where:

- the divesting company had legally and beneficially held a minimum shareholding of 20.0% of the ordinary shares of our company whose shares are being disposed; and
- the divesting company had maintained the minimum 20.0% shareholding for a continuous period of at least 24 months immediately prior to the disposal.

The abovementioned “safe harbour rule” prescribed under Section 13W of SITA is not applicable under the following scenarios:

- During the period from 1 June 2012 to 31 May 2022, on the disposal(s) of shares in an unlisted investee company which is in the business of trading or holding Singapore immovable properties (other than the business of property development).
- During the period from 1 June 2022 to 31 December 2027, on the disposals of unlisted shares in investee companies that are in the business of trading, holding or developing immovable properties in Singapore or abroad.
- The disposal(s) of shares the gains or profits of which are included as part of the income of an insurer company.
- The disposal(s) of shares by a partnership, limited partnership and limited liability partnership one or more of the partners of which is a company or are companies.

TAXATION

In addition, corporate Shareholders who have adopted, or who are required to adopt, the Singapore Financial Reporting Standards (International) (“**SFRS (I)**”) 9 (Financial Instruments) which replaces the existing SFRS (I) 1-39 (Financial Instruments – Recognition and Measurement) for accounting purposes may be required to recognise gains or losses in accordance with the provisions of SFRS (I) 9 regardless of any disposal of our Shares being made. If so, the gain or loss on the Shares may be taxed or allowed as a deduction for Singapore income tax purposes notwithstanding being unrealised. Shareholders who may be subject to such tax treatment should consult their own accounting and tax advisers regarding the Singapore income tax consequences that may arise from the adoption of SFRS (I) 9 in respect of their acquisition, holding and disposal of our Shares.

Bonus Shares

Any bonus shares received by Shareholders are generally not taxable in Singapore.

Stamp Duty

There is no stamp duty payable on the subscription for, allotment or holding of our Shares. Where our Shares evidenced in certificated form are acquired in Singapore and where our Company maintains a share registry in Singapore, stamp duty is payable on the instrument of transfer of our Shares at the rate of 0.2%, computed on the consideration paid or market value of our Shares, whichever is higher. The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable upon transfer of our Shares if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require a contract or agreement to be executed) or the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

Stamp duty is not applicable to electronic transfers of our Shares through the scripless trading system operated by CDP, if such transfers are not pursuant to an instrument of transfer entered into.

Estate Duty

Singapore estate duty had been abolished with effect from 15 February 2008.

Goods and Services Tax (“GST”)

The sale of our Shares by a GST-registered investor belonging in Singapore through an SGX-ST member to another person belonging in Singapore is an exempt supply and so would not be subject to GST. Any input GST (e.g. GST on brokerage) incurred by the GST-registered investor in making such an exempt supply is generally not recoverable from the Comptroller of GST and becomes an additional cost to the investor unless the investor satisfies certain conditions prescribed under the GST legislation or certain GST concessions. Where our Shares are sold by a GST-registered investor to a person belonging outside Singapore and that person is outside Singapore at the time the sale is executed, the sale is generally regarded as a taxable supply subject to GST at zero-rate. Any input GST incurred by a GST-registered investor in the making of this taxable supply in the course of or furtherance of a business carried on by him, subject to the provisions of the Goods and Services Tax Act 1993 of Singapore, may be recovered from the Comptroller of GST.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and disposition of our Shares.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of our Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor’s purchase, sale or holding of our Shares will be subject to GST at the standard rate, currently at 7.0%. Similar services rendered to an investor belonging outside Singapore are subject to GST at zero-rate, provided that the investor is physically present outside Singapore when the services are performed and the services provided do not directly benefit any Singapore non-GST registered persons.

CLEARANCE AND SETTLEMENT

For the purposes of trading on SGX-ST, a board lot of our Shares will comprise 100 Shares. Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of our Shares through Catalist will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended, modified or supplemented from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by CDP, rather than CDP itself, will be treated, under our Constitution and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical Share certificates. Such Share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist, although they will be prima facie evidence of title and may be transferred in accordance with our Constitution. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical Share certificates. In addition, a fee of S\$2.00, or such other amount as our Directors may decide, is payable to the Share Registrar for each Share certificate issued and a stamp duty of 0.2% of the last transacted price where it is withdrawn in the name of a third party.

Persons holding physical Share certificates who wish to trade on Catalist must deposit with CDP their Share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10.00 is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time. Transfers and settlements pursuant to on-exchange trades will be charged a fee of S\$30.00 and transfers and settlements pursuant to off-exchange trades will be charged a fee of 0.015% of the value of the transaction, subject to a minimum of S\$75.00.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.0325% of the transaction value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 7.0% (or such other rate prevailing from time to time).

Dealing in our Shares will be carried out in S\$ and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a Depository Agent. The CDP Depository Agent may be a member company of SGX-ST, bank, merchant bank or trust company.

GENERAL AND STATUTORY INFORMATION

MATERIAL BACKGROUND INFORMATION

1. Save as disclosed below, none of our Directors, Executive Officers or Controlling Shareholders (as defined under the SFR) has:
 - (a) at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;
 - (b) at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding-up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
 - (c) any unsatisfied judgements against him;
 - (d) ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
 - (e) ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
 - (f) at any time during the last 10 years, judgement entered against him in any civil proceeding in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
 - (g) ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
 - (h) ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
 - (i) ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;
 - (j) ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
 - (iii) any business trust which has been investigated for breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

GENERAL AND STATUTORY INFORMATION

- (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; and

- (k) ever been the subject of any current or past investigation or disciplinary proceedings, or been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Disclosures relating to our Executive Chairman and indirect Controlling Shareholder, Mr. Kelvin Lim

Investigation by the Land Transport Authority involving Mr. Kelvin Lim

On 15 July 2021, the Land Transport Authority (“LTA”) issued a notice to Mr. Kelvin Lim charging him, in his capacity as a director of HNL, in respect of a primer mover owned by HNL which was overladen by 3,060kg over the maximum laden weight of 70,000kg in contravention of Rule 46 of the Road Traffic (Motor Vehicles, Registration & Licensing) Rules. The incident took place on 21 February 2021 at the Port of Singapore, and constitutes an offence under Section 131(1) of the Road Traffic Act 1961 of Singapore (“RTA”), which is punishable under Section 131(2) read with Section 131B of the RTA. Subsequently, on 11 October 2021, Mr. Kelvin Lim’s solicitors made certain representations to the LTA, including the fact that Mr. Kelvin Lim does not participate in or oversee the day-to-day operations of HNL, and that his scope of duties (i.e. corporate strategizing and business development) are far removed from the day-to-day operations of HNL. Instead, the daily management of HNL was led by the general manager and followed by the operation managers. On the day of the incident, the trailer which the driver was supposed to drive had broken down. The traffic controller, who was on duty that day, allocated a new vehicle to the driver, without realizing that the new vehicle which was allocated on that route was lower in capacity by 10 tonnes. This resulted in the prime mover being overladen by 3,060kg. Mr. Kelvin Lim was only made aware of the lapse in the working procedures when he received the notice from LTA. He was also informed by the managers that the driver involved in this offence had been charged and personally fined in February 2021. As such, based on the foregoing grounds, Mr. Kelvin Lim’s solicitors had requested for LTA to withdraw the charge and issue a firm warning instead. The request was denied and Mr. Kelvin Lim attended court on 8 December 2021 and paid a fine of S\$400 on the same day.

Disclosures relating to our Lead Independent Non-Executive Director, Mr. Leon Yee

Liquidation of Laura Ashley Holdings Plc

Mr. Leon Yee had acted as an independent non-executive director of Laura Ashley Holdings Plc from February 2018 and had stepped down as a director of Laura Ashley Holdings Plc on 16 March 2020. On 23 March 2020, Laura Ashley Holdings Plc appointed PricewaterhouseCoopers LLP United Kingdom as administrators. Laura Ashley Holdings Plc had filed for administration due to the COVID-19 outbreak, which had an immediate and significant impact on trading of Laura Ashley Holdings Plc and its subsidiaries (the “**Laura Ashley Group**”). Based on the Laura Ashley Group’s cashflow forecasts and the increased uncertainty, the Laura Ashley Group had expected that it would not be in a position to draw down additional funding in a timely manner sufficient to support its working capital requirements, and therefore Laura Ashley Holdings Plc then appointed administrators. Laura Ashley Holdings Plc subsequently moved into creditors’ voluntary liquidation with the appointment of a voluntary liquidator on 31 March 2021.

Disclosures relating to our indirect Controlling Shareholder, Trident Trust

Warning Letter

In 2015, the BVI Financial Services Commission issued a warning letter to Trident Trust due to an error in the documentation in its application for the appointment of a senior officer.

Administrative Penalty

In 2019, the BVI Financial Services Commission conducted a routine regulatory inspection of Trident Trust and raised matters relating to due diligence procedures. The matters which were fully resolved by way of payment of an administrative penalty of an immaterial sum.

GENERAL AND STATUTORY INFORMATION

There have been no further inquiries or actions taken by the BVI regulator regarding the aforementioned matters. Neither matter has had a material effect on Trident Trust's operations or the subsequent renewal of its Class I Trust Licence.

Disclosures relating to our indirect Controlling Shareholder, Mr. Lim Hean Nerng

Liquidation of Alkaff Mansion Ristorante Pte. Ltd.

Mr. Lim Hean Nerng is a director of Alkaff Mansion Ristorante Pte. Ltd. which is in compulsory winding up. He is not involved in the day-in-day running of the business. The petition for winding-up was made on 20 September 2017 by a creditor of Alkaff Mansion Ristorante Pte. Ltd. on the basis that it was unable to pay its debts. The winding-up orders were given on 20 October 2017.

Disclosure relating to Best Points Corporation Pte Ltd (“Best Points”)

In 2006, Mr. Lim Hean Nerng was charged under Section 57 of the Immigration Act (Chapter 133) for (a) harbouring nine (9) illegal immigrants in an industrial building at Sungei Kadut Road; and (b) employing one (1) of the illegal immigrants, while he was the major shareholder and director of Best Points. Mr. Lim Hean Nerng was subsequently sentenced to three (3) years in prison on 22 December 2006. After serving one (1) year in prison, he was released on 14 May 2009 due to exceptional and good behaviour, and served the remainder of his sentence under home detention. His sentence was discharged on 28 April 2010. Best Points was wound up on 31 March 2011. Best Points was a business venture managed by Mr. Lim Hean Nerng in his own personal capacity and was at all times operating as a separate entity from our Group.

2. There is no shareholding qualification for Directors under our Constitution.
3. Save as disclosed in the section entitled “*Restructuring Exercise*” and “*Interested Person Transactions*” of this Offer Document, none of our Directors is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the date of this Offer Document, been acquired or disposed of by or leased to, our Company or our subsidiaries or are proposed to be acquired or disposed of by or leased to, our Company or our subsidiaries.
4. No sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner or any corporation in which such Director or expert holds shares or debentures, in cash or shares or otherwise, by any person to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.
5. Save as disclosed in the sections entitled “*Interested Person Transactions*” and “*Restructuring Exercise*” of this Offer Document:
 - (a) none of our Directors, Executive Officers, Controlling Shareholders, Substantial Shareholders or any of their Associates has had any interest, direct or indirect, in any transactions to which our Company was or is to be a party;
 - (b) none of our Directors, Executive Officers, Controlling Shareholders, Substantial Shareholders or any of their Associates has any interest, direct or indirect, in any company carrying on the same business or a similar trade which competes materially and directly with the existing business of our Group;
 - (c) none of our Directors, Executive Officers, Controlling Shareholders, Substantial Shareholders or any of their Associates has any interest, direct or indirect, in any company that is our customer or supplier of goods and services; and
 - (d) none of our Directors has any interest in any existing contract or arrangement which is significant in relation to the business of our Company and our subsidiaries, taken as a whole.

GENERAL AND STATUTORY INFORMATION

SHARE CAPITAL

6. As at the date of this Offer Document, there is only one class of Shares in the capital of our Company, being the Shares. There are no founder, management or deferred shares. Our existing Shares do not carry voting rights which are different from the Placement Shares. The rights and privileges attached to our Shares are stated in our Constitution.
7. Save as disclosed in the sections entitled "*Share Capital – Changes in Issued Share Capital*" and "*Restructuring Exercise*" of this Offer Document, there are no changes in the issued and paid-up share capital of our Company, our subsidiaries or our Associated Companies within the last three years preceding the date of this Offer Document.
8. Save as disclosed in the sections entitled "*Share Capital*" and "*Restructuring Exercise*" of this Offer Document, no shares in, or debentures of, our Company or any of our subsidiaries or Associated Companies have been issued, or are proposed to be issued, as fully or partially paid for cash or for a consideration other than cash, within the last three years prior to the date of lodgement of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority.
9. Apart from the LHN Logistics Performance Share Plan, as at the Latest Practicable Date, our Company does not have any arrangement that involves the issue or grant of Shares to our Directors or employees of our Group and no person has, or has the right to be given, an option to subscribe for any securities or securities-based derivatives contracts of our Company.

MATERIAL CONTRACTS

10. Save as disclosed below, our Company, our subsidiaries and our Associated Companies have not entered into any material contracts, not being contracts entered into in the ordinary course of business, within the two years preceding the date of lodgement of this Offer Document:
 - (a) each of the Sponsorship and Management Agreement dated 19 April 2022 and the Placement Agreement dated 19 April 2022;
 - (b) share swap agreement dated 29 March 2022 entered into between LHNGPL and our Company, pursuant to which our Company acquired from LHNGPL the entire issued and paid-up share capital of HNL, comprising an aggregate of 500,000 ordinary shares at a deemed cost of S\$9,639,677, which is determined based on the proportionate share of adjusted NAV of HNL and its subsidiaries of approximately S\$9,639,677 as at 30 September 2021 and settled by the issue and allotment of an aggregate of 1,092,183 shares in the capital of our Company to LHNGPL, credited as fully paid-up at an issue price of S\$8.83 per share, credited as fully paid-up and was arrived at on a willing buyer willing seller basis;
 - (c) share swap agreement dated 29 March 2022 entered into between LHNGPL and our Company pursuant to which our Company acquired from LHNGPL 60% of the issued and paid-up share capital of HLA Container Services comprising an aggregate of 480,000 ordinary shares at a deemed cost of S\$2,478,130, which is determined based on the proportionate share of adjusted NAV of HLA Container Services and its subsidiaries of approximately S\$2,478,130 as at 30 September 2021 and settled by the issue and allotment of an aggregate of 280,774 shares in the capital of our Company to LHNGPL, credited as fully paid-up at an issue price of S\$8.83 per share, credited as fully paid-up and was arrived at on a willing buyer willing seller basis;
 - (d) share swap agreement dated 29 March 2022 entered into between LHNGPL and our Company pursuant to which our Company acquired from LHNGPL 60% of the issued and paid-up share capital of HLA Holdings comprising an aggregate of 429,408 ordinary shares at a deemed cost of S\$321,707, which is determined based on the proportionate share of adjusted NAV of HLA Holdings of approximately S\$321,707 as at 30 September 2021 and settled by the issue and allotment of an aggregate of 36,450 shares in the capital of our Company to LHNGPL, credited as fully paid-up at an issue price of S\$8.83 per share, credited as fully paid-up and was arrived at on a willing buyer willing seller basis;

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- (e) shareholders' agreement dated 1 April 2013 (the "**HLA Container SHA**") entered into between Maple Creek Global Inc ("**Maple Creek**"), Mr. Hew Chee Fatt and HLA Container Services to regulate the affairs of HLA Container Services and the relationship amongst its shareholders (that is, Maple Creek and Mr. Hew Chee Fatt), which shall take effect from 1 April 2013 and remain in force thereafter so long as the parties thereto continue to hold shares in HLA Container. Pursuant to a deed of transfer dated 29 June 2015 between Maple Creek, LHNGPL and HLA Container Services, Maple Creek ceased to be a shareholder of HLA Container Services and Mr. Hew Chee Fatt, LHNGPL and HLA Container Services entered into a supplemental agreement dated 7 May 2016 pursuant to which, *inter alia*, LHNGPL agreed to assume the benefits and liabilities under the HLA Container SHA. The key salient terms of the HLA Container SHA include, *inter alia*:
- (i) HLA Container Services shall unless and until the parties otherwise agree principally carry on the business of providing container depot and related services and such other types of services as the parties may agree from time to time;
 - (ii) HLA Container Services shall be managed by its board, but the day to day administration and management of our Company may be vested in Mr. Hew Chee Fatt as managing director, and/or such other person or persons appointed by its board, who shall at all times be responsible and subject to the control of its board;
 - (iii) Unless otherwise unanimously agreed to by the shareholders in writing, the board of directors of HLA Container Services shall comprise Mr. Hew Chee Fatt and two (2) directors appointed by LHNGPL;
 - (iv) neither party nor any member of its respective group shall (directly or indirectly or solely or jointly with any other person, firm or company) carry on or be engaged in or interested (except as the holder for investment of securities dealt in on a stock exchange and not exceeding five (5) per cent in nominal value of the securities of any class) in any Competing Business in the Territory during the period of the HLA Container SHA. For this purpose, "**Competing Business**" means the Business and "**Territory**" means Singapore and the locations in which HLA Container Services' customers operate; and
 - (v) the HLA Container SHA shall take effect from the date of the HLA Container SHA and remain in force thereafter between the parties so long as the parties continue to hold shares in HLA Container Services.

Any amendments made to the HLA Container SHA will not be subject to Chapter 9 of the Catalist Rules as Mr. Hew Chee Fatt is not an Interested Person;

- (f) joint venture agreement dated 29 January 2018 (as amended by the letter dated 25 June 2018) entered into between SEA Medlog and HLA Container Services in respect of their relationships as shareholders of HLA Logistics, which shall remain in force unless termination in accordance with the terms therein;
- (g) trademark licence agreement dated 29 January 2018 entered into between HLA Container Services and HLA Logistics in respect of the royalty-free licence of a trademark (Registration Number: 40201711728V) by HLA Container Services to HLA Logistics for a period commencing on 29 January 2019 and ending on 20 June 2027;
- (h) trademark licence agreement dated 21 June 2017 entered into between HLA Container Services and HLA Container Services (Thailand) in respect of the royalty-free licence of a trademark (Registration Number: 40201711728V) by HLA Container Services to HLA Logistics for a period commencing on 21 June 2017 and ending on 20 June 2027;

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- (i) loan agreement between HNL and LHN Logistics (Malaysia) dated 23 March 2018 in respect of an interest-free loan of RM50,000 granted to LHN Logistics (Malaysia), which is repayable immediately on demand;
- (j) loan agreement between HNL and LHN Logistics (Malaysia) dated 22 June 2018 in respect of an interest-free loan of RM60,000 granted to LHN Logistics (Malaysia), which is repayable immediately on demand;
- (k) loan agreement between HNL and LHN Logistics (Malaysia) dated 16 July 2018 in respect of an interest-free loan of RM200,000 granted to LHN Logistics (Malaysia), which is repayable immediately on demand;
- (l) loan agreement between HNL and LHN Logistics (Malaysia) dated 25 September 2018 in respect of an interest-free loan of RM560,000 granted to LHN Logistics (Malaysia), which is repayable immediately on demand;
- (m) loan agreement between HNL and LHN Logistics (Malaysia) dated 13 March 2020 in respect of a 4% interest bearing loan of S\$450,000 granted to LHN Logistics (Malaysia), which is repayable immediately on demand (the “**2020 Loan**”);
- (n) letter of guarantee and indemnity from Mr. John Puang Chok Sin to HNL dated 8 January 2021 in respect of a guarantee and indemnity granted by Mr. John Puang Chok Sin to HNL in respect of a loan financing which has been obtained by LHN Logistics (Malaysia) from an external financier, which term shall continue until all relevant payment obligations have been fully discharged (the “**2021 Personal Guarantee**”);
- (o) share pledge agreement dated 8 January 2021 entered into between Mr. John Puang Chok Sin and HNL pursuant to which Mr. John Puang Chok Sin has agreed to pledge a certain number of shares in LHN Logistics (Malaysia) held by him to HNL to secure his obligations under the 2021 Personal Guarantee, which term shall continue until all relevant payment obligations have been fully discharged;
- (p) letter of guarantee and indemnity from Mr. John Puang Chok Sin to HNL dated 13 March 2020 to, *inter alia*, guarantee repayment of up to 30% of the 2020 Loan, which term shall continue until all relevant payment obligations have been fully discharged (the “**2020 Personal Guarantee**”);
- (q) share pledge agreement dated 13 March 2020 entered into between Mr. John Puang Chok Sin and HNL pursuant to which Mr. John Puang Chok Sin has agreed to pledge a certain number of shares in LHN Logistics (Malaysia) held by him to HNL to secure his obligations under the 2020 Personal Guarantee, which term shall continue until all relevant payment obligations have been fully discharged;
- (r) the following loan agreements between HLA Container Services and HLA Container Services (Myanmar):
 - (i) dated 6 April 2020 in respect of an on demand loan of US\$1,000 granted to HLA Container Services (Myanmar) with an interest rate of 3% per annum;
 - (ii) dated 1 May 2020 in respect of an on demand loan of US\$62,000 granted to HLA Container Services (Myanmar) with an interest rate of 3% per annum; and
 - (iii) dated 19 May 2020 in respect of an on demand loan of US\$6,000 granted to HLA Container Services (Myanmar) with an interest rate of 3% per annum,(collectively, the “**Myanmar Subsidiary Loans**”); and

GENERAL AND STATUTORY INFORMATION

- (s) deed of release of debt dated 1 March 2022 between HLA Container Services and HLA Container Services (Myanmar) releasing HLA Container Services (Myanmar) from its payment obligations under the Myanmar Subsidiary Loans.

LITIGATION AND ARBITRATION PROCEEDINGS

- 11. Save as disclosed below, to the best of our knowledge and belief, having made all reasonable enquiries, neither our Company nor any our subsidiaries is engaged in any legal or arbitration proceedings as plaintiff or defendant, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgement of this Offer Document, a material effect on our Group's financial position or profitability of our Group.

On 29 June 2016, HLA Container Services entered into a service agreement for the provision of container depot services, including container repair services (the "**Services**"). Owing to a failure by the contracted company (the "**Contracted Company**") to provide the Services required under the service agreement, HLA Container Services commenced arbitration proceedings. In the arbitration proceedings, HLA Container Services alleged that there was a breach of the terms of the service agreement by the Contracted Company failing to provide the Services. HLA Container Services is seeking recovery of approximately no less than S\$1.4 million and no more than S\$5 million in damages. The Contracted Company made a counterclaim against HLA Container Services for unlawfully prematurely terminating the service agreement and is seeking recovery of approximately S\$550,000 in damages. As at the Latest Practicable Date, the evidential hearing of the arbitration proceedings has concluded and parties are preparing the closing and reply submissions. As confidentiality ought to be abided by the parties in the process of arbitration and as the arbitration process is ongoing and is confidential, our Group is unable to disclose the name of the Contracted Company.

MANAGEMENT AND PLACEMENT ARRANGEMENTS

- 12. Pursuant to the Sponsorship and Management Agreement dated 19 April 2022 entered into between our Company and PPCF as the Sponsor and Issue Manager, our Company appointed PPCF to sponsor and manage the Listing. PPCF will receive management fees for such services rendered.
- 13. Pursuant to the Placement Agreement dated 19 April 2022 entered into between our Company and PPCF and CGS-CIMB as the Co-Placement Agents, the Co-Placement Agents have agreed to procure subscriptions for the Placement Shares for a placement commission of 3.5% of the aggregate Placement Price for the total number of Placement Shares successfully subscribed for payable by our Company. Subject to any applicable laws and regulations, our Company agrees that the Co-Placement Agents shall be at liberty to appoint one or more sub-placement agents under the Placement Agreement upon such terms and conditions as the Co-Placement Agents may deem fit.
- 14. Subject to the consent of the SGX-ST being obtained, the Sponsorship and Management Agreement may be terminated by PPCF at any time before the close of the Application List on the occurrence of certain events including:
 - (a) PPCF becomes aware of any material inaccuracy or misrepresentation by our Company and/or our respective agent(s) or any material breach of any of the warranties, representations, covenants or undertakings given by our Company to PPCF in the Sponsorship and Management Agreement; or
 - (b) there shall have been or come into effect, since the date of the Sponsorship and Management Agreement, in any relevant jurisdiction, save as disclosed in this Offer Document, any introduction or prospective introduction of or any change in any statute, regulation, order, policy or directive (whether or not having the force of law and including without limitation, any directive or request issued by the SGX-ST) or in the interpretation or

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application thereof of any court or other competent authority which shall in the reasonable opinion of PPCF (i) be likely to prejudice the success of the subscription, placement or issue of the Placement Shares (whether in the primary market or in respect of dealings in the secondary market) or be likely to have a material adverse effect on the placement of the Placement Shares, or (ii) be likely to have a material adverse effect on the business, trading position, operations or prospects of our Company or of our Group as a whole, or (iii) make it impracticable or inadvisable to proceed with the subscription, sale, placement, issue or transfer of the Placement Shares, or (iv) be such that no reasonable full sponsor or issue manager would have entered into the Sponsorship and Management Agreement, or (v) result in a material fluctuation or material adverse conditions in the SGX-ST which event(s) shall in the reasonable opinion of the Co-Placement Agents exercised in good faith be likely to have a material adverse effect on the Placement, or (vi) make it uncommercial or otherwise contrary to or outside the usual commercial practices in Singapore for PPCF to observe or perform or be obliged to observe or perform the terms of the Sponsorship and Management Agreement; or

- (c) there is a conflict of interest for PPCF, or any dispute, conflict or disagreement with our Company or our Company wilfully fails to comply with any advice from or recommendation of PPCF.
15. The Placement Agreement and the obligations of the Co-Placement Agents under the Placement Agreement to procure purchasers for or to purchase and pay for the Placement Shares on the Closing Date are conditional upon the occurrence of the following events or their waiver in writing by the Co-Placement Agents by no later than 9.00 a.m. on the Closing Date or, where relevant, the dates and times specified below respectively (or, in each case, such later date or time as the Co-Placement Agents may agree in writing with our Company) are conditional upon:
- (a) this Offer Document having been registered by the SGX-ST acting as agent on behalf of the Authority in accordance with the Catalist Rules;
 - (b) the notice issued by the SGX-ST for the listing and quotation of all the Shares, the Placement Shares, the Performance Shares and the PPCF Shares on the Catalist (the “**Listing and Quotation Notice**”) being issued or granted by the SGX-ST acting as agent on behalf of the Authority and such Listing and Quotation Notice not being revoked or withdrawn on or prior to the Closing Date;
 - (c) the compliance by our Company to the satisfaction of the SGX-ST with all the conditions imposed by the SGX-ST in granting the Listing and Quotation Notice (if any), where such conditions are required to be complied with by the Closing Date;
 - (d) such approvals as may be required for the transactions described in the Placement Agreement and in this Offer Document in relation to the Listing and the Placement being obtained, and not withdrawn or amended, on or before the date on which our Company is admitted to Catalist (or such other date as our Company and the Co-Placement Agents may agree in writing);
 - (e) the offer, allotment, issue, transfer and subscription of the Placement Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore or any other jurisdiction, which is applicable to our Company or the Co-Placement Agents;
 - (f) there not having occurred, in the reasonable opinion of the Co-Placement Agents, any material adverse change or any development likely to result in a material adverse change, whether individually or in the aggregate, and whether or not arising in the ordinary course of business, on (i) the condition (financial or otherwise), results of operations, financial position, management, assets, prospects and/or business of our Group, taken as a whole, whether or not arising in the ordinary course of business, or (ii) the ability of our Company to perform

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in any material respect its obligations under or with respect to, or to consummate the transactions contemplated by the Placement Agreement and this Offer Document, whether or not arising from transactions in the ordinary course of business, or (iii) on the ability of our Company or any of our Group Companies to conduct its businesses and to own or lease our assets and properties as described in the Placement Agreement, or (iv) on the Placement, subsequent to the date of the Placement Agreement which, in the reasonable opinion of the Co-Placement Agents, is or is likely to be materially adverse in the context of the Placement or is reasonably likely to prejudice materially the success of the Placement or dealings in the secondary market nor the occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any material respect or misleading, as at the date of closing of the Application List, any of the warranties or representations nor any breach by our Company of any of its obligations under the Placement Agreement;

- (g) the compliance by our Company with all applicable laws and regulations concerning the Listing and the Placement, the admission of our Company to Catalist and the listing and quotation of all the issued Shares, the Placement Shares, the PPCF Shares, and the Performance Shares on Catalist and the transactions contemplated in the Placement Agreement and this Offer Document and no new laws, regulations and directives having been promulgated, published and/or issued and/or having taken effect or any other similar matter having occurred which, in the opinion of the Co-Placement Agents, has or may have a material adverse effect on the Placement and the Listing;
- (h) the delivery by our Company to the Co-Placement Agents by 8.00 a.m. on the Closing Date of a certificate, in the form set out in Schedule 2 to the Placement Agreement, signed on behalf of our Company by our duly authorised officers;
- (i) the delivery to the Co-Placement Agents, on the date of registration of this Offer Document, of a copy of the disclosure letter (or equivalent) issued by Morgan Lewis Stamford LLC in relation to the Listing and the Co-Placement Agents being satisfied with the results, findings, advice, opinions and/or conclusions set out in such letter (or equivalent);
- (j) (j) the letters of undertaking referred to in this Offer Document in the section entitled “*Shareholders – Moratorium*” being executed and delivered to the Sponsor and Issue Manager and the Co-Placement Agents before the date of registration of this Offer Document;
- (k) each of the depository agreement and the Sponsorship and Management Agreement having been entered into and being in full force and effect and not being terminated or rescinded pursuant to the provisions thereof;
- (l) the representations, warranties and undertakings in the Placement Agreement remaining true and accurate in all respects as at the Closing Date and our Company having performed all of our obligations hereunder to be performed on or before the Closing Date; and
- (m) the sub-placement agent(s)’ fulfilment of their obligations in respect of any sub-placement of the Placement Shares to placees pursuant to a separate sub-placement agreement entered into between any sub-placement agent and the Co-Placement Agents, in respect of the Placement.

MISCELLANEOUS

- 16. There has not been any public takeover offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or the units of a business trust which has occurred between the date of incorporation of our Company and the Latest Practicable Date.
- 17. No expert is employed on a contingent basis by our Company or our subsidiaries, or has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.

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18. No amount of cash or securities or benefit has been paid or given to any promoter within the two years preceding the Latest Practicable Date or is proposed or intended to be paid or given to any promoter at any time.
19. Save as disclosed in the section entitled “*General and Statutory Information – Management and Placement Agreements*” of this Offer Document, no commission, discount or brokerage has been paid or other special terms granted within the two years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or our subsidiaries.
20. Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with the Receiving Banker. In the ordinary course of business, the Receiving Banker will deploy these monies in the inter-bank money market. All profits derived from the deployment of such monies will accrue to the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.
21. Save as disclosed in the sections entitled “*Risk Factors*”, “*Management’s Discussion and Analysis of Results of Operations and Financial Position*”, “*General Information on our Group – Prospects*”, “*General Information on our Group – Trend Information and Order Book*” and “*General and Statutory Information – Litigation*” of this Offer Document, our Directors are not aware of any relevant material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company and our subsidiaries.
22. Save as disclosed in the sections entitled “*Risk Factors*”, “*Management’s Discussion and Analysis of Results of Operations and Financial Position*”, “*General Information on our Group – Prospects*”, “*General Information on our Group – Trend Information and Order Book*” and “*General and Statutory Information – Litigation*” of this Offer Document, the financial condition, performance and operations of our Group are not likely to be affected by any of the following:
 - (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group’s liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;
 - (c) unusual or infrequent events or transactions or any significant economic changes that will materially affect the amount of reported income from operations; and
 - (d) known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues or operating income.
23. Save as disclosed in the sections entitled “*Risk Factors*”, “*General Information on our Group – Prospects*”, “*General Information on our Group – Trend Information and Order Book*” and “*General and Statutory Information – Litigation*” of this Offer Document, our Directors are not aware of any event which has occurred since the end of FY2021 to the Latest Practicable Date that may have a material effect on the financial position and results of our Group or the financial information provided in this Offer Document.

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24. Details, including the name, address and professional qualifications including membership in a professional body of the auditors of our Company since the incorporation of our Company are as follows:

Name, professional qualifications and address	Membership in professional body	Partner-in-charge / Professional qualification
PricewaterhouseCoopers LLP / Public Accountants and Chartered Accountants / 7 Straits View Marina One East Tower, Level 12 Singapore 018936	Institute of Singapore Chartered Accountants	Partner-in-charge: Lee Zhen Jian / A member of the Institute of Singapore Chartered Accountants

We currently have no intention of changing our auditors after the Listing.

CONSENTS

25. The Independent Auditor and Reporting Accountant, PricewaterhouseCoopers LLP, has given and has not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of the section entitled “*Appendix A – Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Years Ended 30 September 2019, 2020 and 2021*” of this Offer Document and all references thereto in the form and context in which they are respectively included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
26. The Independent Financial Adviser, Xandar Capital Pte. Ltd., has given and has not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of the section entitled “*Appendix D – Letter From The Independent Financial Adviser*” of this Offer Document and all references thereto in the form and context in which they are respectively included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
27. The Sponsor and Issue Manager, and Co-Placement Agent, PrimePartners Corporate Finance Pte. Ltd., has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which it appear in this Offer Document and to act in such capacity in relation to this Offer Document.
28. The Co-Placement Agent, CGS-CIMB, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which it appear in this Offer Document and to act in such capacity in relation to this Offer Document.
29. The Solicitors to the Placement and Legal Adviser to our Company as to Singapore law, Morgan Lewis Stamford LLC, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and reference thereto in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
30. The Legal Adviser to our Company as to Malaysia law, Kadir, Andri & Partners, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and reference thereto in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document (including its opinions as set out in the sections entitled “*Group Structure*” and “*Group Structure – Our Subsidiaries and Associated Companies*” of this Offer Document).

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31. The Legal Adviser to our Company as to Myanmar law, WongPartnership Myanmar Limited, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and reference thereto in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document (including its opinion as set out in note (14) in the section entitled “*General Information on our Group – Intellectual Property*” of this Offer Document).
32. The Legal Adviser to our Company as to Thailand law, The Capital Law Office Limited, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and reference thereto in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document (including its opinions as set out in the sections entitled “*Group Structure*”, “*Group Structure – Our Subsidiaries and Associated Companies*”, “*General Information on our Group – Licences, Permits, Approvals, Certifications and Government Regulations – Thailand – (b) Other regulations in Thailand – Zoning Law*” and “*General Information on our Group – Properties and Fixed Assets – Properties leased/sub-leased by our Group*” of this Offer Document).
33. The Legal Adviser to the Sponsor and Issue Manager, and the Co-Placement Agents, as to Singapore law, Shook Lin & Bok LLP, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and reference thereto in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
34. The Share Registrar and Transfer Agent has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and reference thereto in the form and context in which they respectively appear in this Offer Document and to act in such capacity in relation to this Offer Document. The Principal Bankers, the Principal Banker/Financial Institution and the Receiving Banker has each given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which it appears in this Offer Document.
35. Save as disclosed in paragraphs 30 to 33 above, each of the Solicitors to the Placement and Legal Adviser to our Company as to Singapore law, the Legal Adviser to our Company as to Malaysia law, the Legal Adviser to our Company as to Myanmar law, the Legal Adviser to our Company as to Thailand law, the Legal Adviser to the Sponsor and Issue Manager, and the Co-Placement Agents, as to Singapore law, the Share Registrar and Transfer Agent, the Principal Bankers, the Principal Banker/Financial Institution and the Receiving Banker do not make or purport to make any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and each of them makes no representation regarding any statement in this Offer Document and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

36. This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Placement, our Company and our subsidiaries and Associated Companies, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

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DOCUMENTS FOR INSPECTION

37. The following documents or copies thereof may be inspected at our registered office during normal business hours for a period of six months from the date of registration of this Offer Document with the SGX-ST (acting as agent on behalf of the Authority):
- (a) the Constitution of our Company;
 - (b) the Independent Auditor's Report and the Audited Combined Financial Statements for the Financial Years Ended 30 September 2019, 2020 and 2021, as set out in the section entitled "*Appendix A – Independent Auditor's Report and the Audited Combined Financial Statements for the Financial Years Ended 30 September 2019, 2020 and 2021*" of this Offer Document;
 - (c) the audited financial statements of each entity in our Group for FY2019, FY2020 and FY2021 (including all notes, reports or information relating to such audited financial statements which are required to be prepared under the Companies Act);
 - (d) the Letter from the Independent Financial Adviser as set out in the section entitled "*Appendix D – Letter From The Independent Financial Adviser*" of this Offer Document;
 - (e) the Service Agreements referred to in the section entitled "*Directors, Management and Staff – Service Agreements*" of this Offer Document;
 - (f) the material contracts referred to in the section entitled "*General and Statutory Information – Material Contracts*" of this Offer Document;
 - (g) the letters of consent referred to in the section entitled "*General and Statutory Information – Consents*" of this Offer Document; and
 - (h) the rules of the LHN Logistics Performance Share Plan referred to in the sections entitled "*LHN Logistics Performance Share Plan*" and "*Appendix C – Rules of the LHN Logistics Performance Share Plan*" of this Offer Document.

Persons who wish to inspect these documents at the registered office of our Company are required to make an appointment in advance. Our Company will arrange a date when the person can come to the registered office to inspect accordingly. The inspection of documents will be arranged to limit the number of people who are present at the registered office at any one point in time and such arrangements are subject to the prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2019, 2020 AND 2021

INDEPENDENT AUDITOR’S REPORT ON THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2019, 2020 AND 2021

The Board of Directors

LHN Logistics Limited
10 Raeburn Park #02-15B
Singapore 088702

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of LHN Logistics Limited (the “Company”) and its subsidiaries (the “Group”), which comprises the combined balance sheets as at 30 September 2019, 2020 and 2021, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the financial years ended 30 September 2019, 2020 and 2021, and the notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages A-3 to A-74.

In our opinion, the accompanying combined financial statements of the Group are properly drawn up in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)s”) so as to give a true and fair view of the combined financial position of the Group as at 30 September 2019, 2020 and 2021 and of the combined financial performance, combined changes in equity and combined cash flows of the Group for each of the financial years ended 30 September 2019, 2020 and 2021.

Basis for Opinion

We have conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Combined Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the combined financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Directors for the Combined Financial Statements

Management is responsible for the preparation of combined financial statements that give a true and fair view in accordance with SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair combined financial statements and to maintain accountability of assets.

In preparing the combined financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing the Group’s financial reporting process.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2019, 2020 AND 2021

INDEPENDENT AUDITOR’S REPORT ON THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2019, 2020 AND 2021 (continued)

Auditor’s Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on distribution and use

This report is prepared solely to you as a body and for the inclusion in the Final Offer Document of the Company to be issued in relation to the proposed offering of the shares of the Company in connection with the Company’s listing on the Catalist Board of the Singapore Exchange Securities Trading Limited.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore

Lee Zhen Jian
Partner-in-charge
19 April 2022

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LHN LOGISTICS LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

For the financial years ended 30 September 2019, 2020 and 2021

	Note	2019 S\$'000	2020 S\$'000	2021 S\$'000
Revenue	4	24,937	25,189	27,181
Cost of sales	6	(15,815)	(17,053)	(18,272)
Gross profit		9,122	8,136	8,909
Other income	5	736	1,307	1,065
Expenses				
Distribution and marketing expenses	6	(88)	(59)	(59)
Administrative expenses	6	(4,994)	(5,214)	(5,109)
Other operating expenses	7			
- Impairment loss on trade receivable		-	(14)	(34)
- Others		-	(104)	(121)
Finance cost	9	(294)	(597)	(633)
Share of result of associates, net of tax	17	508	511	698
Profit before income tax		4,990	3,966	4,716
Income tax expense	10	(710)	(572)	(732)
Profit for the year		4,280	3,394	3,984
Profit attributable to:				
Equity holders of the Company		3,766	2,853	3,323
Non-controlling interests		514	541	661
		4,280	3,394	3,984
Other comprehensive income/(loss)				
<u>Items that may be reclassified subsequently to profit or loss</u>				
Currency translation differences arising from consolidation		46	(37)	(63)
<u>Items that will not be reclassified subsequently to profit or loss</u>				
Revaluation gain on property, plant and equipment	23	-	-	921
Other comprehensive income for the year		46	(37)	858
Total comprehensive income for the year		4,326	3,357	4,842
Total comprehensive income attributable to:				
Equity holders of the Company		3,786	2,836	4,217
Non-controlling interests		540	521	625
		4,326	3,357	4,842
Earnings per share for profit attributable to equity holders of the Company				
Basic and diluted (Singapore cents)	11	2.67	2.02	2.36

The accompanying notes form an integral part of these financial statements.

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LHN LOGISTICS LIMITED AND ITS SUBSIDIARIES

COMBINED BALANCE SHEETS

As at 30 September 2019, 2020 and 2021

	Note	2019 S\$'000	2020 S\$'000	2021 S\$'000
ASSETS				
Current assets				
Cash and bank deposits		2,402	4,566	5,121
Trade and other receivables	12	6,010	5,376	5,729
Tax recoverable		402	-	-
Prepayments		332	304	132
Inventory	13	3	31	44
		<u>9,149</u>	<u>10,277</u>	<u>11,026</u>
Non-current assets				
Property, plant and equipment	14	2,148	14,615	15,296
Right-of-use assets	15	8,767	11,841	11,360
Intangible assets	16	108	40	-
Investment in associates	17	306	148	238
Deferred income tax assets	18	50	9	-
		<u>11,379</u>	<u>26,653</u>	<u>26,894</u>
Total assets		<u>20,528</u>	<u>36,930</u>	<u>37,920</u>
LIABILITIES				
Current liabilities				
Trade and other payables	19	4,225	3,463	2,273
Current income tax liabilities		138	472	449
Bank borrowings	20	87	1,678	2,234
Lease liabilities	21	2,211	2,300	2,014
		<u>6,661</u>	<u>7,913</u>	<u>6,970</u>
Non-current liabilities				
Deferred tax liabilities	18	13	27	157
Bank borrowings	20	36	10,401	9,635
Lease liabilities	21	4,914	7,228	6,455
		<u>4,963</u>	<u>17,656</u>	<u>16,247</u>
Total liabilities		<u>11,624</u>	<u>25,569</u>	<u>23,217</u>
NET ASSETS		<u>8,904</u>	<u>11,361</u>	<u>14,703</u>
EQUITY				
Share capital	22	1,409	1,409	1,409
Reserves	23	6,058	8,114	11,031
Capital and reserves attributable to equity holders of the Company				
		<u>7,467</u>	<u>9,523</u>	<u>12,440</u>
Non-controlling interests	24	1,437	1,838	2,263
Total equity		<u>8,904</u>	<u>11,361</u>	<u>14,703</u>

The accompanying notes form an integral part of these financial statements.

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LHN LOGISTICS LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CHANGES IN EQUITY

For the financial years ended 30 September 2019, 2020 and 2021

	Note	Share capital S\$'000	Retained profits S\$'000	Exchange translation reserve S\$'000	Revaluation reserve S\$'000	Capital and reserves attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total S\$'000
2019								
Beginning of financial year		1,409	5,273	(1)	-	6,681	897	7,578
Profit for the year		-	3,766	-	-	3,766	514	4,280
Other comprehensive income for the year		-	-	20	-	20	26	46
Total comprehensive income for the year		-	3,766	20	-	3,786	540	4,326
Dividends paid	25	-	(3,000)	-	-	(3,000)	-	(3,000)
End of financial year		1,409	6,039	19	-	7,467	1,437	8,904
2020								
Beginning of financial year		1,409	6,039	19	-	7,467	1,437	8,904
Profit for the year		-	2,853	-	-	2,853	541	3,394
Other comprehensive income for the year		-	-	(17)	-	(17)	(20)	(37)
Total comprehensive income for the year		-	2,853	(17)	-	2,836	521	3,357
Dividends paid	25	-	(780)	-	-	(780)	(120)	(900)
End of financial year		1,409	8,112	2	-	9,523	1,838	11,361

The accompanying notes form an integral part of these financial statements.

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LHN LOGISTICS LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CHANGES IN EQUITY

For the financial years ended 30 September 2019, 2020 and 2021

2021	Note	Share capital S\$'000	Retained profits S\$'000	Exchange translation reserve S\$'000	Revaluation reserve S\$'000	Capital and reserves attributable to equity holders of the Company S\$'000	Non- controlling interests S\$'000	Total S\$'000
Beginning of financial year		1,409	8,112	2	-	9,523	1,838	11,361
Profit for the year		-	3,323	-	-	3,323	661	3,984
Other comprehensive income for the year		-	-	(27)	921	894	(36)	858
Total comprehensive income for the year		-	3,323	(27)	921	4,217	625	4,842
Dividends paid	25	-	(1,300)	-	-	(1,300)	(200)	(1,500)
End of financial year		1,409	10,135	(25)	921	12,440	2,263	14,703

The accompanying notes form an integral part of these financial statements.

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LHN LOGISTICS LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CASH FLOWS

For the financial years ended 30 September 2019, 2020 and 2021

	Note	2019 S\$'000	2020 S\$'000	2021 S\$'000
Cash flows from operating activities				
Profit before income tax		4,990	3,966	4,716
Adjustments for:				
- Share of results of associates, net of tax		(508)	(511)	(698)
- Depreciation on property, plant & equipment	14	614	1,383	1,527
- Depreciation on right-of-use assets	15	1,471	1,896	1,973
- Amortisation of intangible assets	16	68	68	39
- Gain on lease modification		-	-	(163)
- Net gain on disposal of property, plant and equipment	5	(84)	(64)	(126)
- Provision of allowance for doubtful debts		-	14	34
- Interest income	5	(2)	(3)	(1)
- Interest expense	9	294	597	633
		6,843	7,346	7,934
Change in working capital:				
- Inventories		3	(28)	(13)
- Trade and other receivables and prepayments		656	648	(215)
- Trade and other payables		(870)	(758)	(1,012)
Cash generated from operations		6,632	7,208	6,694
Income tax refund		297	402	1
Income tax paid		(508)	(155)	(617)
Net cash provided by operating activities		6,421	7,455	6,078
Cash flows from investing activities				
Additions to property, plant and equipment		(1,784)	(13,961)	(1,449)
Disposal of property, plant and equipment		84	121	218
Dividend from associate		441	669	608
Interest received		2	3	1
Net cash used in investing activities		(1,257)	(13,168)	(622)

The accompanying notes form an integral part of these financial statements.

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LHN LOGISTICS LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CASH FLOWS

For the financial years ended 30 September 2019, 2020 and 2021

	Note	2019 S\$'000	2020 S\$'000	2021 S\$'000
Cash flows from financing activities				
Proceeds from borrowings		700	13,350	3,000
Repayment of borrowings		(802)	(1,394)	(3,210)
Repayment of lease liabilities		(2,111)	(2,562)	(2,551)
Dividends paid to equity holders of the Company		(3,000)	(780)	(1,300)
Dividends paid to non-controlling interests		-	(120)	(200)
Interest expenses paid		(294)	(597)	(633)
Net cash (used in)/provided by financing activities		(5,507)	7,897	(4,894)
Net (decrease)/increase in cash and cash equivalents		(343)	2,184	562
Cash and cash equivalents at beginning of the year				
		2,713	2,402	4,566
Effects of currency translation on cash and cash equivalents		32	(20)	(7)
End of financial year		2,402	4,566	5,121

Reconciliation of liabilities arising from financing activities

	1 October 2018 S\$'000	Receipts/ (payments) - net S\$'000	Non-cash changes S\$'000			30 September 2019 S\$'000
			Interest expense	Addition – new Lease	Currency translation	
Lease liabilities	5,734	(2,394)	283	3,494	8	7,125
Bank borrowings	225	(113)	11	-	-	123

	1 October 2019 S\$'000	Receipts/ (payments) - net S\$'000	Non-cash changes S\$'000			30 September 2020 S\$'000
			Interest expense	Addition – new Lease	Currency translation	
Lease liabilities	7,125	(2,933)	371	4,843	122	9,528
Bank borrowings	123	11,730	226	-	-	12,079

	1 October 2020 S\$'000	Receipts/ (payments) - net S\$'000	Non-cash changes S\$'000			30 September 2021 S\$'000
			Interest expense	Addition – new Lease	Currency translation	
Lease liabilities	9,528	(3,037)	486	1,446	46	8,469
Bank borrowings	12,079	(357)	147	-	-	11,869

The accompanying notes form an integral part of these financial statements.

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LHN LOGISTICS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the financial years ended 30 September 2019, 2020 and 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information, the restructuring exercise and basis of presentation

1.1 General information

LHN Logistics Limited (the “Company”) is incorporated and domiciled in Singapore. The address of its registered office is 10 Raeburn Park #02-15B, Singapore 088702.

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) are principally engaged in transportation business and container depot services business.

This combined financial statements are the first SFRS(I) financial statements of the Group in which SFRS(I) has been applied.

The ultimate holding corporation of the Group, before and after completion of the restructuring exercise as described in Note 1.2, is LHN Capital Pte Ltd.

Prior to the incorporation of the Company and the completion of the restructuring exercise, the Group operating activities (the “Listing Business”) were carried out by LHN Limited and its subsidiaries (collectively referred to as “LHN”) during the financial years ended 30 September 2019, 2020 and 2021 (collectively referred to as the “Track Record Period”).

1.2 Restructuring exercise

In preparation for the listing of the Company’s shares on the Catalist Board of the Singapore Exchange Securities Trading Limited, the Group underwent a restructuring exercise (the “Restructuring”) as described below, which resulted in the Company becoming the holding company of the Group.

(a) Incorporation of the Company

The Company was incorporated on 24 August 2021 in Singapore in accordance with the Companies Act as a private company limited by shares with an issued and paid-up share capital of S\$1, comprising one ordinary share held by LHN Group Pte Ltd (“LHN GPL”).

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For the financial years ended 30 September 2019, 2020 and 2021

1. General information, the restructuring exercise and basis of presentation
(continued)

1.2 Restructuring exercise (continued)

(b) Sale of shares in HNL to the Company by LHNGPL

On 29 March 2022, LHNGPL and the Company entered into a share swap agreement pursuant to which the Company acquired from LHNGPL the entire issued and paid-up share capital of Hearn Nerng Logistics Pte Ltd (“HNL”), comprising an aggregate of 500,000 ordinary shares at a deemed cost of S\$9,639,677, which is determined based on the proportionate share of adjusted net asset value of HNL and its subsidiaries of approximately S\$9,639,677 as at 30 September 2021 and settled by the issue and allotment of an aggregate of 1,092,183 ordinary shares in the capital of the Company to LHNGPL, credited as fully paid-up at an issue price of S\$8.83 per share, credited as fully paid-up and was arrived at on a willing buyer willing seller basis.

(c) Sale of shares in HLA Container Services to the Company by LHNGPL

On 29 March 2022, LHNGPL and the Company entered into a share swap agreement pursuant to which the Company acquired from LHNGPL 60% of the issued and paid-up share capital of HLA Container Services Pte Ltd (“HLACS”) comprising an aggregate of 480,000 ordinary shares at a deemed cost of S\$2,478,130, which is determined based on the proportionate share of adjusted net asset value of HLACS and its subsidiaries of approximately S\$2,478,130 as at 30 September 2021 and settled by the issue and allotment of an aggregate of 280,774 ordinary shares in the capital of the Company to LHNGPL, credited as fully paid-up at an issue price of S\$8.83 per share, credited as fully paid-up and was arrived at on a willing buyer willing seller basis

(d) Sale of shares in HLA Holdings to the Company by LHNGPL

On 29 March 2022, LHNGPL and the Company entered into a share swap agreement pursuant to which the Company acquired from LHNGPL 60% of the issued and paid-up share capital of HLA Holdings Pte Ltd (“HLAH”) comprising an aggregate of 429,408 ordinary shares at a deemed cost of S\$321,707, which is determined based on the proportionate share of adjusted net asset value of HLAH of approximately S\$321,707 as at 30 September 2021 and settled by the issue and allotment of an aggregate of 36,450 ordinary shares in the capital of the Company to LHNGPL, credited as fully paid-up at an issue price of S\$8.83 per share, credited as fully paid-up and was arrived at on a willing buyer willing seller basis.

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For the financial years ended 30 September 2019, 2020 and 2021

1. General information, the restructuring exercise and basis of presentation
(continued)

1.2 Restructuring exercise (continued)

(e) *Conversion of the Company into a public company*

On 4 April 2022, the Company was converted into a public company limited by shares and its name was changed from LHN Logistics Pte Ltd to LHN Logistics Limited.

(f) *Share split*

On 13 April 2022, pursuant to the approval by the Company’s shareholder of a share split, the Company’s 1,409,408 issued and paid up ordinary shares were subdivided into 140,940,800 issued and paid up ordinary shares. Following the share split, the issued and paid-up share capital of the Company was S\$12,439,515, comprising of 140,940,800 ordinary shares.

(g) *Subsidiaries held by the Company*

The subsidiaries held by the Company upon completion of the Restructuring are as follows:

Name of subsidiaries	Country and date of incorporation	Principal activities	Effective shareholding interest held by the Group			Notes
			As at 30 September			
			2019	2020	2021	
			%	%	%	
Directly held						
Hean Nerng Logistics Pte Ltd	Singapore 18 June 1997	Freight transport by road and warehousing logistics	100	100	100	
HLA Holdings Pte Ltd	Singapore 26 Nov 2008	Container depot management	60	60	60	1
HLA Container Services Pte Ltd	Singapore 22 Mar 2013	Container depot management	60	60	60	1

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**1. General information, the restructuring exercise and basis of presentation
(continued)**

1.2 Restructuring exercise (continued)

(g) Subsidiaries held by the Company (continued)

Name of subsidiaries	Country and date of incorporation	Principal activities	Effective shareholding interest held by the Group			Notes
			As at 30 September			
			2019	2020	2021	
			%	%	%	
Indirectly held						
LHN Logistics Sdn Bhd	Malaysia 8 June 2015	Freight transport by road and warehousing logistics	49	49	49	2
HLA Holding (Thailand) Ltd	Thailand 22 Dec 2014	Container depot management	28.8	28.8	28.8	3
HLA Container Services (Thailand) Ltd	Thailand 23 Dec 2014	Container depot management	43.5	43.5	43.5	4
HLA Container Services (Myanmar) Ltd	Myanmar 13 Sep 2018	Container depot management	60	60	60	

Notes:

- (1) The non-controlling shareholder of the two entities are Mr Hew Chew Fatt, who is an employee of the Group.
- (2) Management has assessed that the Group has control over LHN Logistics Sdn Bhd, as the Group has the majority representation on the board of directors in LHN Logistics Sdn Bhd and has a shareholders' agreement with the non-controlling shareholder granting the Group power to exercise corporate decision over certain key matters and activities of LHN Logistics Sdn Bhd. Accordingly, the Group has accounted for this investment as its subsidiary corporation. The non-controlling shareholder of the entity is Mr John Puang Chok Sin, a third party.
- (3) Effective voting rights of 53.2% and effective ownership interest of 28.8% held by the Group. The non-controlling shareholders of the entity are Ms. Somsri Puyatho and Mr. Hew Chee Fatt, both of whom are employees of the Group, and Ms. Pajit Puyatho, a third party.
- (4) Management has assessed that the Group has control over HLA Container Services (Thailand) Ltd, as the Group has the right to appoint the majority of the directors on the board of HLA Container Services (Thailand) Ltd. Accordingly, the Group has accounted for this investment as its subsidiary corporation. The non-controlling shareholder of the entity is Mr Hew Chee Fatt, who is an employee of the Group.

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For the financial years ended 30 September 2019, 2020 and 2021

1. General information, the restructuring exercise and basis of presentation
(continued)

1.3 Basis of presentation

Immediately prior to the completion of the Restructuring, the Listing Business was conducted through LHN. Pursuant to the Restructuring, the Listing Business is transferred to and held by the Company with no change in management. The Company has not been involved in any other business prior to the Restructuring and does not meet the definition of a business. Accordingly, the Restructuring is accounted for as a reorganisation of the Listing Business, i.e. the combined financial statements of the Group for the financial years ended 30 September 2019, 2020 and 2021 have been prepared and presented as a continuation of the Listing Business conducted through LHN, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the Listing Business for all periods presented from the Listing Business perspective.

The combined financial statements of the Listing Business for the Track Record Period were included in the following manner:

- Transactions and balances specifically identified as relating to the Listing Business were combined in the combined financial statements, and
- Intercompany transactions, balances, unrealised profits or losses on transactions between companies now comprising the Group are eliminated on consolidation.

1.4 Impact of COVID-19 outbreak

The outbreak of Coronavirus Disease 2019 in early 2020 (the “COVID-19 outbreak”) has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group’s significant operations are in Singapore, Malaysia and Thailand, all of which have been affected by the spread of COVID-19 since early 2020.

Financial year ended 30 September 2019

The COVID-19 outbreak is a non-adjusting post balance sheet event. The effects of the COVID-19 outbreak for financial year ended 30 September 2020 and 2021 is set out below.

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For the financial years ended 30 September 2019, 2020 and 2021

1. General information, the restructuring exercise and basis of presentation
(continued)

1.4 Impact of COVID-19 outbreak (continued)

Financial year ended 30 September 2020 and 2021

Set out below is the impact of the COVID-19 outbreak on the Group’s financial performance reflected in the financial statements for the years ended 30 September 2020 and 2021.

- i. The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- ii. Border closures, production stoppages and workplace closures have to adhere to the respective governments’ movement control measures. However, this did not have significant negative impact to the Group’s financial performance as the Group’s logistics operation were allowed to operate under the respective guidelines set by Ministry of Trade and Industrial of Singapore for the years ended 30 September 2020 and 2021.
- iii. The Group has received various government grants including job support scheme and rental rebates. The effects of such government grants received are disclosed in Note 5.
- iv. The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability and valuation of assets. The significant estimates and judgement applied on revaluation of the Group’s leasehold building is disclosed in Note 3.

As the global COVID-19 situation remains very fluid as at the date of this financial statements the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance beyond 30 September 2021.

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For the financial years ended 30 September 2019, 2020 and 2021

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with SFRS(I) requires the management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Adoption of SFRS (I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 October 2018. The combined financial statements for the years ended 30 September 2019, 2020 and 2021 are the first set of financial statements the Group prepared in accordance with SFRS(I). Since the Group did not previously prepare combined financial statements, and accordingly does not have any previous GAAP for purposes of the combined financial statements, the Group is not required to present reconciliations as per SFRS(I) 1.

2.2 Changes in accounting policies

Interpretations and amendments to published standards effective in 2021

The Group has early adopted Covid-19-Related Rent Concessions (Amendments to SFRS(I) 16 Leases) beyond 30 June 2022. Under the amendment to SFRS(I) 16, the practical expedient allowing the Group to elect to account for rent concessions relating to COVID-19 as if they were not lease modifications in the Covid-19-Related Rent Concessions (Amendments to SFRS(I) 16 Leases) can be applied to any reduction in lease payments affecting payments originally due on or before 30 June 2022. There is no material impact on the early adoption of the amendment.

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2. Significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

Interpretations and amendments to published standards effective in 2021
(continued)

The following new standards, amendments and interpretations to existing SFRS(I)s have been published and are not mandatory for the reporting period beginning 1 October 2020 and have not been early adopted by the Group.

Description	Effective for annual period beginning on or after
Amendments to SFRS(I) 9 Financial Instruments, SFRS(I) 1-39 Financial Instruments: Recognition and Measurement, SFRS(I) 7 Financial Instruments: Disclosures, SFRS(I) 4 Insurance Contracts and SFRS(I) 16 Leases (Interest Rate Benchmark Reform – Phase 2)	1 October 2021
Amendments to SFRS(I) 3 Business Combinations (Reference to the Conceptual Framework), SFRS(I) 1-16 Property, Plant and Equipment (Proceeds before Intended Use), SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)	1 October 2022
SFRS(I) 17 Insurance Contracts; Amendments to SFRS(I) 1: Presentation of Financial Statements on classification of Liabilities as Current or Non-current, SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) Practice Statement 2 (Disclosure of Accounting Policies), SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates), SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 October 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Management anticipates that the adoption of the above new or amended accounting standards and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

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2. Significant accounting policies (continued)

2.3 Group accounting

2.3.1 Subsidiaries

(a) Consolidation

Subsidiaries are all entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the combined financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary’s net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the combined statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(b) Acquisitions

The Group applies the acquisition method to account for business combinations entered by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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2. Significant accounting policies (continued)

2.3 Group accounting (continued)

2.3.1 Subsidiaries (continued)

(b) Acquisitions (continued)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(c) Disposal of subsidiaries

When a change in the Group’s ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(d) Transactions with non-controlling interests

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements is presented in Singapore Dollar (“S\$”), which is functional currency and presentation currency of the Company.

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2. Significant accounting policies (continued)

2.4 Foreign currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the combined financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the profit or loss within “finance cost”. All other foreign exchange gains and losses impacting profit or loss are presented in the profit or loss within “other income and other operating expenses”.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities’ financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

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2. Significant accounting policies (continued)

2.4 Foreign currency translation (continued)

(c) Translation of Group entities’ financial statements (continued)

- (iii) all resulting currency translation differences are recognised in other comprehensive income. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2.5 Property, plant and equipment

(a) Measurement

(i) Leasehold buildings

Leasehold buildings are initially recognised at cost and subsequently stated at their revalued amounts. The revalued amounts are the fair values at the date of revaluation. Revaluations are carried out annually by independent professional valuers such that the carrying amount of these assets does not differ materially from that which would be determined using fair value at the end of reporting period. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income and accumulated in equity, unless they reverse a revaluation decrease of the same asset previously recognised in profit or loss. In this case, the increase is recognised in profit or loss. Decreases in carrying amounts are recognised in other comprehensive income to the extent of any credit balance existing in the equity in respect of that asset and reduces the amount accumulated in equity. All other decreases in carrying amounts are recognised in profit or loss.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

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2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(b) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Company and the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

(c) Depreciation

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Leasehold building	13 years
Machinery	5 years
Furniture and fittings	10 years
Computers	1 - 3 years
Logistics equipment	5 years
Renovation works	1 - 13 years (on basis of lease term)
Office equipment	3 - 10 years
Containers	5 years
Motor vehicle	5 years

No depreciation is provided for construction-in-progress.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(d) Disposal

Gains/losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "Other income" in the profit or loss. Any amounts in revaluation reserve relating to that item is transferred to retained profits directly.

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2. Significant accounting policies (continued)

2.6 Intangible assets

Customer contracts acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These cost are amortised to profit or loss using the straight-line method over 3 years, which is the shorter of their estimated useful lives and period of contractual rights.

2.7 Investment in associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group’s share of the profit or loss of the investee after the date of acquisition. The Group’s investment in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the group’s share of the net fair value of the associate’s identifiable assets and liabilities is accounted for as goodwill and included in the carrying value of the investment.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group’s share of post-acquisition profit or loss is recognised in the profit or loss, and its share of post-acquisition movements in the other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount separate to “share of result of associates, net of tax” in the profit or loss.

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2. Significant accounting policies (continued)

2.7 Investment in associates (continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group’s financial statements only to the extent of unrelated investor’s interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the profit or loss.

2.8 Impairment of non-financial assets

Property, plant and equipment, right-of-use assets, intangible assets and investment in associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Refer to Note 2.5 for the treatment of a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

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2. Significant accounting policies (continued)

2.9 Financial assets

(a) Classification and measurement

The Group classifies its financial assets at amortised cost.

The classification depends on the Group’s business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and bank deposits, and trade and other receivables.

There are three prescribed subsequent measurement categories, depending on the Group’s business model in managing the assets and the cash flow characteristic of the assets. The Group managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

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2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(b) Impairment

The Group assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade receivable, the Group applied the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and bank deposits and other receivables the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis, and includes all costs in bringing the inventories to their present location and condition.

Allowance is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

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2. Significant accounting policies (continued)

2.11 Cash and cash equivalents

For the purpose of presentation in the combined statements of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.12 Share capital and dividends

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, against the share capital account.

Dividend distribution to the Company’s equity owners is recognised as a liability in the Company’s financial statements in the period in which the dividends are approved for payment by the Company’s shareholders or directors, where appropriate.

2.13 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.14 Provision for other liabilities and charges

Provisions are recognised when the Group have a legal or constructive present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

Management review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

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2. Significant accounting policies (continued)

2.14 Provision for other liabilities and charges (continued)

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

2.15 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognised when the obligation is discharged, cancelled or expired. The difference between carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.16 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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2. Significant accounting policies (continued)

2.17 Income taxes (continued)

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition. The Group accounts for investment tax credits (for example, productivity and innovation credit) similar to accounting for other tax credits where a deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised.

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2. Significant accounting policies (continued)

2.18 Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the combined balance sheets.

2.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for each of the Group’s activities, as described below.

(a) Trucking services

The Group provides trucking services for both laden and empty containers and ISO tank between ports and the Group’s warehouses or other designated destinations.

Revenue from trucking services is recognised over time when customer simultaneously receives and consumes the benefit provided by the Group’s performance on the actual services provided to the end of the reporting period.

(b) Storage services

The Group provides storage services for both laden and empty container and ISO tank at the Group’s warehouses or container depot.

Revenue from storage services is recognised over time when customer simultaneously receives and consumes the benefit provided by the Group’s performance on the actual services provided to the end of the reporting period.

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2. Significant accounting policies (continued)

2.19 Revenue recognition (continued)

(c) *Container repair services*

The Group provides container repair services such as cleaning, maintenance, and/or repair works on all incoming containers at the request of the customers.

Revenue from container repair services is recognised over time when customer simultaneously receives and consumes the benefit provided by the Group’s performance on the actual services provided to the end of the reporting period.

(d) *Logistics management*

Logistics management focuses mainly on providing a board range of ancillary services such as port and customs clearance, transport, warehousing and delivery services.

Revenue from logistics management is recognised over time when customer simultaneously receives and consumes the benefit provided by the Group’s performance on the actual services provided to the end of the reporting period.

(e) *Interest income*

Interest income is recognised on a time-apportioned basis using the effective interest method.

2.20 Leases

Where the Group is a lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey 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.

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2. Significant accounting policies (continued)

2.20 Leases (continued)

Where the Group is a lessee (continued)

(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 useful life of the right-of-use asset or the end of the lease term.

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

(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 payment 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 the option.

For contract 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.

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2. Significant accounting policies (continued)

2.20 Leases (continued)

Where the Group is a lessee (continued)

(ii) Lease liabilities (continued)

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 terms.

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.

(iii) Short term or 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, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Where the Group is a lessor

The accounting policy applicable to the Group as a lessor in the comparative period were the same under SFRS(I) 16 except when the Group is an intermediate lessor.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as 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.

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2. Significant accounting policies (continued)

2.21 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivables are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.22 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

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3. Critical accounting estimates, assumptions and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Revaluation of leasehold building

As at 30 September 2020 and 2021, the Group’s leasehold building of S\$12,521,000 and S\$12,406,000 classified under property, plant and equipment (Note 14) respectively, is stated at its estimated revalued amount determined by an independent professional valuer. The estimated fair value may differ significantly from the price at which the property can be sold due to the actual negotiations between willing buyers and sellers as well as changes in assumptions and conditions arising from unforeseen events. Consequently, the actual results and the realisation of the property could differ significantly from the estimate set forth in these financial statements.

If the actual fair values of leasehold building increase or decrease by 1% from the estimates as at 30 September 2020 and 2021, total comprehensive income and net assets of the Group would increase or decrease by S\$125,210 and S\$124,060 respectively.

The valuation of leasehold building is determined by using valuation technique, Details of the judgements and assumptions applied have been disclosed in Note 14.

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4. Revenue

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Trucking services	11,116	11,423	12,282
Logistics management	4,166	4,715	5,697
Transportation business	<u>15,282</u>	<u>16,138</u>	<u>17,979</u>
Storage services	2,941	2,965	2,655
Container repair services	3,021	2,726	2,436
Logistics management	3,693	3,360	4,111
Container depot service business	<u>9,655</u>	<u>9,051</u>	<u>9,202</u>
	<u>24,937</u>	<u>25,189</u>	<u>27,181</u>

All revenue are recognised over time.

(a) Trade receivables from contracts with customers

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Trade receivables from contracts with customers	4,624	4,340	4,501
Loss allowance	-	(14)	(36)
	<u>4,624</u>	<u>4,326</u>	<u>4,465</u>

5. Other income

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Government grants (a)	117	190	44
Job support scheme (b)	-	474	300
Interest income	2	3	1
Lease rebates, net (c)	-	91	-
Other administrative service income	415	462	537
Net foreign exchange gains	117	-	-
Net gain on disposal of property, plant and equipment	84	64	126
Others	1	23	57
	<u>736</u>	<u>1,307</u>	<u>1,065</u>

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5. Other income (continued)

- (a) Government grants comprise of wages credit scheme and special employment credit which 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.
- (b) 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. JSS will be allocated over the period of uncertainty to match the relevant cost incurred. The unallocated amount which has been received and any amount to be received as at year end are recognised as deferred grant income (Note 19) and grant receivables (Note 12) respectively.
- (c) Rental rebates are introduced by Governments, mainly to help tenants with their rental payments during the global pandemic outbreak of COVID-19.

6. Expenses by nature

	2019 S\$’000	2020 S\$’000	2021 S\$’000
Advertising expenses	2	5	1
Amortisation of intangible assets	68	68	39
Entertainment expenses	86	54	52
Bank charges	47	12	15
Consultancy fees	3	4	4
Lease expenses	772	1,016	357
Depreciation for right-of-use assets (Note 15)	1,471	1,896	1,973
Depreciation of property, plant and equipment (Note 14)	614	1,383	1,527
Professional fees	118	245	79
Vehicle-related expenses	60	27	23
Container depot management charges	2,568	2,338	2,606
Employee benefit costs (Note 8)	6,755	7,185	7,641
Insurance fees	69	97	116
Management fee	717	731	868
Printing & stationery	40	41	44
Telephone expenses	42	42	40
Transportation costs	1,884	1,477	1,346
Upkeep & maintenance	4,685	4,741	5,467
IT maintenance	6	18	61
GST/VAT expenses	1	5	96
Other expenses	889	941	1,085
	<u>20,897</u>	<u>22,326</u>	<u>23,440</u>

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7. Other operating expenses

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Bad debt	-	-	2
Allowance for doubtful debts	-	14	34
Net foreign exchange losses	-	104	119
	<u>-</u>	<u>118</u>	<u>155</u>

8. Employee benefit costs

Employee benefit expenses during the period are as follows:

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Wages, salaries and allowances	6,309	6,711	7,173
Retirement benefits costs – defined contribution plans	446	474	468
	<u>6,755</u>	<u>7,185</u>	<u>7,641</u>

9. Finance cost

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Interest expense			
- Bank borrowings	11	226	147
- Lease liabilities	283	371	486
	<u>294</u>	<u>597</u>	<u>633</u>

10. Income tax expense

(a) Income tax expense

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Tax expense attributable to profit is made up of:			
- Current income tax	133	498	603
- Deferred income tax (Note 18)	26	78	99
- Group relief transferred from a related corporation	933	23	-
	<u>1,092</u>	<u>599</u>	<u>702</u>

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10. Income tax expense (continued)

(a) Income tax expense (continued)

	2019 S\$'000	2020 S\$'000	2021 S\$'000
(Over)/under-provision of tax expense in prior financial years			
- Current income tax	(334)	(4)	(10)
- Deferred income tax (Note 18)	(48)	(23)	40
	<u>710</u>	<u>572</u>	<u>732</u>

The tax on profit before tax differs from the theoretical amount that would arise using the Singapore standard tax rate of income tax as follows:

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Profit before tax	<u>4,990</u>	<u>3,966</u>	<u>4,716</u>
Tax calculated at rate of 17%	848	674	802
Tax effect of:			
- expenses not deductible for tax purposes	76	204	84
- non-taxable income	(92)	(90)	(51)
- enhanced PIC	(59)	(50)	(47)
- Singapore statutory income exemption	(23)	(25)	(25)
- Effect of difference tax rate in different jurisdictions	11	11	4
- group relief transferred from related corporation	431	23	-
- utilisation of deferred tax assets not recognised in prior years	(89)	(131)	(65)
- over-provision of current taxation in respect of prior years	(334)	(4)	(10)
- over-provision of deferred taxation in respect of prior years	(48)	(23)	40
- others	(11)	(17)	-
Income tax expense	<u>710</u>	<u>572</u>	<u>732</u>

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11. Earnings per share

Basic earnings per share are calculated by dividing net profit of the Company attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year. The Company does not have any dilutive potential ordinary shares.

	2019	2020	2021
Net profit attributable to equity holders of the Company (S\$'000)	3,766	2,853	3,323
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000) ^{1 2}	140,941	140,941	140,941
Basic and diluted earnings per share (Singapore cents)	<u>2.67</u>	<u>2.02</u>	<u>2.36</u>

¹ The weighted average number of ordinary shares is derived from the number of ordinary shares in issue by the Company, adjusted retrospectively for the effects of the restructuring as described in Note 1.2.

² The weighted average number of ordinary shares has not been adjusted for the effects of the 1,500,000 ordinary shares issued and allotted to the Company's Sponsor, PrimePartners Corporate Finance Pte Ltd ("PPCF") on 19 April 2022 as it is a non-adjusting post balance sheet event (Note 31(b)). For illustrative purposes, earnings per share adjusted for PPCF Shares, would have been S\$2.64 cents, S\$2.00 cents and S\$2.33 cents for the years ended 30 September 2019, 2020 and 2021 respectively.

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12. Trade and other receivables

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Trade receivables:			
- Third parties	4,300	3,866	3,713
- Related corporation	41	168	261
Accrued revenue	283	306	527
	<u>4,624</u>	<u>4,340</u>	<u>4,501</u>
Less: Allowance for impairment of trade receivables	-	(14)	(48)
Net trade receivables	<u>4,624</u>	<u>4,326</u>	<u>4,453</u>
Other receivables – related corporation	-	58	-
Goods and services tax receivables	94	74	49
Deposits with external parties	1,067	520	1,058
Deposits with related corporation	159	162	40
Other receivables	66	75	129
Grant receivables	-	161	-
	<u>6,010</u>	<u>5,376</u>	<u>5,729</u>

13. Inventories

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Spare parts	<u>3</u>	<u>31</u>	<u>44</u>

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14. Property, plant and equipment

	Leasehold building S\$'000	Renovation S\$'000	Machinery S\$'000	Furniture and fittings S\$'000	Office Equipment S\$'000	Logistics equipment S\$'000	Motor Vehicle S\$'000	Computers S\$'000	Containers S\$'000	Total S\$'000
2019										
Cost	-	141	994	94	54	4,017	243	327	70	5,940
Beginning of financial year	-	-	-	-	-	(34)	-	-	-	(34)
Written off	-	-	-	-	-	419	-	-	-	1,784
Additions	-	1,227	9	19	21	-	49	28	12	-
Disposal	-	-	(11)	-	-	-	-	-	-	(11)
Currency translation	-	7	1	1	2	-	(1)	3	-	13
End of financial year	-	1,375	993	114	77	4,402	291	358	82	7,692
<i>Accumulated depreciation</i>										
Beginning of financial year	-	63	830	42	13	3,744	36	193	41	4,962
Written off	-	-	-	-	-	(34)	-	-	-	(34)
Depreciation charge (Note 6)	-	123	97	10	30	214	51	77	12	614
Disposals	-	-	(11)	-	-	-	-	-	-	(11)
Currency translation	-	7	-	1	1	-	1	3	-	13
End of financial year	-	193	916	53	44	3,924	88	273	53	5,544
Representing										
Cost	-	1,182	77	61	33	478	203	85	29	2,148
Valuation	-	-	-	-	-	-	-	-	-	-
	-	1,182	77	61	33	478	203	85	29	2,148

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14. Property, plant and equipment (continued)

	Leasehold building S\$'000	Renovation S\$'000	Machinery S\$'000	Furniture and fittings S\$'000	Office Equipment S\$'000	Logistics equipment S\$'000	Motor Vehicle S\$'000	Computers S\$'000	Containers S\$'000	Total S\$'000
2020										
<i>Cost or valuation</i>										
Beginning of financial year	-	1,375	993	114	77	4,402	291	358	82	7,692
Additions	13,385	100	15	13	5	73	343	16	11	13,961
Disposals	-	-	-	-	-	(532)	-	-	-	(532)
Adjustment of revaluation	(864)	-	-	-	-	-	-	-	-	(864)
Currency translation	-	(60)	(1)	(2)	(2)	-	(2)	(3)	-	(70)
End of financial year	12,521	1,415	1,007	125	80	3,943	632	371	93	20,187
<i>Accumulated depreciation</i>										
Beginning of financial year	-	193	916	53	44	3,924	88	273	53	5,544
Depreciation charge (Note 6)	864	134	60	11	18	133	74	75	14	1,383
Disposals	-	-	-	-	-	(475)	-	-	-	(475)
Adjustment of revaluation	(864)	-	-	-	-	-	-	-	-	(864)
Currency translation	-	(11)	-	(1)	(1)	-	(1)	(2)	-	(16)
End of financial year	-	316	976	63	61	3,582	161	346	67	5,572
Representing:										
Cost	-	1,099	31	62	19	361	471	25	26	2,094
Valuation	12,521	-	-	-	-	-	-	-	-	12,521
	12,521	1,099	31	62	19	361	471	25	26	14,615

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14. Property, plant and equipment (continued)

	Leasehold building S\$'000	Renovation S\$'000	Machinery S\$'000	Furniture and fittings S\$'000	Office Equipment S\$'000	Logistics equipment S\$'000	Motor Vehicle S\$'000	Computers S\$'000	Containers S\$'000	Total S\$'000
2021										
<i>Cost or valuation</i>										
Beginning of financial year	12,521	1,415	1,007	125	80	3,943	632	371	93	20,187
Additions	-	117	1,174	14	1	66	59	18	-	1,449
Disposal	-	-	(9)	-	-	(425)	(8)	-	(27)	(469)
Adjustment of revaluation	(115)	-	-	-	-	-	-	-	-	(115)
Currency translation	-	(88)	(2)	(2)	(3)	-	(13)	(5)	(1)	(114)
End of financial year	12,406	1,444	2,170	137	78	3,584	670	384	65	20,938
<i>Accumulated depreciation</i>										
Beginning of financial year	-	316	976	63	61	3,582	161	346	67	5,572
Depreciation charge (Note 6)	1,036	145	57	13	8	120	117	20	11	1,527
Disposals	-	-	(2)	-	-	(345)	(8)	-	(22)	(377)
Adjustment of revaluation	(1,036)	-	-	-	-	-	-	-	-	(1,036)
Currency translation	-	(28)	(1)	(1)	(2)	-	(6)	(5)	(1)	(44)
End of financial year	-	433	1,030	75	67	3,357	264	361	55	5,642
Representing:										
Cost	-	1,011	1,140	62	11	227	406	23	10	2,890
Valuation	12,406	-	-	-	-	-	-	-	-	12,406
	12,406	1,011	1,140	62	11	227	406	23	10	15,296

The carrying value of leasehold building at 7 Gul Avenue, Singapore at 30 September 2020 and 2021 was S\$12,521,000 and S\$12,406,000 respectively. The carrying value is carried at the revalued amount in accordance with the Group's accounting policy as described in Note 2.5. If the leasehold building of the Group were included in the financial statements at cost less accumulated depreciation and impairment losses, their net book values as at 30 September 2020 and 2021 would have been S\$12,521,000 and S\$11,485,000 respectively.

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14. Property, plant and equipment (continued)

Leasehold building that is owned by the Group are carried at revalued amount at the end of the reporting period as determined by an independent professional valuer. Valuation are made at least annually based in the leasehold building’ highest-and-best-use using the Direct Market Comparison Method in determining the open market value.

The Direct Market Comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to reflect the characteristics of the leasehold building

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

The valuer holds a recognised and relevant professional qualification and have recent experience in location and category of the leasehold building being valued.

The carrying value of leasehold building mortgaged for bank borrowings at 30 September 2020 and 2021 was S\$12,521,000 and S\$12,406,000 respectively.

Description	Fair Value (S\$’000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value
<i>As at 30 September 2020</i>					
Singapore (Leasehold building)	12,521	Direct comparison method	Transacted price of comparable properties	Pre-adjusted transaction price S\$1,029 to S\$1,951 per square metre	The higher the comparable value, the higher the fair value.
<i>As at 30 September 2021</i>					
Singapore (Leasehold building)	12,406	Direct comparison method	Transacted price of comparable properties	Pre-adjusted transaction price S\$1,288 to S\$1,999 per square metre	The higher the comparable value, the higher the fair value.

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15. Right-of-use assets

	Leasehold <u>land</u> S\$'000	Machinery S\$'000	Furniture and <u>fittings</u> S\$'000	Logistics <u>equipment</u> S\$'000	Motor <u>vehicle</u> S\$'000	<u>Total</u> S\$'000
2019						
<i>Cost</i>						
At 1 October 2018	2,261	1,886	-	4,801	-	8,948
Additions	341	1,538	459	699	457	3,494
Currency translation	(427)	-	-	-	-	(427)
At 30 September 2019	<u>2,175</u>	<u>3,424</u>	<u>459</u>	<u>5,500</u>	<u>457</u>	<u>12,015</u>
<i>Accumulated depreciation</i>						
At 1 October 2018	517	345	-	1,343	-	2,205
Depreciation charge (Note 6)	325	357	23	726	40	1,471
Currency translation	(428)	-	-	-	-	(428)
At 30 September 2019	<u>414</u>	<u>702</u>	<u>23</u>	<u>2,069</u>	<u>40</u>	<u>3,248</u>
Net book value						
At 30 September 2019	<u>1,761</u>	<u>2,722</u>	<u>436</u>	<u>3,431</u>	<u>417</u>	<u>8,767</u>
2020						
<i>Cost</i>						
At 30 September 2019	2,175	3,424	459	5,500	457	12,015
Additions	4,025	-	-	482	336	4,843
Currency translation	(95)	-	-	-	-	(95)
At 30 September 2020	<u>6,105</u>	<u>3,424</u>	<u>459</u>	<u>5,982</u>	<u>793</u>	<u>16,763</u>
<i>Accumulated depreciation</i>						
At 30 September 2019	414	702	23	2,069	40	3,248
Depreciation charge (Note 6)	620	372	46	758	100	1,896
Currency translation	(222)	-	-	-	-	(222)
At 30 September 2020	<u>812</u>	<u>1,074</u>	<u>69</u>	<u>2,827</u>	<u>140</u>	<u>4,922</u>
Net book value						
At 30 September 2020	<u>5,293</u>	<u>2,350</u>	<u>390</u>	<u>3,155</u>	<u>653</u>	<u>11,841</u>

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15. Right-of-use assets (continued)

	Leasehold <u>land</u> S\$'000	Machinery S\$'000	Furniture and <u>fittings</u> S\$'000	Logistics <u>equipment</u> S\$'000	Motor <u>vehicle</u> S\$'000	<u>Total</u> S\$'000
2021						
<i>Cost</i>						
At 30 September 2020	6,105	3,424	459	5,982	793	16,763
Additions	46	238	-	860	302	1,446
Lease modification	(188)	-	-	-	-	(188)
Currency translation	(133)	-	-	-	(9)	(142)
At 30 September 2021	5,830	3,662	459	6,842	1,086	17,879
<i>Accumulated depreciation</i>						
At 30 September 2020	812	1,074	69	2,827	140	4,922
Depreciation charge (Note 6)	688	369	46	726	144	1,973
Lease modification	(351)	-	-	-	-	(351)
Currency translation	(25)	-	-	-	*	(25)
At 30 September 2021	1,124	1,443	115	3,553	284	6,519
Net book value						
At 30 September 2021	4,706	2,219	344	3,289	802	11,360

*Amount is below S\$500

16. Intangible assets

	Customer <u>contacts</u> S\$'000
2019	
<i>Cost</i>	
At 1 October 2018	205
Additions	-
Currency translation	*
At 30 September 2019	205
<i>Accumulated depreciation</i>	
At 1 October 2018	29
Amortisation charge (Note 6)	68
Currency translation	*
At 30 September 2019	97
Net book value	
At 30 September 2019	108

*Amount is below S\$500

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16. Intangible assets (continued)

	<u>Customer contacts</u> S\$'000
2020	
<i>Cost</i>	
At 1 October 2019	205
Additions	-
Currency translation	(1)
At 30 September 2020	<u>204</u>
<i>Accumulated depreciation</i>	
At 1 October 2019	97
Amortisation charge (Note 6)	68
Currency translation	(1)
At 30 September 2020	<u>164</u>
Net book value	
At 30 September 2020	<u>40</u>
	<u>Customer contacts</u> S\$'000
2021	
<i>Cost</i>	
At 1 October 2020	204
Additions	-
Currency translation	(3)
At 30 September 2021	<u>201</u>
<i>Accumulated depreciation</i>	
At 1 October 2020	164
Amortisation charge (Note 6)	39
Currency translation	(2)
At 30 September 2021	<u>201</u>
Net book value	
At 30 September 2021	<u>-</u>

17. Investment in associates

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Unquoted equity investment, at cost	20	20	20
Share of post-acquisition reserves	286	128	218
	<u>306</u>	<u>148</u>	<u>238</u>
Share of associates' results, net of tax	<u>508</u>	<u>511</u>	<u>698</u>

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17. Investment in associates (continued)

Name of entity	Country and date of incorporation	Principal activities	% of ownership interest held by the Group		
			As at 30 September		
			2019	2020	2021
			%	%	%
HLA Logistics Pte Ltd ⁽¹⁾	Singapore	Container depot management	49	49	49
HLA Transportation (Thailand) Ltd ⁽²⁾	Thailand	Dormant	-	49	49

(1) The effective interest held by the Group in HLA Logistics Pte Ltd is 29.4% (2020: 29.4%, 2019: 29.4%)

(2) The effective interest held by the Group in HLA Transportation (Thailand) Ltd is 21.3% (2020: 26.1%, 2019: Nil)

Management has assessed and concluded that the Group has no control but only significant influence over HLA Logistics Pte Ltd and HLA Transportation (Thailand) Ltd. Accordingly, the Group has accounted the investments as it's associated companies in the combined financial statements using equity method of accounting.

There are no contingent liabilities relating to the Group's interests in the associates.

Summarised financial information of material associates

Summarised balance sheet	HLA Logistics Pte Ltd		
	2019 S\$'000	2020 S\$'000	2021 S\$'000
Current assets	842	1,175	1,237
Includes:			
-Cash and cash equivalent	481	430	668
Current liabilities	(255)	(899)	(771)
Includes:			
-Other current liabilities (including trade payables)	(123)	(899)	(771)
Non-current assets	37	26	22
Non-current liabilities	-	-	(3)
Net assets	624	302	485

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17. Investment in associates (continue)

Summarised statement of comprehensive income	HLA Logistics Pte Ltd		
	2019 S\$'000	2020 S\$'000	2021 S\$'000
Revenue	3,733	4,750	4,885
Net profit and total comprehensive income	1,037	1,043	1,423
Dividends received from associate	441	669	608

The information above reflects the amounts presented in the financial statements of the associates (and not the Group’s share of those amounts), adjusted for differences in accounting policies between the Group and the associates where necessary.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group’s interest in associates, is as follow:

	HLA Logistics Pte Ltd S\$'000
Opening net assets at 1 October 2018	487
Total comprehensive income	1,037
Dividend paid	(900)
Closing net assets at 30 September 2019	624
Group’s equity interest at 49%	306
Carrying value of investment in associates at 30 September 2019 @ 49% interest	306
Opening net assets at 1 October 2019	624
Total comprehensive income	1,043
Dividend paid	(1,365)
Closing net assets at 30 September 2020	302
Group’s equity interest at 49%	148
Carrying value investment in associates at 30 September 2020 @ 49% interest¹	148
Opening net assets at 1 October 2020	302
Total comprehensive income	1,423
Dividend paid	(1,240)
Closing net assets at 30 September 2021	485
Group’s equity interest at 49%	238
Carrying value investment in associates at 30 September 2021¹	238

¹ The Group’s share of net assets and total comprehensive income of HLA Transportation (Thailand) Ltd is less than S\$1,000

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18. Deferred income tax

The movement in deferred income tax assets and liabilities (prior to offsetting of balances) during the financial year is as follows:

Deferred tax asset

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Beginning of financial year	75	50	9
Tax charged to profit or loss (Note 10)	<u>(25)</u>	<u>(41)</u>	<u>(9)</u>
End of financial year	<u>50</u>	<u>9</u>	<u>-</u>

	Tax <u>incentives</u> S\$'000	<u>Total</u> S\$'000
2019		
Beginning of financial year	75	75
Tax charged to:		
Tax charged to profit or loss (Note 10)	<u>(25)</u>	<u>(25)</u>
End of financial year	<u>50</u>	<u>50</u>
2020		
Beginning of financial year	50	50
Tax charged to profit or loss (Note 10)	<u>(41)</u>	<u>(41)</u>
End of financial year	<u>9</u>	<u>9</u>
2021		
Beginning of financial year	9	9
Tax charged to profit or loss (Note 10)	<u>(9)</u>	<u>(9)</u>
End of financial year	<u>-</u>	<u>-</u>

Deferred tax liability

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Beginning of financial year	60	13	27
Tax (credited)/charged to profit or loss (Note 10)	<u>(47)</u>	<u>14</u>	<u>130</u>
End of financial year	<u>13</u>	<u>27</u>	<u>157</u>

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18. Deferred income tax (continued)

Deferred tax liability (continued)

	Accelerated tax depreciation S\$'000	Others S\$'000	Total S\$'000
2019			
Beginning of financial year	60	-	60
Tax credited to profit or loss (Note 10)	(47)	-	(47)
End of financial year	<u>13</u>	<u>-</u>	<u>13</u>
2020			
Beginning of financial year	13	-	13
Tax charged to profit or loss (Note 10)	14	-	14
End of financial year	<u>27</u>	<u>-</u>	<u>27</u>
2021			
Beginning of financial year	27	-	27
Tax charged to profit or loss (Note 10)	191	(61)	130
End of financial year	<u>218</u>	<u>(61)</u>	<u>157</u>

Deferred tax liabilities of S\$56,000, S\$57,000 and S\$58,000 as at 30 September 2019, 2020 and 2021 respectively have not been recognised for withholding tax that will be payable on the undistributed profits from the Group’s subsidiaries in Thailand and Malaysia as the undistributed profits are not expected to be remitted in the foreseeable future.

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19. Trade and other payables

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Trade payables:			
- Third parties	1,723	1,580	932
- Related corporations	82	11	202
Other payables and accruals			
- Goods and services tax payables	129	142	124
- Accruals	1,089	870	966
- Amount owing to related corporations	1,007	555	-
- Deferred grant income	-	208	-
- Other payables	195	97	49
	<u>4,225</u>	<u>3,463</u>	<u>2,273</u>

Amount owing to related corporations mainly consists of the approximate consideration payable for the transfer of tax losses from related corporations.

20. Bank borrowings

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Non-current, secured			
Bank borrowings repayable later than 1 year and no later than 2 years	36	2,026	2,415
Bank borrowings repayable later than 2 years and no later than 5 years	-	6,226	6,760
Bank borrowings repayable later than 5 year	-	2,149	460
	<u>36</u>	<u>10,401</u>	<u>9,635</u>
Current, secured			
Bank borrowings repayable no later than 1 year	<u>87</u>	<u>1,678</u>	<u>2,234</u>
Total bank borrowings	<u>123</u>	<u>12,079</u>	<u>11,869</u>

As at 30 September 2019

Total bank borrowings of S\$123,000 as at 30 September 2019 are secured by Corporate Guarantee by the immediate holding corporation, LHN Group Pte Ltd and a personal guarantee by a non-controlling interest shareholder.

Interest is charged on fixed rate of 6% per annum.

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20. Bank borrowings (continued)

As at 30 September 2020

Total bank borrowings of S\$12,079,000 as at 30 September 2020 are secured by (i) legal mortgage of leasehold building 7 Gul Avenue with a net book value of S\$12,521,000 (Note 14) (ii) Corporate Guarantee by the immediate holding corporation, LHN Group Pte Ltd and (iii) floating charge over the receivables account.

Interest is charged between 2.25% and 2.68% per annum. The interest rate is repriced every 12 months.

As at 30 September 2021

Total bank borrowings of S\$11,869,000 as at 30 September 2021 are secured by (i) legal mortgage of leasehold building at 7 Gul Avenue with a net book value of S\$12,406,000 (Note 14) (ii) Corporate Guarantee by the immediate holding corporation, LHN Group Pte Ltd and (iii) floating charge over the receivables account.

Interest is charged between 2.25% and 2.68% per annum. The interest rate is repriced every 12 months.

Bank covenants

The Group is subjected to non-financial bank covenants for its bank borrowings as at 30 September 2020 and 2021 (2019: no bank covenants). There were no non-compliance of the bank covenants for the financial years ended 30 September 2020 and 2021. The Restructuring (Note 2.1) would not result in a breach of the bank covenants.

The table below analyses the maturity profile of the Group’s bank borrowings based on contractual undiscounted cash flows:

	<u>Carrying amount</u> S\$’000	<u>Contractual cash flows</u> S\$’000
As at 30 September 2019		
Less than one year	87	91
Between one to two years	36	37
	123	128
As at 30 September 2020		
Less than one year	1,678	1,970
Between one to two years	2,026	2,273
Between two to five years	6,226	6,745
More than five years	2,149	2,187
	12,079	13,175

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20. Bank borrowings (continued)

	<u>Carrying amount</u> S\$'000	<u>Contractual cash flows</u> S\$'000
As at 30 September 2021		
Less than one year	2,234	2,514
Between one to two years	2,415	2,634
Between two to five years	6,760	7,052
More than five years	460	462
	11,869	12,662

21. Lease liabilities

The Group has applied SFRS(I) 16 from 1 October 2018.

As at 30 September 2019, 2020 and 2021, the Group leases certain property and plant and machinery from non-related parties (Note 15).

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Gross lease liabilities - minimum lease payments			
No later than 1 year	2,455	2,596	2,246
Later than 1 year and no later than 2 years	2,080	1,944	1,543
Later than 2 years and no later than 5 years	2,501	2,993	3,070
Later than 5 years	781	3,266	2,517
	7,817	10,799	9,376
Future finance charges on leases	(692)	(1,271)	(907)
Present value of lease liabilities	7,125	9,528	8,469

The present value of lease liabilities is as follows:

No later than 1 year	2,211	2,300	2,014
Later than 1 year and no later than 2 years	1,912	1,707	1,369
Later than 2 years and no later than 5 years	2,277	2,548	2,766
Later than 5 years	725	2,973	2,320
	7,125	9,528	8,469

- (a) Interest expense on lease liabilities in financial year 2019, 2020 and 2021 was S\$283,000, S\$371,000 and S\$486,000 respectively.

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21. Lease liabilities (continued)

(b) Lease expense not capitalised in lease liabilities

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Lease expense - short-term leases	744	1,001	343
Lease expense - low-value leases	28	15	14
	772	1,016	357

(c) Total cash outflow for all the leases in financial year 2019, 2020 and 2021 was S\$3,166,000, S\$3,949,000 and S\$3,394,000 respectively.

(d) The additions and depreciation of right-of-use assets in financial year 2019, 2020 and 2021 is disclosed in Note 15.

22. Share capital

The share capital in the combined balance sheets as at 30 September 2019, 2020, and 2021 comprises the aggregate paid up share capital of the subsidiaries attributable to the equity shareholders, before the completion of the Restructuring (Note 1.2) and issuance of new shares to the Company’s Sponsor, PrimePartners Corporate Finance Pte Ltd, as management fees (Note 31(b)).

	No. of ordinary shares	Amount
	'000	S\$'000
Balance at beginning and end of financial years ended 30 September 2019, 2020 and 2021	1,409	1,409

(a) As disclosed in Note 1.2, the Restructuring is a reorganisation of the Listing Business with no change in management of the Listing business during the Track Record Period. The combined financial statements have been prepared and presented as a continuation of the Listing Business conducted through the Company.

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23. Reserves

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Exchange translation reserve	19	2	(25)
Revaluation reserve	-	-	921
Retained profits	6,039	8,112	10,135
	<u>6,058</u>	<u>8,114</u>	<u>11,031</u>
Represented by:			
Distributable	6,039	8,112	10,135
Non-distributable	19	2	896
	<u>6,058</u>	<u>8,114</u>	<u>11,031</u>

24. Non-controlling interests

Summarised financial information for subsidiaries with material non-controlling interests

Set out below are the summarised financial statements by each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised balance sheet

As at 30 September 2019

	HLA Holdings Pte. Ltd. S\$'000	HLA Container Services Pte. Ltd. S\$'000	HLA Container Services (Thailand) Ltd. S\$'000
Current			
Assets	1,391	2,024	1,191
Liabilities	(995)	(1,479)	(1,606)
Total current net assets	<u>396</u>	<u>545</u>	<u>(415)</u>
Non-current			
Assets	-	2,919	1,330
Liabilities	-	(1,097)	-
Total non-current net assets	<u>-</u>	<u>1,822</u>	<u>1,330</u>
Net assets	<u>396</u>	<u>2,367</u>	<u>915</u>

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24. Non-controlling interests (continued)

Summarised financial information for subsidiaries with material non-controlling interests (continued)

Summarised balance sheet (continued)

	As at 30 September 2020		
	HLA Holdings Pte. Ltd. S\$'000	HLA Container Services Pte. Ltd. S\$'000	HLA Container Services (Thailand) Ltd. S\$'000
Current			
Assets	1,490	2,505	673
Liabilities	(1,021)	(1,063)	(1,044)
Total current net assets	469	1,442	(371)
Non-current			
Assets	-	2,372	2,945
Liabilities	-	(529)	(1,780)
Total non-current net assets	-	1,843	1,165
Net assets	469	3,285	794

	As at 30 September 2021		
	HLA Holdings Pte. Ltd. S\$'000	HLA Container Services Pte. Ltd. S\$'000	HLA Container Services (Thailand) Ltd. S\$'000
Current			
Assets	969	2,930	741
Liabilities	(434)	(869)	(893)
Total current net assets	535	2,061	(152)
Non-current			
Assets	-	3,009	2,310
Liabilities	-	(958)	(1,493)
Total non-current net assets	-	2,051	817
Net assets	535	4,112	665

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24. Non-controlling interests (continued)

Summarised financial information for subsidiaries with material non-controlling interests (continued)

Summarised statement of comprehensive income

	As at 30 September 2019		
	HLA Holdings Pte. Ltd. S\$'000	HLA Container Services Pte. Ltd. S\$'000	HLA Container Services (Thailand) Ltd. S\$'000
Revenue	4,543	4,143	4,039
Profit before income tax	62	951	383
Income tax expenses	(4)	48	(182)
Other comprehensive income	-	-	46
Total comprehensive income	58	999	247
Total comprehensive income allocated to non-controlling interests	23	400	140
	As at 30 September 2020		
	HLA Holdings Pte. Ltd. S\$'000	HLA Container Services Pte. Ltd. S\$'000	HLA Container Services (Thailand) Ltd. S\$'000
Revenue	4,464	4,302	3,621
Profit before income tax	79	1,218	(13)
Income tax expenses	(5)	-	18
Other comprehensive income	-	-	(39)
Total comprehensive income	74	1,218	(34)
Total comprehensive income allocated to non-controlling interests	30	487	(19)
	As at 30 September 2021		
	HLA Holdings Pte. Ltd. S\$'000	HLA Container Services Pte. Ltd. S\$'000	HLA Container Services (Thailand) Ltd. S\$'000
Revenue	3,734	3,814	4,014
Profit before income tax	66	1,322	90
Income tax expenses	(1)	-	(34)
Other comprehensive income	-	-	(61)
Total comprehensive income	65	1,322	(5)
Total comprehensive income allocated to non-controlling interests	26	529	(3)

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24. Non-controlling interests (continued)

Summarised financial information for subsidiaries with material non-controlling interests (continued)

Summarised cash flows

As at 30 September 2019

	HLA Holdings Pte. Ltd. S\$'000	HLA Container Services Pte. Ltd. S\$'000	HLA Container Services (Thailand) Ltd. S\$'000
Net cash (used in)/generated from operating activities	(289)	311	1,807
Net cash used in investing activities	-	(855)	(1,287)
Net cash generated from/(used in) financing activities	-	627	(1)
Net (decrease)/increase in cash and cash equivalent	(289)	83	519
Cash and cash equivalents at beginning of year	974	251	122
Effects of currency translation on cash and cash equivalents	-	-	32
Cash and cash equivalents at end of year	685	334	673

As at 30 September 2020

	HLA Holdings Pte. Ltd. S\$'000	HLA Container Services Pte. Ltd. S\$'000	HLA Container Services (Thailand) Ltd. S\$'000
Net cash generated from operating activities	183	923	186
Net cash generated from/(used in) investing activities	-	806	(15)
Net cash used in financing activities	-	(991)	(673)
Net increase/(decrease) in cash and cash equivalent	183	738	(502)
Cash and cash equivalents at beginning of year	685	334	673
Effects of currency translation on cash and cash equivalents	-	-	(18)
Cash and cash equivalents at end of year	868	1,072	153

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24. Non-controlling interests (continued)

Summarised financial information for subsidiaries with material non-controlling interests (continued)

Summarised cash flows (continued)

As at 30 September 2021

	HLA Holdings Pte. Ltd. S\$'000	HLA Container Services Pte. Ltd. S\$'000	HLA Container Services (Thailand) Ltd. S\$'000
Net cash (used in)/generated from operating activities	(184)	728	939
Net cash used in investing activities	-	(259)	(23)
Net cash used in financing activities	-	(58)	(955)
Net (decrease)/increase in cash and cash equivalent	(184)	411	(39)
Cash and cash equivalents at beginning of year	868	1,072	153
Effects of currency translation on cash and cash equivalents	-	-	47
Cash and cash equivalents at end of year	684	1,483	161

25. Dividends

	2019 S\$'000	2020 S\$'000	2021 S\$'000
<i>Ordinary dividends</i>			
Interim dividend paid in respect of financial year ended 30 September 2019, 2020 and 2021 of S\$2.13, S\$0.64 and S\$1.06 per share respectively	3,000	900	1,500

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26. Commitments

(a) Capital commitments

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

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Property, plant and equipment	414	837	1,384

(b) Contingent liabilities

On 29 June 2016, the Group’s subsidiary, HLA Container Services Pte. Ltd. (“HLACS Singapore”) and a third party corporation (the “contracted party”) entered into a service agreement for the contracted party to provide container depot services, including container repair services, to HLACS Singapore (the “Services”).

Owing to a failure by the contracted party to provide the Services required under the service agreement, HLACS Singapore commenced arbitration proceedings against the contracted party. HLACS Singapore alleged that the contracted party had breached the terms of the service agreement by failing to provide the Services. The contracted party has counterclaimed against HLA in these arbitration proceedings, alleging that HLACS Singapore had unlawfully terminated the service agreement early and is seeking recovery of approximately S\$550,000 in damages. Management is of the view that the counter-claim is unlikely to be successful and therefore a contingent liability. Accordingly, no provision is recognised for the counter-claim.

As of the date of this financial statements, the evidential hearing of the arbitration proceedings has concluded and parties are preparing the closing and reply submissions.

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27. Financial risk management

Financial risk factors

The Group’s activities expose it to the market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management team then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by the management team.

(a) Market risk

(i) *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rate.

The Group’s currency exposure based on the information provided to key management is as follows:

	MYR S\$'000	THB S\$'000	USD S\$'000
As at 30 September 2019			
Financial assets			
Cash and bank balances	49	678	146
Trade and other receivables	213	728	-
	<u>262</u>	<u>1,406</u>	<u>146</u>
Financial liabilities			
Lease liabilities	389	1,961	-
Trade and other payables	442	390	-
	<u>831</u>	<u>2,351</u>	<u>-</u>
Net currency exposure	<u>(569)</u>	<u>(945)</u>	<u>146</u>
Less: assets and liabilities denominated in functional currencies of respective entities	<u>569</u>	<u>945</u>	<u>-</u>
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	<u>-</u>	<u>-</u>	<u>146</u>

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27. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	MYR S\$'000	THB S\$'000	USD S\$'000
As at 30 September 2020			
Financial assets			
Cash and bank balances	104	202	39
Trade and other receivables	377	598	86
	<u>481</u>	<u>800</u>	<u>125</u>
Financial liabilities			
Lease liabilities	614	1,781	-
Trade and other payables	866	265	-
	<u>1,480</u>	<u>2,046</u>	<u>-</u>
Net currency exposure	<u>(999)</u>	<u>(1,246)</u>	<u>125</u>
Less: assets and liabilities denominated in functional currencies of respective entities	<u>999</u>	<u>1,246</u>	<u>-</u>
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	<u>-</u>	<u>-</u>	<u>125</u>
	MYR S\$'000	THB S\$'000	USD S\$'000
As at 30 September 2021			
Financial assets			
Cash and bank balances	46	189	287
Trade and other receivables	462	573	-
	<u>508</u>	<u>762</u>	<u>287</u>
Financial liabilities			
Lease liabilities	772	1,493	-
Trade and other payables	183	205	-
	<u>955</u>	<u>1,698</u>	<u>-</u>
Net currency exposure	<u>(447)</u>	<u>(936)</u>	<u>287</u>
Less: assets and liabilities denominated in functional currencies of respective entities	<u>447</u>	<u>936</u>	<u>-</u>
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	<u>-</u>	<u>-</u>	<u>287</u>

The Group is not exposed to material currency risk.

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27. Financial risk management (continued)

(a) Market risk (continued)

(ii) *Interest rate risk*

The Group’s interest rate risk arises primarily from variable rate bank borrowings, which expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively.

The Group manages its interest cost by using a mix of fixed and variable rate debt and to obtain the most favorable interest rates available.

The interest rates on the Group’s variable rate bank borrowings as at 30 September 2019, 2020 and 2021 of S\$nil, S\$12,079,000 and S\$11,869,000 respectively, are subjected to repricing every 12 months, which is the period the Group is exposed to cash flow interest rate risk.

Sensitivity analysis for cash flow interest rate risk

As at 30 September 2020 and 2021, if interest rates on variable rate borrowings had been increased/decreased by 100 basis points, with all other variables held constant, the Group’s profit after tax for the year would have been decreased/increased by approximately S\$100,000 and S\$92,000 respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

The sensitivity analysis above has been determined assuming that the change in interest rate had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the Group’s floating rate borrowings in existence at that date. The 100 basis points increase or decrease represents management’s assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period. The analysis was performed on the same methodology for the financial years ended 30 September 2020 and 2021.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group’s major classes of financial assets are bank deposits and trade and other receivables.

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27. Financial risk management (continued)

(b) Credit risk (continued)

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Cash terms, advance payments, and letter of credits are required for customers of lower credit standing. The Group’s objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

(i) Trade and other receivables

The Group has applied the simplified approach by using the provision matrix to measure the lifetime expected losses for trade receivables.

To measure the expected credit losses of trade receivables, trade receivables have been grouped based on the days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for the customers of the Group and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product (GDP) of the countries in which it sells goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group applies the general SFRS(I) 9 3-stage approach when determining ECL for other receivables. No additional loss allowance is recognized upon adoption of SFRS(I) 9 as all strategies indicate that the Group could fully recover the outstanding balances.

The expected loss rate of other receivables is assessed to be low and no loss allowance provision is made for other receivables during the period.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a receivable for write off when a debtor fails to make contractual payment greater than 365 days past due based on historical collection trend. When receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

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27. Financial risk management (continued)

(b) Credit risk (continued)

(i) *Trade and other receivables* (continued)

The aging profile of the Group’s trade receivables before loss allowance as at 30 September 2019, 2020 and 2021 are set out in the table as follows:

	<u>Current</u> S\$’000	← Past due →				<u>Total</u> S\$’000
		<u>Within 30 days</u> S\$’000	<u>30 to 60 days</u> S\$’000	<u>60 to 90 days</u> S\$’000	<u>More than 90 days</u> S\$’000	
30 September 2019						
Trade receivables	2,807	1,409	390	18	-	4,624
	<u>Current</u> S\$’000	← Past due →				<u>Total</u> S\$’000
		<u>Within 30 days</u> S\$’000	<u>30 to 60 days</u> S\$’000	<u>60 to 90 days</u> S\$’000	<u>More than 90 days</u> S\$’000	
30 September 2020						
Trade receivables	2,637	1,368	262	54	19	4,340
	<u>Current</u> S\$’000	← Past due →				<u>Total</u> S\$’000
		<u>Within 30 days</u> S\$’000	<u>30 to 60 days</u> S\$’000	<u>60 to 90 days</u> S\$’000	<u>More than 90 days</u> S\$’000	
30 September 2021						
Trade receivables	2,752	1,436	195	70	48	4,501

The Group is subjected to immaterial credit losses on its trade receivables. The loss allowance on trade receivables as at 30 September 2019, 2020 and 2021 amounted to S\$nil, S\$14,000 and S\$48,000 respectively.

Amounts owing by related corporation is subject to immaterial credit loss.

Movement in credit loss allowance for financial assets are set out as follows:

	Trade receivables S\$’000
2019	
Balances at 01 October 2018	-
Provision for loss allowances recognised in profit or loss during the year:	-
Balances at 30 September 2019	-

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27. Financial risk management (continued)

(b) Credit risk (continued)

(i) *Trade and other receivables (continued)*

	Trade receivables S\$'000
2020	
Balances at 01 October 2019	-
Provision for loss allowances recognised in profit or loss during the year:	14
Balances at 30 September 2020	14
2021	
Balances at 01 October 2020	14
Provision for loss allowances recognised in profit or loss during the year:	34
Balances at 30 September 2021	48

(ii) *Bank deposits*

As at 30 September 2019, 2020 and 2021, bank deposits held by the Group amounting of S\$2,402,000, S\$4,566,000 and S\$5,121,000 respectively with banks that are rated between A3 and A1+, based on Standard & Poor and considered to have low credit risk. The deposits are measured on 12-months expected credit losses and subject to immaterial credit loss.

(iii) *Deposits with external parties*

The Group monitors the credit risks of the external parties it has deposits with based on current information to assess if there is any significant increase in credit risk. The Group adopts the policy of dealing only with high credit quality counterparties and have assessed the external parties to have low credit risk. The deposit balances as at 30 September 2019, 2020 and 2021 of S\$1,067,000, S\$520,000 and S\$1,058,000 are measured on 12-months expected credit losses and subject to immaterial credit loss.

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27. Financial risk management (continued)

(c) Liquidity risk

Liquidity or funding risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity risk may result from an inability to realise a financial asset quickly or at close to its fair value.

The Group manages its liquidity risk by ensuring the availability of funding through its ability to operate profitably, maintaining sufficient cash to enable it to meet its normal operating commitments and having adequate amount of committed credit facilities.

The table below analyses the Group’s non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than <u>1 year</u> S\$’000	Between 1 and 5 <u>years</u> S\$’000	More than <u>5 years</u> S\$’000
At 30 September 2019			
Trade and other payables	4,096	-	-
Borrowings	91	37	-
Lease liabilities	2,455	4,581	781
<hr/>			
	Less than <u>1 year</u> S\$’000	Between 1 and 5 <u>years</u> S\$’000	More than <u>5 years</u> S\$’000
At 30 September 2020			
Trade and other payables	3,113	-	-
Borrowings	1,970	9,018	2,187
Lease liabilities	2,596	4,937	3,266
<hr/>			
	Less than <u>1 year</u> S\$’000	Between 1 and 5 <u>years</u> S\$’000	More than <u>5 years</u> S\$’000
At 30 September 2021			
Trade and other payables	2,149	-	-
Borrowings	2,514	9,686	462
Lease liabilities	2,246	4,613	2,517
<hr/>			

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27. Financial risk management (continued)

(d) Capital risk

The Group’s objectives when managing capital are to ensure that the Group is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments when necessary.

There are no capital restriction on the Group’s activities. The Board of Director monitors its capital based on net debt and total capital. Net debt is calculated as borrowings plus trade and other payables, and lease liabilities less cash and bank deposits. Total capital is calculated as equity plus net debt.

	2019 S\$’000	2020 S\$’000	2021 S\$’000
Net debt	9,071	20,504	17,490
Total equity	8,904	11,361	14,703
Total capital	<u>17,975</u>	<u>31,865</u>	<u>32,193</u>

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	2019 S\$’000	2020 S\$’000	2021 S\$’000
Financial assets at amortised cost	8,814	9,942	10,850
Financial liabilities at amortised cost	<u>11,344</u>	<u>24,720</u>	<u>22,487</u>

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27. Financial risk management (continued)

(f) Fair value estimation

The below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

- (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 hierarchy of the leasehold building measured at fair value on a recurring basis at 30 September 2020 and 2021 are at level 3. The details of the fair value estimation in relation to the leasehold building are disclosed in Note 14.

28. Immediate, intermediate and ultimate holding corporation

The Company’s immediate holding corporation is LHN Group Pte Ltd, incorporated in Singapore. The intermediate holding corporation is LHN Limited, incorporated in Singapore. The ultimate holding corporation is LHN Capital Pte Ltd, incorporated in Singapore.

29. Related party transactions

In addition to those disclosed elsewhere in the financial statements, the following transactions took place between the Group and related corporations at terms agreed between the parties:

<u>Name of related corporations</u>	<u>Relationship with the Group</u>
LHN Limited	Intermediate holding corporation
LHN Group Pte Ltd	Immediate holding corporation
LHN Space Resources Pte Ltd	A fellow subsidiary
LHN Parking Pte Ltd	A fellow subsidiary
LHN Energy Resources Pte Ltd	A fellow subsidiary
Work Plus Store Pte Ltd	A fellow subsidiary
Greenhub Suited Offices Pte Ltd	A fellow subsidiary
Industrial & Commercial Facilities Management Pte Ltd	A fellow subsidiary
HLA logistics Pte Ltd	An associate corporation
Four Star Industries Pte Ltd	A joint venture of LHN Limited
Work Plus Store (AMK) Pte Ltd	A joint venture of LHN Limited
Panselatan Sdn Bhd	A company with a shareholder who is a director of the Group

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29. Related party transactions (continued)

(a) Transactions

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Advances to immediate holding corporation repaid during the year	1,200	1,050	640
Advances from intermediate holding corporation repaid during the year	81	1,831	32
Utilisation of banker guarantee facility provided by immediate holding corporation for the Company’s trade payables	170	226	245
Logistics services charged to fellow subsidiaries	4	21	86
Rental charged by a fellow subsidiary	431	853	343
Facilities fee charged by a fellow subsidiary	22	47	68
Management fee charged by immediate holding corporation	717	731	819
Vehicle parking expense charged by fellow subsidiaries	23	19	16
Contract services charged by immediate holding corporation	747	686	795
Security services charged by fellow subsidiaries	35	-	-
Site related expenses charged by fellow subsidiaries	5	12	55
Utilities charged by fellow subsidiaries	1	27	57
Building maintenance charged by fellow subsidiaries	7	5	36
Manpower services charged to an associate corporation	415	461	537
Container depot management fee charged to an associate corporation	760	759	802
Rental charged to an associate corporation	241	241	250

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29. Related party transactions (continued)

(b) Key management personnel remuneration

Key management personnel compensation is as follows:

	2019 S\$'000	2020 S\$'000	2021 S\$'000
Wages and salaries	644	525	663
Employer's contribution to defined contribution plans, including Central Provident Fund	35	30	33
	<u>679</u>	<u>555</u>	<u>696</u>

30. Segment information

(a) Operating and reportable segment

During the Track Record Period for the combined financial statements, the Group operated its business as a single Logistics Business operating segment, which is also its reportable segment. An operating segment is defined as a component of an entity for which discrete financial information is available and whose results of operations are regularly reviewed by the chief operating decision maker. During the Track Record Period, the Group's chief operating decision maker is the Group Managing Director of the intermediate holding corporation, LHN Limited, who reviews results of operations to make decisions about allocating resources and assessing performance based on the combined financial information.

Operating profits

The Group Managing Director assesses the performance of the operating segments based on the segment result, being a measure of earnings before tax, interest, finance costs, share of results of associates 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 statements.

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30. Segment information (continued)

(b) Geographical segment

The following table shows the distribution of the Group’s revenue from external customers based on the location where goods are sold and services are provided:

	2019 S\$’000	2020 S\$’000	2021 S\$’000
Singapore	20,114	20,071	21,150
Thailand	4,039	3,621	3,975
Malaysia	784	1,497	2,056
Total	<u>24,937</u>	<u>25,189</u>	<u>27,181</u>

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

	2019 S\$’000	2020 S\$’000	2021 S\$’000
Singapore	7,562	22,874	23,561
Thailand	3,091	2,639	2,110
Malaysia	676	1,131	1,223
Total	<u>11,329</u>	<u>26,644</u>	<u>26,894</u>

(c) Major customers

For the financial years ended 30 September 2019, 2020 and 2021, revenue attributable to the Group’s largest customer accounted for approximately 11.0%, 12.2% and 12.2% of the Group’s total revenue respectively and aggregate revenue attributable to the five largest customers of the Group accounted for approximately 33.5%, 34.2% and 31.2% of the Group’s total revenue respectively.

31. Events occurring after balance sheet date

- (a) On 2 December 2021, the Group has committed approximately S\$14.8 million for the redevelopment of open storage yard, dangerous goods storage yard and ISO tank washing depot at 7 Gul Avenue. The redevelopment commenced in April 2022.

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31. Events occurring after balance sheet date (continued)

- (b) On 19 April 2022, pursuant to the Sponsorship and Management Agreement dated on the same date between the Company and its Sponsor, PrimePartners Corporate Finance Pte Ltd (“PPCF”), the Company issued and allotted 1,500,000 ordinary shares (“PPCF Shares”) to PPCF to satisfy the management fees payable of S\$300,000. The PPCF Shares will rank pari passu in all respects with the existing issued ordinary shares. Following the issuance of the PPCF Shares, the issued and paid-up share capital of the Company increased to S\$12,739,515, comprising of 142,440,800 ordinary shares.

32. Authorisation of financial statements

These financial statements were authorised for issue by the Board of Directors of LHN Logistics Limited on 19 April 2022.

APPENDIX B – SELECTED EXTRACTS OF OUR CONSTITUTION

The discussion below provides information about certain provisions of our Constitution and the laws of Singapore. This description is only a summary and is qualified by reference to Singapore law and our Constitution. Where portions of our Constitution are reproduced below, defined terms bear the meanings ascribed to them in our Constitution. Our Constitution is a document available for inspection.

SUMMARY OF OUR CONSTITUTION

1. Directors

(a) Ability of interested Directors to vote

A Director shall not vote in regard to any contract or proposed contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly, and shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(b) Remuneration

The fees payable to our non-executive Directors shall be by a fixed sum, and not by a commission on or a percentage of profits or turnover. Salaries payable to our executive Directors may not include a commission on or a percentage of turnover. Fees payable to our Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the general meeting.

Our Directors may grant special remuneration to any of their number who holds any executive office, who serves on any committee of our Directors, or who being called upon shall be willing to render any special or extra services to our Company or to go or reside abroad in connection with the conduct of any of the affairs of our Company outside the ordinary duties of a Director. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by a lump sum or by way of salary, or, except in the case of a Non-Executive Director, by a percentage of profits, or by any or all of those modes, as our Directors may determine.

The remuneration of a Chief Executive Officer or Managing Director (or person holding an equivalent position) shall from time to time be fixed by our Directors and may, subject to our Constitution, be by way of salary or commission or participation in profits or by any or all of these modes but shall not under any circumstances be by a commission on or a percentage of turnover. Our Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

There are no specific provisions in our Constitution relating to a Director's power to vote on remuneration (including pension or other benefits) for himself or herself or for any other Director, and whether the quorum at the meeting of our board of directors to vote on Directors' remuneration may include the Director whose remuneration is the subject of the vote. However, as set out in paragraph (1)(a) above, a Director shall not vote in regard to any contract or proposed contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly, and shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(c) Borrowing

Subject to the provisions of the Statutes, our Directors may exercise all the powers of our Company to borrow or raise money from time to time for the purpose of our Company or secure the payment of such sums, debt, liability or obligation of our Company as they think fit and may secure the repayment or payment of such sums by mortgage or charge upon all or any of the undertaking, property, uncalled capital or assets of our Company or by the issue of debentures (whether at par or at discount or premium) or otherwise as they may think fit.

APPENDIX B – SELECTED EXTRACTS OF OUR CONSTITUTION

(d) Retirement or non-retirement of a Director under an age limit requirement

There is no specific provision in our Constitution relating to the retirement or non-retirement of a Director under an age limit requirement.

(e) Shareholding qualification of a Director

There is no shareholding qualification for Directors in our Constitution.

2. Share rights and restrictions

We currently have one class of shares, namely, ordinary shares. Only persons who are registered in our register of members are recognised as our Shareholders. In cases where the person so registered is the Depository, the Depositors on behalf of whom the Depository holds the shares are recognised as our Shareholders.

(a) Dividends and distribution

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Directors. No dividend shall be paid otherwise than out of profits.

Our Directors may, with the sanction of an ordinary resolution of our Company, (i) issue bonus shares for which no consideration is payable to our Company to the persons registered as holders of shares in our register of members or (as the case may be) the Depository in proportion to their holdings of shares, or (ii) capitalise any sum standing to the credit of any of our Company's reserve accounts or other undistributable reserve or any sum standing to the credit of the profit and loss account by appropriating such sum to the persons registered as holders of shares in the register of members or (as the case may be) in the Depository, in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid-up to and amongst them as bonus shares in the proportion aforesaid.

Subject to any rights or restrictions attached to any shares or class of shares, all dividends in respect of shares must be paid in proportion to the number of shares held by a Shareholder, but where shares are partly paid, all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares and all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid. Unless otherwise directed, dividends are paid by cheque, draft, warrant or cashiers' order sent through the post to each Shareholder at his registered address.

Notwithstanding the foregoing, the payment by our Company to the Depository of any dividend or other moneys payable to a Depositor shall, to the extent of the payment made to the Depository, discharge our Company from any liability to the Depositor in respect of that payment. The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a Share into a separate account shall not constitute our Company a trustee in respect thereof. All dividends remaining unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of our Company, and any dividend or any such monies unclaimed after six years from having been first payable shall be forfeited and shall revert to our Company, provided always that the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or monies to our Company, the relevant Depositor shall not have any right or claim in respect of such dividend or monies against our Company if a period of six years has elapsed from the date of the declaration of such dividend or the date on which such other monies are first payable.

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The Directors may retain any dividend or other monies payable on or in respect of a share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) Voting rights

A holder of our ordinary shares is entitled to attend and vote at any general meeting, in person or by proxy and (in the case of a corporation) by a representative. A proxy need not be a Shareholder of our Company. A Depositor shall only be entitled to attend any general meeting and to speak and vote thereat if his name is certified by CDP as appearing on the Depository Register maintained by the Depository 72 hours before the general meeting as a Depositor on whose behalf the Depository holds shares in our Company. Except as otherwise provided in our Constitution, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Constitution, on a show of hands, every Shareholder present in person and by proxy shall have one vote (provided that (i) in the case of a Shareholder who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that Shareholder or, failing such determination, the chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and (ii) in the case of a Shareholder who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands), and on a poll, every Shareholder present in person or by proxy shall have one vote for each ordinary share which he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 5.0% of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by not less than five Shareholders present in person or by proxy and entitled to vote. In the case of an equality of votes, whether on a show of hands or a poll, the Chairman of the meeting at which the poll or show of hands takes place shall be entitled to a casting vote.

3. Change in capital

Changes in the capital structure of our Company (for example, consolidation, cancellation, subdivision or conversion of our Company's share capital) require Shareholders to pass an ordinary resolution, except for conversion of one class of shares to another class of shares which requires Shareholders to pass a special resolution. General meetings at which ordinary resolutions are proposed to be passed shall be called by at least 14 days' notice in writing (excluding the date of notice and the date of meeting), and general meetings at which a special resolution is proposed to be passed shall be called by at least 21 days' notice in writing (excluding the date of notice and the date of meeting). The notice may be served on or delivered to any Shareholder by our Company either personally or by sending it through the post in a prepaid letter or wrapper addressed to such Shareholder at his Singapore registered address appearing in the register of members or (as the case may be) the Depository Register, or (if he has no registered address within Singapore) to the address, if any, within Singapore supplied by him to our Company, or (as the case may be) to the Depository as his address for the service of notices, or by delivering it to such address as aforesaid or by electronic communication in such manner as may be prescribed by any other regulations.

The notice must specify the place, day and hour of the meeting. The reduction of our Company's share capital or any other undistributable reserve in any manner is subject to the conditions prescribed by law.

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4. Variation of rights of existing shares or classes of shares

If at any time the share capital of our Company is divided into different classes of shares, subject to the provisions of the Companies Act, the variation or abrogation of the special rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not our Company is being wound up, only be made with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, all the provisions of our Constitution relating to general meetings of our Company shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total number of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, the consent in writing, if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such general meeting, shall be as valid and effectual as a special resolution carried at such general meeting.

The relevant provision of the Constitution does not impose more significant conditions than the Companies Act in this regard.

5. Limitations on foreign or non-resident shareholders

There are no limitations imposed by Singapore law or by our Constitution on the rights of Shareholders who are regarded as non-residents of Singapore, to hold or exercise voting rights on their shares.

APPENDIX C – RULES OF THE LHN LOGISTICS PERFORMANCE SHARE PLAN

1. NAME OF THE PSP

The PSP shall be called the “LHN Logistics Performance Share Plan”.

2. DEFINITIONS

2.1. In this PSP, unless the context otherwise requires, the following words and expressions shall have the following meanings:

<i>“Adoption Date”</i>	:	The date on which the PSP is adopted by the Company in general meeting
<i>“Auditors”</i>	:	The auditors of the Company for the time being
<i>“Award”</i>	:	An award of Shares granted under the PSP
<i>“Board”</i>	:	The board of Directors of the Company for the time being
<i>“Catalist Rule” or “Catalist Rules”</i>	:	Any or all of the rules in the Listing Manual Section B: Rules of Catalist, as the case may be
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Commencement Date”</i>	:	The date for the commencement of the PSP
<i>“Committee”</i>	:	The remuneration committee of the Company, or such other committee comprising directors of the Company duly authorised and appointed by the Board to administer this PSP
<i>“Companies Act”</i>	:	The Companies Act 1967 of Singapore (2020 Revised Edition), as amended, modified or supplemented or modified from time to time
<i>“Company”</i>	:	LHN Logistics Limited
<i>“Controlling Shareholder”</i>	:	A Shareholder who, in relation to the Company, has control, as further defined in Rule 2.2
<i>“Director”</i>	:	A director of the Company for the time being
<i>“Group”</i>	:	The Company and its subsidiaries
<i>“Group Employee”</i>	:	Any confirmed full time employee of the Group (including any Group Executive Director) selected by the Committee to participate in the PSP in accordance with the provisions thereof
<i>“Group Executive Director”</i>	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function
<i>“LHN Logistics Performance Share Plan” or “PSP”</i>	:	The LHN Logistics Performance Share Plan, as amended, supplemented or modified from time to time
<i>“Listing Manual”</i>	:	The provisions of sections A and B of the listing manual of the SGX-ST as amended, supplemented or modified from time to time

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<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“New Shares”</i>	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards granted under the PSP
<i>“Non-Executive Director”</i>	:	A director of the Company and/or any of its subsidiaries, as the case may be, other than a Group Executive Director
<i>“Participant”</i>	:	A person who is selected by the Committee to participate in the PSP in accordance with the provisions of the PSP
<i>“Performance Targets”</i>	:	The performance targets prescribed by the Committee to be fulfilled by a Participant for any particular period under the PSP
<i>“Rules”</i>	:	The rules of the PSP, as the same may be amended, supplemented or modified from time to time
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Shareholder(s)”</i>	:	Registered holder(s) of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose securities accounts maintained with CDP are credited with the Shares
<i>“Share(s)”</i>	:	Ordinary share(s) in the capital of the Company
<i>“treasury shares”</i>	:	Issued Shares of the Company which were (or are treated as having been) purchased by the Company in circumstances which Section 76H of the Companies Act applies and have since purchase been continuously held by the Company
<i>“Vesting Date”</i>	:	In relation to Shares which are the subject of an Award which has been released in accordance with Rule 10, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares will vest pursuant to Rule 10
<i>“\$” and “cents”</i>	:	Singapore dollars and cents respectively
<i>“%” or “per cent.”</i>	:	Percentage or per centum

2.2. For the purposes of the PSP:

- (a) in relation to a Shareholder (including, where the context requires, the Company), “control” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company;
- (b) unless rebutted, a person who holds directly or indirectly, a shareholding of 15.0% or more of the Company’s total number of issued Shares excluding treasury shares shall be presumed to be a Controlling Shareholder; and

APPENDIX C – RULES OF THE LHN LOGISTICS PERFORMANCE SHARE PLAN

(c) in relation to a Controlling Shareholder, his “associate” shall have the meaning ascribed to it by the Catalist Rules or any other publication prescribing rules or regulations for corporations admitted to the Official List of Catalist (as modified, supplemented or amended from time to time).

2.3. The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively by Section 81SF of the SFA.

2.4. Any reference in the PSP or the Rules to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in the PSP and the Rules shall have the meaning assigned to it under the Companies Act.

2.5. Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits.

2.6. Any reference to a time of day shall be a reference to Singapore time.

3. OBJECTIVES

3.1. The main objectives of the PSP are as follows:

(a) to attract potential employees with relevant skills to contribute to the Company and to create value for Shareholders;

(b) to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of the Company;

(c) to motivate the Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Company;

(d) to align the interests of the Participants with the interests of Shareholders;

(e) to give recognition to the contributions made by the Participants to the success of the Company; and

(f) to retain key employees of the Company whose contributions are essential to the long-term prosperity of the Company.

4. ELIGIBILITY

4.1. The following persons (provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the PSP at the absolute discretion of the Committee:

(a) Group Employees (including Group Executive Directors) who have attained the age of 21 years on or before the date of grant of the Award; and

(b) Non-Executive Directors (including independent Directors) who have attained the age of 21 years on or before the date of grant of the Award.

4.2. Controlling Shareholders and Associates of the Controlling Shareholders who meet the eligibility criteria in Rule 4.1 shall be eligible to participate in the PSP provided that (a) the participation of, and (b) the terms of each grant and the actual number of Awards granted under the PSP, to a Participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by the independent Shareholders in a general meeting in separate resolutions for each such person, and the basis for seeking such Shareholders’ approval will be included in the circular to Shareholders.

APPENDIX C – RULES OF THE LHN LOGISTICS PERFORMANCE SHARE PLAN

- 4.3. Participants who are also Shareholders and are eligible to participate in this Plan must abstain from voting on any resolution relating to the Plan, including (a) the implementation of the Plan; and (b) the participation by, or grant of Awards to Controlling Shareholders and their Associates (if such Participant is a Controlling Shareholder).
- 4.4. Controlling Shareholders and his/her Associates shall abstain from voting on the resolution in relation to his participation in this Plan and grant of Awards to him/her.
- 4.5. For the purposes of determining eligibility to participate in the PSP, the secondment of a Group Employee to another company within the Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of the Group.
- 4.6. There shall be no restriction on the eligibility of any Participant to participate in any other share incentive schemes or share plans implemented or to be implemented by the Company or any other company within the Group.
- 4.7. Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the PSP may be amended from time to time at the absolute discretion of the Committee.

5. LIMITATIONS UNDER THE PSP

- 5.1. The total number of Shares which may be delivered pursuant to the vesting of Awards on any date, when added to the aggregate number of Shares issued and/or issuable in respect of (a) all Awards granted under the PSP; and (b) all other Shares issued and/or issuable under any other share-based incentive schemes or share plans of the Company, shall not exceed 15.0% of the total number of issued Shares (excluding treasury shares) of the Company from time to time.
- 5.2. Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the PSP.
- 5.3. The aggregate number of Shares available to the Controlling Shareholders or Associates of the Controlling Shareholders (including adjustments made in accordance with Rule 11) shall not exceed 25.0% of the Shares available under the PSP.
- 5.4. The number of Shares available to each Controlling Shareholder or Associate of the Controlling Shareholder (including adjustments made in accordance with Rule 11) shall also not exceed 10.0% of the Shares available under the PSP.

6. DATE OF GRANT

The Committee may grant Awards at any time in the course of a financial year, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested and hence any Shares comprised in such Awards may only be delivered on or after the second Market Day from the date on which the aforesaid announcement is made.

7. AWARDS

- 7.1. The selection of the Participants and number of Shares which are the subject of each Award to be granted to a Participant in accordance with the PSP shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.

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- 7.2. In the case of a performance-related Award, the Performance Targets will be set by the Committee depending on each individual Participant's job scope and responsibilities. The Performance Targets to be set shall take into account both the medium and long-term corporate objectives of the Group and the individual performance of the Participant and will be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth. The Performance Targets could be based on criteria such as sales growth, growth in earnings and return on investment. In addition, the Participant's length of service with the Group, achievement of past Performance Targets, value-add to the Group's performance and development and overall enhancement to shareholder value, *inter alia*, will be taken into account.
- 7.3. As soon as reasonably practicable after an Award is finalised by the Committee, the Committee shall send an Award letter to the Participant confirming the said Award. The said Award letter shall specify, *inter alia*, the following:
- (a) in relation to a performance-related Award, the Performance Targets for the Participant and the period during which the Performance Targets shall be met;
 - (b) the number of Shares to be vested on the Participant; and
 - (c) the date by which the Award shall be vested.
- 7.4. The Committee shall take into account various factors when determining the method to arrive at the exact number of Shares comprised in an Award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of the Company and the predetermined dollar amount which the Committee decides that a Participant deserves for meeting his Performance Targets. For example, Shares may be awarded based on predetermined dollar amounts such that the quantum of Shares comprised in Awards is dependent on the closing price of Shares transacted on the Market Day the Award is vested. Alternatively, the Committee may decide absolute numbers of Shares to be awarded to Participants irrespective of the price of the Shares. The Committee shall monitor the grant of Awards carefully to ensure that the size of the PSP will comply with the relevant rules of the Catalist Rules.
- 7.5. Awards are personal to the Participant to whom it is given and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Committee.

8. VESTING OF THE AWARDS

- 8.1. Notwithstanding that a Participant may have met his Performance Targets, no Awards shall be vested:
- (a) upon the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of such Award;
 - (b) in the event of any misconduct on the part of the Participant as determined by the Committee in its discretion;
 - (c) subject to Rule 8.2, upon the Participant ceasing to be in the employment of the Group for any reason whatsoever; or
 - (d) in the event that the Committee shall, at its discretion, deem it appropriate that such Award to be given to a Participant shall so lapse on the grounds that any of the objectives of the PSP (as set out in Rule 3) have not been met.

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- 8.2. A Participant shall be entitled to an Award so long as he has met the Performance Targets notwithstanding that he may have ceased to be employed by the Group after the fulfilment of such Performance Targets. For the purpose of this Rule 8.2, the Participant may cease to be so employed in any of the following events, namely:
- (a) through ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
 - (b) redundancy;
 - (c) death;
 - (d) retirement at or after the legal retirement age;
 - (e) retirement before the legal retirement age with the consent of the Committee; or
 - (f) any other event approved by the Committee.

9. TAKEOVER AND WINDING UP OF THE COMPANY

- 9.1. Notwithstanding Rule 8 but subject to Rule 9.5, in the event of a takeover being made for the Shares, a Participant shall (notwithstanding that the vesting period for the Award has not expired) be entitled to the Shares under the Awards if he has met the Performance Targets which fall within the period commencing on the date on which such offer for a takeover of the Company is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

- (a) the expiry of 6 months thereafter, unless prior to the expiry of such 6-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the last date on which the Performance Targets are to be met); or
- (b) the date of expiry of the period for which the Performance Targets are to be met,

provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Companies Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Participant shall be obliged to fulfil such Performance Targets until the expiry of such specified date or the expiry date of the Performance Targets relating thereto, whichever is earlier, before an Award can be vested.

- 9.2. If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant who has fulfilled his Performance Target shall be entitled, notwithstanding the provisions herein and the fact that the vesting period for such Award has not expired but subject to Rule 9.5, to any Shares under the Awards so determined by the Committee to be released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.
- 9.3. If an order or an effective resolution is made for the winding-up of the Company on the basis of its insolvency, all Awards, notwithstanding that they may have been so vested shall be deemed or become null and void.

APPENDIX C – RULES OF THE LHN LOGISTICS PERFORMANCE SHARE PLAN

- 9.4. In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Awards shall so vest in the Participant for so long as, in the absolute determination by the Committee, the Participant has met the Performance Targets prior to the date that the members' voluntary winding-up shall be deemed to have been commenced or effective in law.
- 9.5. If in connection with the making of a general offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the winding-up referred to in Rule 9.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the payment of cash or by any other form of benefit, no release of Shares under the Award shall be made in such circumstances.

10. RELEASE OF AWARDS

- 10.1. As soon as reasonably practicable after the end of each performance period, the Committee shall review the Performance Targets specified in respect of that Award and determine whether they have been satisfied and, if so, the extent to which they have been satisfied (whether fully or partially) and the number of Shares to be released.
- 10.2. The Committee shall have the discretion to determine whether Performance Targets have been met (whether fully or partially) or exceeded and/or whether the Participant's performance and/or contribution to the Company and/or any of its subsidiaries justifies the vesting of an Award. In making any such determination, the Committee shall have the right to make reference to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the Performance Targets if the Committee decides that a changed Performance Targets would be a fairer measure of performance.
- 10.3. Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the Committee being satisfied that the Participant has achieved the Performance Targets.
- 10.4. Subject to the prevailing legislation and the provisions of the Catalist Rules, the Company will deliver Shares to Participants upon vesting of their Awards by way of an issue of New Shares or the transfer of existing Shares held as treasury shares to the Participants.
- 10.5. In determining whether to issue New Shares or to purchase existing Shares for delivery to Participants upon the vesting of their Awards, the Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing New Shares or purchasing existing Shares.
- 10.6. The Committee will procure, upon approval of the Board, the allotment or transfer to each Participant of the number of Shares which are to be released to that Participant pursuant to an Award under Rule 7. Any proposed issue of New Shares will be subject to there being in force at the relevant time the requisite Shareholders approval under the Companies for the issue of Shares. Any allotment of New Shares pursuant to an Award will take into account the rounding of odd lots.
- 10.7. Where New Shares are to be allotted or any Shares are to be transferred to a Participant pursuant to the release of any Award, the Vesting Date will be a trading day falling as soon as practicable after the review of the Committee referred to in Rule 10.1. On the Vesting Date, the Committee will procure the allotment or transfer of each Participant of the number of Shares so determined.
- 10.8. Where New Shares are to be allotted upon the vesting of any Award, the Company shall, as soon as practicable after allotment, where necessary, apply to the SGX-ST for the permission to deal in and for the listing and quotation of such Shares on the Catalist.

APPENDIX C – RULES OF THE LHN LOGISTICS PERFORMANCE SHARE PLAN

10.9. Shares which are allotted or transferred on the release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of either:

- (a) the securities account of that Participant maintained with CDP;
- (b) the securities sub-account of that Participant maintained with a Depository Agent; or
- (c) the CPF investment account maintained with a CPF agent bank,

in each case, as designated by that Participant. Until such issue or transfer of such Shares has been effected, that Participant shall have no voting rights nor any entitlements to dividends or other distributions declared or recommended in respect of any Shares which are the subject of the Award granted to him.

10.10. New Shares allotted and issued, and existing Shares held in treasury procured by the Company for transfer, on the release of an Award, shall be subject to all the provisions of the Constitution of the Company and the Companies Act, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the date of issue of the New Shares or the date of transfer of treasury shares pursuant to the vesting of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue. "Record Date" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

10.11. Shares which are allotted, and/or treasury shares which are transferred, on the vesting of an Award to a Participant, may be subject to such moratorium as may be imposed by the Committee.

11. VARIATION OF CAPITAL

11.1. If a variation in the issued ordinary share capital of the Company (whether by way of a bonus issue, a capitalisation of profits or reserves or rights issue, capital reduction, sub-division, consolidation, distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (b) the class and/or number of Shares over which future Awards may be granted under the PSP,

shall be adjusted by the Committee to give each Participant the same proportion of the equity capital of the Company as that to which he was previously entitled and, in doing so, the Committee shall determine at its own discretion the manner in which such adjustment shall be made.

11.2. Unless the Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:

- (a) the issue of securities as consideration for an acquisition or a private placement of securities;
- (b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the Catalyst during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;
- (c) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees pursuant to any share option scheme or share plan approved by Shareholders in general meeting, including the PSP; and
- (d) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company.

APPENDIX C – RULES OF THE LHN LOGISTICS PERFORMANCE SHARE PLAN

11.3. Notwithstanding the provisions of Rule 11.1:

- (a) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and
- (b) any adjustment (other than on a bonus issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

11.4. Upon any adjustment required to be made pursuant to this Rule 11, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the vesting of an Award. Any adjustment shall take effect upon such written notification being given.

12. ADMINISTRATION OF THE PSP

12.1. The Plan shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.

12.2. The Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the PSP) for the implementation and administration of the PSP as they think fit including, but not limited to:

- (a) imposing restrictions on the number of Awards that may be vested within each financial year; and
- (b) amending Performance Targets if by so doing, it would be a fairer measure of performance for a Participant or for the PSP as a whole.

12.3. Any decision of the Committee made pursuant to any provision of the PSP (other than a matter to be certified by the Auditors) shall be final and binding (including any decisions pertaining to the number of Shares to be vested) or to disputes as to the interpretation of the PSP or any rule, regulation, procedure thereunder or as to any rights under the PSP.

13. NOTICES AND ANNUAL REPORT

13.1. Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses as may be notified by the Company to him in writing.

13.2. Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company or at the last known address of the Participant and if sent by post, shall be deemed to have been given on the day following the date of posting.

13.3. The following disclosures (as applicable) will be made by the Company in its annual report for so long as the PSP continues in operation:

- (a) the names of the members of the Committee administering the PSP;
- (b) in respect of the following Participants:
 - (i) Directors of the Company;
 - (ii) Participants who are Controlling Shareholders and their Associates; and

APPENDIX C – RULES OF THE LHN LOGISTICS PERFORMANCE SHARE PLAN

- (iii) Participants (other than those in paragraphs (b)(i) and (b)(ii) above) who have received Shares pursuant to the vesting of the Awards granted under the PSP which, in aggregate, represent five per cent. (5%) or more of the total number of Shares available under the PSP,

the following information: (1) the name of the Participant; (2) the aggregate number of Shares comprised in Awards which have been granted to such Participant during the financial year under review; (3) the aggregate number of Shares comprised in Awards which have been granted to such Participant since the commencement of the PSP to the end of the financial year under review; (4) the aggregate number of Shares comprised in Awards which have been issued and/or transferred to such Participant pursuant to the vesting of Awards under the PSP since the commencement of the PSP to the end of the financial year under review; (5) the aggregate number of Shares comprised in Awards which have not been vested as at the end of the financial year under review; and

- (c) such other information as may be required by the Catalist Rules or the Companies Act.

If any of the above is not applicable, an appropriate negative statement shall be included.

14. MODIFICATIONS TO THE PSP

14.1. Any or all the provisions of the PSP may be modified and/or altered at any time and from time to time by resolution of the Committee, provided that:

- (a) any modification or alteration which would be to the advantage of Participants under the PSP shall be subject to the prior approval of Shareholders in a general meeting; and
- (b) no modification or alteration shall be made without due compliance with the Catalist Rules and such other laws or regulations as may be applicable.

14.2. Written notice of any modification or alteration made in accordance with this Rule 14 shall be given to all Participants.

15. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant (who is a Group Employee) shall not be affected by his participation in the PSP, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

16. DURATION OF THE PSP

16.1. The PSP shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the Adoption Date, provided always that the PSP may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

16.2. The PSP may be terminated at any time at the discretion of the Committee or by an ordinary resolution of the Company in general meeting subject to all other relevant approvals which may be required and if the PSP is so terminated, no further Awards shall be offered by the Company thereunder.

16.3. Notwithstanding the expiry or termination of the PSP, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

APPENDIX C – RULES OF THE LHN LOGISTICS PERFORMANCE SHARE PLAN

17. TAXES

All taxes (including income tax) arising from the grant and/or disposal of Shares pursuant to the Awards granted to any Participant under the PSP shall be borne by that Participant.

18. COSTS AND EXPENSES

18.1. Each Participant shall be responsible for all fees of CDP relating to or in connection with the allotment and issuance or transfer of any Shares pursuant to the Awards in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent.

18.2. Save for the taxes referred to in Rule 17 and such other costs and expenses expressly provided in the PSP to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the PSP including but not limited to the fees, costs and expenses relating to the allotment, issue and/or delivery of Shares pursuant to the Awards shall be borne by the Company.

19. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing or transferring the Shares or applying for or procuring the listing and quotation of the Shares on the Catalist.

20. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

21. CONDITION OF AWARDS

Every Award shall be subject to the condition that no Shares would be issued or transferred pursuant to the vesting of any Award if such issue or transfer would be contrary to the constitutive documents of the Company or any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue or transfer of Shares hereto.

22. GOVERNING LAW

The PSP shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Awards in accordance with the PSP, and the Company irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Singapore.



19 April 2022

LHN Logistics Limited

10 Raeburn Park
#02-15B
Singapore 088702

Attention: The Audit and Risk Committee

Dear Sir / Madam

ADOPTION OF GENERAL MANDATE FOR RECURRENT INTERESTED PERSON TRANSACTIONS

Unless otherwise defined or the context otherwise requires, all terms used herein have the same meaning as defined in the offer document of LHN Logistics Limited dated 19 April 2022 (the “Offer Document”).

This report has been prepared solely for inclusion in the Offer Document of the Company in connection with the initial public offering of the Shares of the Company on the Catalist Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

1. INTRODUCTION

LHN Logistics Limited is seeking a listing of its Shares on the Catalist Board of the SGX-ST.

This letter (the “**IFA Letter**”) has been prepared for the inclusion in the Offer Document of LHN Logistics Limited (the “**Company**”) (and together with its subsidiaries which are ‘Entities At Risk’ under Chapter 9 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the “**Catalist Rules**”), collectively the “**EAR Group**”) in relation to the adoption of a general mandate for recurrent interested person transactions (the “**Shareholders’ IPT Mandate**”) between (a) any entities in the EAR Group; and (b) LHN Group and certain of its subsidiaries and joint venture entities (the “**Mandated Interested Persons**” and each a “**Mandated Interested Person**”).

Under Chapter 9 of the Catalist Rules, a listed company may seek a general mandate from its shareholders for recurrent interested person transactions of revenue or trading nature or for those necessary for its day-to-day operations, but not in respect of the purchase or sale of assets, undertakings or businesses.

It is anticipated that the EAR Group would, following the admission of the Company to the Catalist Board of the SGX-ST, in the ordinary course of business, continue to enter into certain transactions with the Mandated Interested Persons (the “**Mandated Transactions**”). It is likely that such Mandated Transactions will occur with some degree of frequency and may arise at any time. In view of the time-sensitive and/or recurrent nature of the Mandated Transactions, the Company is adopting the Shareholders’ IPT Mandate to enable the EAR Group to enter into the Mandated Transactions in its normal course of business, provided that an independent financial adviser opines that the methods and procedures set out in the Shareholders’ IPT Mandate are sufficient to ensure that all such Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

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Xandar Capital Pte. Ltd. 威豪金融(私人)有限公司 (Registration No. 200002789M)

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Pursuant to Rule 920(2) of the Catalist Rules, the Company may treat the Shareholders' IPT Mandate as having been given by its Shareholders for the EAR Group to enter into Mandated Transactions with the Mandated Interested Persons if the information required under Rule 920(1)(b) is included in the Offer Document.

To comply with the requirements of Chapter 9 of the Catalist Rules, Xandar Capital Pte. Ltd. ("**Xandar Capital**") has been appointed as the independent financial adviser to provide an opinion on whether the methods or procedures as set out in the section entitled "Interested Person Transactions – General Mandate For Interested Person Transactions" of the Offer Document are sufficient to ensure that the Mandated Transactions between the EAR Group and the Mandated Interested Persons will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

This IFA letter sets out our evaluation of the Shareholders' IPT Mandate and our opinion thereof. This IFA Letter has been prepared for the use of the Audit and Risk Committee of the Company, who as at the date of the Offer Document, are considered to be independent for the purpose of the Shareholders' IPT Mandate, and this IFA Letter forms part of the Offer Document.

2. TERMS OF REFERENCE

Xandar Capital has been appointed to opine on whether the methods or procedures for the Mandated Transactions, if adhered to, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

We are and were not involved in any aspect of the negotiations pertaining to the Shareholders' IPT Mandate or the Mandated Transactions contemplated under the Shareholders' IPT Mandate, nor were we involved in the deliberations leading to the Company's decision to adopt the Shareholders' IPT Mandate and to enter into the Mandated Transactions contemplated under the Shareholders' IPT Mandate. We do not, by this IFA Letter, make any representation or warranty in relation to the merits of the Shareholders' IPT Mandate or the transactions contemplated under the Shareholders' IPT Mandate.

Our terms of reference do not require us to evaluate or comment on the rationale for legal, strategic or commercial merits and/or risks of the Shareholders' IPT Mandate and the Mandated Transactions contemplated under the Shareholders' IPT Mandate. We have also not conducted any review of the business, operations or financial condition of the Company and the EAR Group, and we have not relied on any financial projections or forecasts in respect of the Company or the EAR Group, nor did we have access to their business plans, financial projections and forecasts. We are not required to express and we do not express any view herein on the growth prospects, financial position and earnings potential of the Company or the EAR Group pursuant to the adoption of the Shareholders' IPT Mandate or the Mandated Transactions contemplated under the Shareholders' IPT Mandate. We are also not expressing any view herein as to the prices at which the shares of the Company may trade with or without the Shareholders' IPT Mandate. Such evaluation shall remain the sole responsibility of the Directors.

We were also not required or authorised to obtain, and we have not obtained, any quotation or transacted price from third parties for products or services similar to those which are to be covered by the Shareholders' IPT Mandate, and are therefore not able to, and will not comment on the Mandated Transactions.



In the course of our evaluation, we have held discussions with certain Directors and management of the EAR Group and have examined information provided and representations made to us by the aforesaid parties, including information in the Offer Document. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness or adequacy of such information, representation and assurance. Nonetheless, we have made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy and reliability of the information.

We have relied upon the assurance of the Directors that they collectively and individually accept full responsibility for the accuracy of the information given in the Offer Document and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Offer Document constitutes full and true disclosure of all material facts about the Shareholders' IPT Mandate, the Company and the EAR Group as at the date of the Offer Document. The Directors are not aware of any facts the omission of which would make any statement in the Offer Document misleading. Where information in the Offer Document has been extracted from published or otherwise publicly available sources or this IFA Letter, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Offer Document in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Company, the EAR Group and the Shareholders' IPT Mandate are to the best of their knowledge and belief, fair and accurate in all material aspects. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information, provided or otherwise made available to us or relied on by us as described above.

The Company has been separately advised by its own advisers in the preparation of the Offer Document (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Offer Document (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Offer Document (other than this IFA Letter).

Whilst a copy of this IFA Letter may be reproduced in the Offer Document, save for the purpose of any matter relating to the Shareholders' IPT Mandate, neither the Company, the Directors nor the Shareholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purposes at any time and in any manner without our prior written consent in each specific case. Our opinion in relation to the Shareholders' IPT Mandate should be considered in the context of the entirety of this IFA Letter and the section entitled "Interested Person Transactions – General Mandate For Interested Person Transactions" of the Offer Document.



3. THE SHAREHOLDERS' IPT MANDATE

3.1 THE SHAREHOLDERS' IPT MANDATE

Information on the Shareholders' IPT Mandate is set out in the section entitled "Interested Person Transactions – General Mandate For Interested Person Transactions" of the Offer Document.

3.2 THE MANDATED INTERESTED PERSONS

Information on the Mandated Interested Persons of the Shareholders' IPT Mandate is set out in the section entitled "Interested Person Transactions – General Mandate For Interested Person Transactions – Names of Mandated Interested Persons" as well as "Interested Person Transactions – Interested Persons" of the Offer Document.

We note that the Mandated Interested Persons comprise LHN Group and certain of its subsidiaries (including joint venture entities).

3.3 CATEGORIES OF MANDATED TRANSACTIONS

Information on the categories of Mandated Transactions is set out in the section entitled "Interested Person Transactions – General Mandate For Interested Person Transactions – Categories of Mandated Interested Person Transactions" of the Offer Document.

We note that there are six (6) categories of Mandated Transactions including the provision of trucking and related services by the EAR Group to the Mandated Interested Persons and the obtaining of warehousing services, car parks services, leases of premises as well as their related ancillary products and/or services and the obtaining of administrative services by the EAR Group from the Mandated Interested Persons (the "Mandated Transactions").

3.4 RATIONALE FOR AND BENEFITS OF THE SHAREHOLDERS' IPT MANDATE

Information on the rationale for and benefits of the Shareholders' IPT Mandate is set out in the section entitled "Interested Person Transactions – General Mandate For Interested Person Transactions – Rationale for, and Benefits of, the Shareholders' IPT Mandate" of the Offer Document.

We note that the trucking and related transactions represent an additional source of revenue for the EAR Group and the EAR Group can tap on the resources of the Mandated Interested Persons for its operational needs.

3.5 METHODS AND PROCEDURES FOR THE MANDATED TRANSACTIONS

Detailed information on the methods and procedures is set out in the section entitled "Interested Person Transactions – General Mandate For Interested Person Transactions – Methods and Procedures for Mandated Transactions with Mandated Interested Persons" of the Offer Document.

We note that the methods and procedures include:

- (a) when providing services to the Mandated Interested Persons, the EAR Group shall compare with at least two (2) other contracts or invoices issued to unrelated third parties for the same or substantially similar types of transactions;

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- (b) when obtaining services or products from Mandated Interested Persons, the EAR Group shall obtain quotations (wherever possible or available) from at least two (2) other unrelated third party suppliers for the same or substantially similar quantities and/or quality of services or products, prior to the entry into the contract or transaction with the Mandated Interested Persons;
- (c) the EAR Group can also tap on external resources such as publicly available rates quoted on established internet property leasing websites to determine if the service fee or lease payable to the Mandated Interested Persons is in line with prevailing market rental rates for comparable premises;
- (d) when reviewing the mark-up imposed by the Mandated Interested Persons for administrative services provided by the Mandated Interested Person to the EAR Group, compare the mark-up against the transfer pricing guidelines issued by the Inland Revenue Authority of Singapore; and
- (e) in the event that competitive quotations cannot be obtained, the head of finance and a senior executive of the Company designated by the Audit and Risk Committee (both of whom must have no interest, direct or indirect in the transactions) will, subject to the approval thresholds set out below, determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable, taking into account factors such as, including but not limited to, the costs and benefits of entering into the transactions and the prices charged to unrelated third parties by the Mandated Interested Persons.

We note that the approval procedures and threshold include:

- (i) review of the Mandated Transactions by two independent personnel (including head of finance, senior executive of the Company designated by the Audit and Risk Committee, the Chairman of the Audit and Risk Committee or a member of the Audit and Risk Committee) who must have no interest, direct or indirect in the transactions; and
- (ii) the review and approval of a transaction which has a value equal to or exceeds 3.0% of the EAR Group's then latest audited NTA shall be undertaken by the Audit and Risk Committee.

The Company will also implement other procedures such as a register of all interested person transactions (the "IPT Register") to facilitate the review of the interested person transactions by the Audit and Risk Committee at least on a half-yearly basis and the appointment of internal auditors to review of all the Interested Person Transactions at least on an annual basis.



4. VALIDITY PERIOD OF THE SHAREHOLDERS' IPT MANDATE

Pursuant to Catalyst Rule 920(2), the Shareholders' IPT Mandate will be effective until the earlier of the following: (a) the conclusion of the first annual general meeting ("**AGM**") following the Company's admission to Catalyst; or (b) the first anniversary of the date of the Company's admission to Catalyst.

Approval from independent Shareholders will be sought for the renewal of the Shareholders' IPT Mandate at each subsequent AGM or the date by which the next AGM of the Company is required by law to be held, subject to the satisfactory review by the Audit Committee of its continued application to the Mandated Transactions. In accordance with Rule 920(1)(b)(viii) of the Catalyst Rules, the Mandated Interested Persons and their Associates shall abstain from voting on resolutions involving themselves and the EAR Group. Furthermore, such Mandated Interested Persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the appointing Shareholder.

5. ROLE OF AUDIT AND RISK COMMITTEE

We note that the Audit and Risk Committee will:

- (a) be involved in the review and approval process if the head of finance and/or the designated senior executive has an interest in the Mandated Transaction(s) or are nominees for the time being of the Mandated Interested Person;
- (b) review and approve transaction which has a value equal to or exceeds 3.0% of the EAR Group's then latest audited NTA;
- (c) review all Interested Person Transactions recorded in the IPT Register at least on a half-yearly basis;
- (d) review the master list of Interested Persons, the IPT Register and any accompanying report, such as the internal audit reports on Interested Person Transactions on a half-yearly basis, if such information are not reviewed by the internal auditors;
- (e) review the report submitted by the internal auditors which includes a review of all the Interested Person Transactions at least on an annual basis; and
- (f) if, during these reviews by the Audit Committee, the Audit Committee is of the view that the established methods and procedures for the Mandated Transactions with the Mandated Interested Person have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the EAR Group or the Mandated Interested Persons are conducted, the EAR Group will seek a fresh general mandate for Mandated Transactions based on new methods and procedures so that Mandated Transactions will be carried out on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.



6. OUR OPINION

In arriving at our opinion in respect of the Shareholders' IPT Mandate, we have considered, among other things, (i) the methods and procedures as well as the approval procedures and thresholds set out in the Shareholders' IPT Mandate; (ii) the frequency of review of Interested Person Transactions by the head of finance, the Audit and Risk Committee and the internal auditors; (iii) the role of the Audit and Risk Committee in relation to the Shareholders' IPT Mandate; and (iv) the rationale for and benefits of the Shareholders' IPT Mandate.

Having regard to the considerations set out in this IFA Letter and the information available to us as at the Latest Practicable Date, Xandar Capital is of the opinion that the methods and procedures for determining the transaction prices of the Mandated Transactions, if adhered to, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders.

7. THIS IFA LETTER

This IFA Letter is addressed to the Independent Directors in connection with and for the purposes of their consideration of the Shareholders' IPT Mandate and for inclusion in the Offer Document. Our opinion in relation to the Shareholders' IPT Mandate should be considered in the context of the entirety of this IFA Letter and the section entitled "Interested Person Transactions – General Mandate For Interested Person Transactions" of the Offer Document.

Whilst a copy of this IFA Letter may be reproduced in the Offer Document, save for the purpose of any matter relating to the Shareholders' IPT Mandate, neither the Company, the Directors nor the Shareholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

This IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

APPENDIX E – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to apply and subscribe for the Placement Shares at the Placement Price, subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 PLACEMENT SHARES AND INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF SHARES WILL BE REJECTED.**
2. Your application for Placement Shares may only be made by way of printed Placement Shares Application Forms.

YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE PLACEMENT SHARES.

3. **You (not being an approved nominee company) are allowed to submit only one application in your own name for the Placement Shares.**

If you, being other than an approved nominee company, have submitted an application for Placement Shares in your own name, you should not submit any other application for Placement Shares for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Sponsor and Issue Manager and the Co-Placement Agents.

Joint and multiple applications for the Placement Shares shall be rejected. If you submit or procure submissions of multiple share applications for the Placement Shares, you may be deemed to have committed an offence under the Penal Code 1871 of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications may be rejected at the discretion of our Company, the Sponsor and Issue Manager and the Co-Placement Agents.

4. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships, non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased name at the time of application.
5. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or companies after complying with paragraph 6 below.
6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies and licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies shall be rejected.
7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected. If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form, your application may be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and CDP Securities Account number provided in your Application Form differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.

APPENDIX E – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

8. **If your address as stated in the Application Form is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondence from CDP will be sent to your address last registered with CDP.**
9. **Our Company, in consultation with the Sponsor and Issue Manager and the Co-Placement Agents, reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Offer Document or with the terms and conditions of this Offer Document, or which is illegible, incomplete, incorrectly completed, or which is accompanied by an improperly drawn remittance or improper form of remittance or remittances which are not honoured upon the first presentation.**
10. **Our Company, the Sponsor and Issue Manager and the Co-Placement Agents further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Form or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**
11. Our Company, the Sponsor and Issue Manager and the Co-Placement Agents reserve the right to reject or to accept, in whole or in part, or to scale down, any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision with regards hereto will be entertained. In deciding the basis of allotment which shall be at the discretion of our Company, the Sponsor and Issue Manager and the Co-Placement Agents, due consideration will be given to the desirability of allotting the Placement Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
12. Share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of Placement Shares allotted to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company, the Sponsor and Issue Manager and the Co-Placement Agents. You irrevocably authorise CDP to complete and sign on your behalf, as transferee or renounee, any instrument of transfer and/or other documents required for the issue or transfer of the Placement Shares allotted to you.
13. (i) In the event that we lodge a supplementary or replacement Offer Document (“**Relevant Document**”) pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Placement, and the Placement Shares have not been issued, we will (as required by law), and subject to the SFA, at our sole and absolute discretion either
 - (a) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document;
 - (b) within seven (7) days of the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to withdraw; or
 - (c) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven (7) days from the lodgement of the Relevant Document.

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Where any applicant has have notified us within 14 days from the date of lodgement of the Relevant Document of his wish to exercise his option under paragraph 13(i) above to withdraw his application, we shall pay to him all monies paid by you on account of your application for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, within seven days from the receipt of such notification and the applicant shall not have any claim against our Company, the Sponsor and Issue Manager and/or the Co-Placement Agents.

(ii) In the event that at any time at the time of the lodgement of the Relevant Document, the Placement Shares have already been issued but trading has not commenced, we will (as required by law), and subject to the SFA, either:

- (a) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to us the Placement Shares which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document;
- (b) within seven (7) days from the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to return the Placement Shares; or
- (c) deem the issue as void and refund your payment for the Placement Shares (without interest or any share of revenue or other benefit arising therefrom) within seven (7) days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraph 13(ii) above to return the Placement Shares issued to him shall, within 14 days from the date of lodgement of the Relevant Document, notify us of this and return all documents, if any, purporting to be evidence of title of those Placement Shares, whereupon we shall, subject to the SFA, within seven (7) days from the receipt of such notification and documents, pay to him all monies paid by him for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Placement Shares issued to him shall be void and the applicant shall not have any claim against our Company, the Sponsor and Issue Manager and/or the Co-Placement Agents.

Additional terms and instructions applicable upon the lodgement of the Relevant Document, including instructions on how you can exercise the option to withdraw, may be found in such Relevant Document.

14. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Placement Shares allotted to you pursuant to your application, to us, the Sponsor and Issue Manager and the Co-Placement Agents, and/or any other parties so authorised by the foregoing persons.
15. Any reference to “you” or the “applicant” in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Placement Shares through the Co-Placement Agents or its designated sub-placement agent(s).
16. By completing and delivering an Application Form in accordance with the provisions of this Offer Document, you:
 - (a) irrevocably offer, agree and undertake to subscribe for the number of Placement Shares specified in your application (or such smaller number for which the application is accepted) at the Placement Price and agree that you will accept such Placement Shares as may be allotted to you, in each case on the terms of and subject to the conditions set out in this Offer Document and the Constitution of our Company;
 - (b) agree that the aggregate Placement Price for the Placement Shares applied for is due and payable to our Company upon application with;

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- (c) consent to the collection, use and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, Securities Account number, share application amount, share application details and other personal data (“**Personal Data**”) by the Share Registrar, CDP, Securities Clearing and Computer Services (Pte.) Ltd (“**SCCS**”), SGX-ST, our Company, the Sponsor and Issue Manager, or the Co-Placement Agents and/or other authorised operators (the “**Relevant Persons**”) for the purpose of facilitating your application for the Placement Shares and in order for the Relevant Persons to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”) and warrant that such Personal Data is true, accurate and correct;
 - (d) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Persons, you have obtained the prior consent of such beneficial owner(s) for the collection, use, processing and disclosure by the Relevant Persons of the Personal Data of such beneficial owner(s) for the Purposes and such disclosure is in compliance with the applicable laws (collectively, the “**Personal Data Privacy Terms**”);
 - (e) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company, the Sponsor and Issue Manager and the Co-Placement Agents in determining whether to accept your application and/or whether to allot any Placement Shares to you; and
 - (f) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company or the Sponsor and Issue Manager or the Co-Placement Agents will infringe any such laws as a result of the acceptance of your application.
17. Our acceptance of applications will be conditional upon, *inter alia*, our Company, the Sponsor and Issue Manager and the Co-Placement Agents being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for quotation of all our existing Shares, the Placement Shares and the Performance Shares on Catalyst;
 - (b) the Sponsorship and Management Agreement and the Placement Agreement referred to in the sections “*Plan of Distribution – Management and Placement Arrangements*” and “*General and Statutory Information – Management and Placement Arrangements*” of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as our Company may determine; and
 - (c) the Authority and/or the SGX-ST, acting as agent on behalf of the Authority, has not served a stop order (“**Stop Order**”) which directs that no or no further shares to which this Offer Document relates be allotted.
18. In the event that a Stop Order in respect of the Placement Shares is served by the Authority or the SGX-ST, acting as agent on behalf of the Authority, or other competent authority, and:
- (a) the Placement Shares have not been issued, we will (as required by law), and subject to the SFA, deem all applications withdrawn and cancelled and we shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or

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- (b) if the Placement Shares have already been issued but trading has not commenced, the issue of the Placement Shares will (as required by law) be deemed void and:
 - (i) if documents purporting to evidence title had been issued to you, our Company shall inform you to return such documents to us within 14 days from that date; and
 - (ii) our Company will refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven (7) days from the date of receipt of those documents (if applicable) or the date of the Stop Order, whichever is later.

This shall not apply where only an interim stop order has been served.

- 19. In the event that an interim stop order in respect of the Placement Shares is served by the Authority or the SGX-ST, acting as agent on behalf of the Authority, or other competent authority, no Placement Shares shall be issued to you when the interim Stop Order is in force.
- 20. The Authority or the SGX-ST, acting as agent on behalf of the Authority, or other competent authority is not able to serve a Stop Order in respect of the Placement Shares if the Placement Shares have been issued and listed on a securities exchange and trading in them has commenced.
- 21. In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same through an SGXNET announcement to be posted on the Internet at the SGX-ST's website at <http://www.sgx.com> and in a major English newspaper in Singapore.
- 22. We will not hold any application in reserve.
- 23. We will not allot shares on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.
- 24. Additional terms and conditions for applications by way of an Application Form are set out on pages E-5 to E-8 of this Offer Document.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Offer Document, including but not limited to, the terms and conditions appearing below as well as those set out in the section entitled "*Appendix E - Terms, Conditions And Procedures For Application and Acceptance*" of this Offer Document as well as the Constitution of our Company.

- 1. Your application for the Placement Shares must be made using the Application Form for Placement Shares accompanying and forming part of this Offer Document. ONLY ONE APPLICATION should be enclosed in each envelope.

We draw your attention to the detailed instructions contained in the Application Form and this Offer Document for the completion of the Application Form which must be carefully followed. **Our Company, the Sponsor and Issue Manager and the Co-Placement Agents reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Form and this Offer Document or to the terms and conditions of this Offer Documents or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances which are not honoured upon their first presentation.**

- 2. Your Application Form must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.

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3. All spaces in the Application Form, except those under the heading “**FOR OFFICIAL USE ONLY**”, must be completed and the words “**NOT APPLICABLE**” or “**N.A.**” should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full names as they appear in your identity cards (if you have such identification document) or in your passports and, in the case of corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Forms. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your constitution or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your constitution or equivalent constitutive documents must be lodged with our Company’s Share Registrar. Our Company, the Sponsor and Issue Manager and the Co-Placement Agents reserve the right to require you to produce documentary proof of identification for verification purposes.
5. (a) You must complete Sections A and B and sign on page 1 of the Application Forms. (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Forms. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s). (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
6. You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore having an interest in the aggregate of more than 50.0 per cent. of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Placement Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0 per cent. of the issued share capital of or interests in such corporation.
7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Placement Shares applied for, in the form of a **BANKER’S DRAFT** or **CASHIER’S ORDER** drawn on a bank in Singapore, made out in favour of “**LHN LOGISTICS SHARE ISSUE ACCOUNT**” crossed “**A/C PAYEE ONLY**”, with your name, CDP Securities Account Number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by **ANY OTHER FORM OF PAYMENT WILL NOT BE ACCEPTED**. We will reject remittances bearing “**NOT TRANSFERABLE**” or “**NON TRANSFERABLE**” crossings. We reserve the right to reject any application which is accompanied by combined Banker’s Draft or Cashier’s Order for different CDP Securities Accounts. No acknowledgement or receipt will be issued by us, or the Sponsor and Issue Manager or the Co-Placement Agents for applications and application monies received.
8. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and application monies have been received in the designated share issue account. In the event that the Placement is cancelled by us following the termination of the Sponsorship and Management Agreement and/

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or the Placement Agreement or the Placement does not proceed for any reason, the application monies received will be refunded (without interest or any share of revenue or any other benefit arising therefrom) to you by ordinary post or telegraphic transfer at your own risk within 5 Market Days from the termination of the Placement. In the event that the Placement is cancelled by us following the issuance of a Stop Order by the Authority and/or the SGX-ST, acting as agent on behalf of the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post or telegraphic transfer at your own risk within 14 Market Days from the date of the Stop Order.

9. Capitalised terms used in the Application Forms and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
10. You irrevocably agree and acknowledge that your application is subject to risks of fire, acts of God and other events beyond the control of our Company, our Directors, the Sponsor and Issue Manager, the Co-Placement Agents and/or any other party involved in the Placement and if, in any such event, our Company, the Sponsor and Issue Manager and/or the Co-Placement Agents do not receive your Application Form, you shall have no claim whatsoever against our Company, the Sponsor and Issue Manager and/or the Co-Placement Agents and/or any other party involved in the Placement for the Placement Shares applied for or for any compensation, loss or damage.
11. By completing and delivering the Application Form, you agree that:
 - (a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at 12.00 noon on 27 April 2022 or such other time or date as our Company may, in consultation with the Sponsor and Issue Manager and the Co-Placement Agents, decide and by completing and delivering the Application Form, you agree that:
 - (i) your application is irrevocable; and
 - (ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
 - (b) neither our Company, the Sponsor and Issue Manager, the Co-Placement Agents, nor any party involved in the Placement shall be liable for any delays, failures or inaccuracies in the rewarding, storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 10 above or to any cause beyond their respective controls;
 - (c) all applications, acceptances and contracts resulting therefrom under the Placement shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (d) in respect of the Placement Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
 - (e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
 - (f) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Sponsor and Issue Manager or the Co-Placement Agents or any other person involved in the Placement shall have any liability for any information not so contained;

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- (g) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document; and
- (h) you irrevocably agree and undertake to subscribe for the number of Placement Shares applied for as stated in the Application Form or any smaller number of such Placement Shares that may be allotted to you in respect of your application. In the event that our Company decides to allot any smaller number of Placement Shares or not to allot any Placement Shares to you, you agree to accept such decision as final.

Applications for Placement Shares

1. Your application for Placement Shares **MUST** be made using the Placement Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. The completed and agreed Placement Shares Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate postage (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632**, to arrive by **12.00 noon on 27 April 2022 or such other time as our Company may, in consultation with the Sponsor and Issue Manager and the Co-Placement Agents, decide. Local Urgent Mail or Registered Post must NOT be used. ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

INDUSTRY PROSPECTS



Going forward, in light of our competitive strengths and barring any unforeseen circumstances, our Directors are confident of the prospects and outlook of our business for the next 12 months, due to the following factors:

Robust recovery in global tank container fleet market despite COVID-19 impact

- Improved outlook for the global tank container fleet market given clear signs of a recovery in orders for new equipment.
- The PRC continues to see significant growth in the use of tank containers for domestic transport of bulk liquids, while inter-Asia, especially South-East Asia- tank operations continue to develop strongly.
- More operators are converting certain cargoes, previously shipped in drums or transported in chemical tankers, to tank containers.

Promising growth prospects for Singapore's chemical industry

- Global chemical production is expected to double by 2030 given that the global population is set to increase to 10 billion people by 2050.
- Singapore has the world's fifth largest export refinery capacity, with over 100 global chemical companies operating in the country.
- Singapore was ranked 8th largest exporter of chemicals in 2019 and Singapore's chemicals and energy industry ranks among the top 10 globally.

Singapore's role as a leading logistics hub with strong government support for the sector

- According to DHL's Global Connectedness Index 2020 Country Book, Singapore is the second most connected country in the world.

- In April 2021, Singapore became the first participating country to ratify the 15-member Regional Comprehensive Economic Partnership (RCEP) which accounts for 30% of the global economy.
- Under the Logistics Industry Transformation Map, the Singapore Government will assist logistics organisations to adopt technologies, invest in facilities that will drive advanced technologies' usage and train upskill labour to be more adept in technologies.

Singapore's position as the world's busiest container transshipment port with further port development will further boost demand for logistics services

- 37.5 million TEUs of containers passed through Singapore's ports in 2021, which anchored Singapore's position as the world's busiest container transshipment port.
- When the Tuas Port is completed in 2040, the mega port will be world's largest fully automated terminal capable of handling 65.0 million TEUs annually.

Expected increase in manufacturing activities within the ASEAN region providing further tailwinds for regional expansion plans

- ASEAN is a global manufacturing powerhouse and a major recipient of FDI flows.
- FDI in Industry 4.0 related activities is expected to increase in the next decade.
- With a significant increase in manufacturing and export activities in the ASEAN region, there will be major increase in demand for chemical and container depot related services.

BUSINESS STRATEGIES & FUTURE PLANS

1 Increase our scale of operations by growing our transportation fleet.

2 Expand and enhance our value added transportation services.

3 Expand our operations into new markets.



Operating in
3 countries with
 trucking yards and
 container depots
 strategically located
 near important ports.

BANGKOK (THAILAND)



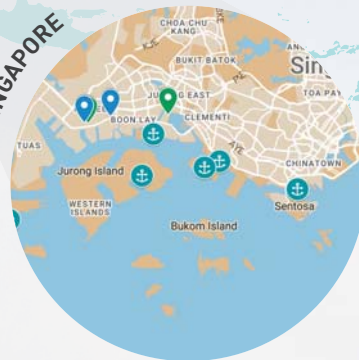
LAEM CHABANG (THAILAND)



JOHOR BAHRU (MALAYSIA)



SINGAPORE



LHN GROUP

LOGISTICS

SINGAPORE HEADQUARTERS

LHN LOGISTICS LIMITED

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lhnlogistics.com

CONTAINER DEPOT SERVICES BUSINESS

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 20110 Thailand
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